

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

1941-42

BOMBAY :
THE TIMES OF INDIA PRESS
1942

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I. GENERAL FEATURES OF THE YEAR.

With the German invasion of Russia in June, the commencement of hostilities by Japan in December and the simultaneous entry of the United States into the conflict, the war assumed world dimensions. It also entered on a phase demanding further intensification of effort to marshal resources. War Economy called for a three-fold drive—firstly, to accelerate production by every possible means including direct Governmental control, and to eliminate waste; secondly, to restrict private incomes through higher taxes, Government borrowing and wage- and profit-stop measures; and thirdly, to restrict private expenditure through direct checks such as rationing, priorities, licences, prohibition of new private capital undertakings, import bans, compulsory investment of excess profits in Government loans, income tax levies refundable after war, stabilisation of cost of living and price ceilings. Altogether, during the year there was an unprecedented multiplication of administrative controls to lessen the impact of war expenditures on price levels by immobilising civilian spending power.

The Axis powers continued to exploit the resources of the occupied countries through heavy occupation costs and one-sided monetary arrangements including currency and exchange manipulations, enforced exports, commandeering of food-stuffs and raw materials and drafts on labour. The United Nations set up in January three Joint Boards to pool their resources in respect of (1) raw materials, (2) munitions and (3) shipping and transport. Notwithstanding their pre-occupation with the war the problems of post-war reconstruction were not overlooked and the Lend and Lease Agreement concluded on the 23rd February 1942 between the United States and Britain visualised the creation, after the war, of 'a system of enlarged production, exchange and consumption of goods', through abolition of restrictive and preferential tariff arrangements and the restoration of freer international trade.

2. *United States.*—The period of eighteen months from June 1940 to November 1941 preceding America's entry into the war was one of rapid expansion in economic activity as would appear from the all-round rise in the indices of income payments (30 per cent.), industrial production (36 per cent.), factory employment (29 per cent.), factory payrolls (66 per cent.), departmental store sales (27 per cent.), wholesale prices (19 per cent.) and cost of living (10 per cent.). The estimate of national income advanced from \$76 billion in 1940 to \$100 billion in 1941. Precautionary measures were also taken to combat inflation, the more important being stiff increases in taxes and restrictions on credit expansion. Heavy additional taxation amounting to \$3.5 billion was provided by the Revenue Act of September 1941. Credit expansion was sought to be controlled by the Federal Reserve Board regulating instalment credit in respect of durable consumers' goods from September, and by a reduction in the excess reserves of the Member Banks through an increase in their reserve requirements by \$1.2 billion from November.

After the declaration of war by the United States measures were taken in quick succession to speed up rearmament and to mobilise the full economic strength of the nation for war. These included the Victory Programme of the Supply Priorities and Allocations Board involving an expenditure of \$5 billion a month, and the War Powers Bill of the 28th March 1942, which empowered the President to commandeer American property, machinery and manufacturing industries.

On the 7th January 1942 the first war budget was presented for the fiscal year ending June 1943, with gross receipts at \$17.9 billion and expenditure at \$59 billion of which \$56 billion constituted war expenditure. The deficit of \$41 billion was to be met by additional taxation estimated to yield \$7 billion and by increased borrowings to the extent of \$34 billion. The national debt limit was raised from \$65 billion to \$125 billion; the total authorisations of expenditure till the middle of April 1942 approached \$156 billion; the daily war expenditure amounted to \$100 million at the close of the year. In a message to Congress on the 27th April 1942 the President emphasised the necessity of a drastic reduction in the standard of living, and laid down a seven-point programme providing for heavy taxation on profits, ceilings for wholesale and retail prices and rents, stabilisation of wages and farm prices, encouragement of savings, rationing of essential and scarce commodities and further restriction of consumers' credit.

3. *United Kingdom.*—The United Kingdom steadily and rapidly developed its war organisation during the year under review. A revised scheme co-ordinating the entire field of war production and an import programme under an Import Executive were announced in July 1941 and a Ministry of Production was instituted early in February 1942. The release of men, machinery and materials for essential production was facilitated by giving effect to a plan of concentration in civilian industry formulated in March 1941, and by a selective export policy. The year also witnessed a record increase in food production, which was the largest for the last hundred years. A national survey of land was undertaken and between 3 to 4 million extra acres were brought under the plough.

The growing strain on Britain's finances was relieved to the extent of £600 million by Lease and Lend aid during the year. By February 1941 the total war expenditure at £9,710 million had already exceeded the total cost of the last war at £9,530 million; 44 per cent. of the expenditure so far has been raised by taxation as against 28 per cent. during the whole of the last war. The British budget for 1942-43 introduced on the 14th April placed expenditure (excluding Lease and Lend assistance estimated at £100 million a month, but including Canada's 1,000 million dollar gift) at £5,286 million and receipts at £2,402 million, and provided for additional taxation of £158 million, including £90 million on tobacco, as well as higher taxes on other luxuries. The scope of rationing was extended in June to include clothing and footwear and later fuel and coal. Government had to a great extent succeeded in stabilising the cost of living with the help of subsidies, which amounted to £125 million in 1941-42, and thus largely obviated the necessity of increased wages and the consequential risks of an inflationary spiral. The anti-inflationary policy of Government also comprehended vigorous savings campaigns including war weapons weeks and warships weeks, and £2,100 million was expected to be derived from savings during the year. A new feature was the introduction in December of 'Tax Reserve Certificates issued in units of £25 and bearing interest at 1 per cent.

Both the industrial share and gilt-edged markets registered an improvement during the year. The average price index of all securities (Investors' Chronicle Index; base 31st December 1923=100) was 96 for the first eleven months of 1941 as compared with 92.3 in 1940, and the average price of the 2½ per cent. Consols rose from £77.4 in January 1941 to £82.3 in September and stood at £81.9 in November. The outbreak of war with Japan only caused a slight and temporary marking down of values.

4. *Germany*.—According to available reports the Reich's war effort now absorbs two-thirds of the country's national income estimated at R.M. 100,000 million. An acute shortage of labour and transport was felt during the year necessitating conscription of women, the importation of two million workers from occupied countries and a reduction of passenger services to a third of pre-war schedules.

Wholesale prices and cost of living in Germany (Statement I) showed increases of 5 and 6 per cent. respectively after two years of war. It is possible that the indices based on official prices do not accurately reflect market trends, but price policy in Germany is also one of thorough-going control. The Price Commissar in Germany is virtually an economic dictator with controlling authority over the departments of Finance, Economics, Labour and Supplies and over the execution of the Second Four Years' Plan. A decree of June 1941 added a profit-stop restricting dividends of companies to 6 per cent. a year, to the existing price and wage-stops. Rations of civilian goods were further drastically reduced while a substantial increase was made in taxation of articles of consumption, particularly alcohol and tobacco. A system of "Iron Savings" under which contributors were not entitled to withdraw their deposits until twelve months after the war was introduced for the duration of the war. These measures were primarily designed to control consumption and to 'steer' purchasing power.

5. *Japan*.—Japan's totalitarian economy had been organised on a war footing for a long time before the war and very substantial increases had occurred in the productive capacity of her key industries such as iron and steel, chemicals, machinery and ship-building. The national expenditure had increased more than five-fold from 2,000 million yen in 1935-36 to 11,000 million yen in 1941-42, while the war bill since the China 'incident' in 1937 had reached a total of 26,000 million yen by the end of the year. The standard of living had been seriously reduced by strict rationing of food and other necessaries of life. Measures towards intensification of the war effort taken during the year under review included the creation in April 1941 of a new Ministry to bring about a complete regimentation of resources and the passage in July of the National Mobilization Law and the Export Import Adjustment Law. The new economic plan as announced by the Government on the 11th July aimed at a fundamental reorganization of finance, banking and budgetary policy mainly as an instrument of war-time production. At the same time, foreign exchange control was further tightened and the controlled exchange value of the yen was raised from 23.448 cents to 23.62 cents.

6. *Burma*.—The prices of rice showed a marked improvement upto July owing to good demand from Far Eastern sources, but suffered a recession consequent upon the closing of the Japanese market. With a view to controlling the production and export of rice and ensuring a fair price to the cultivator, the Burma Government issued an Ordinance in September 1941. On the 8th October a Cotton Control Ordinance was issued in order to prevent a collapse of prices, the Government becoming the sole purchaser. Note circulation in Burma increased during 1941 by 66.5 per cent. from Rs. 12.7 crores to Rs. 21.1 crores, while bank clearings also showed a rise of 49.2 per cent.

The country was invaded by Japan on the 14th December and hostilities were continuing at the conclusion of the period under report.

7. *India*.—The following table summarises some important statistics bearing on the economic and financial developments in the country since the outbreak of war :

	1939-40.		1940-41.			1941-42.			
	July to September	April to June	July to September	October to December	January to March	April to June	July to September	October to December	January to March
I. PRICE INDICES (Quarter-end figures)									
1. All Primary Commodities (19th August 1939, =100)	111.9	108.3	111.0	112.9	115.4	126.0	135.0	137.3	140.6
2. Manufactured Articles	116.5	117.1	111.4	119.8	131.7	140.7	167.3	153.8	165.2
3. Exports (1927-28)=(100)	61	71	71	72	66	68	87	92	89
4. Imports (..)	66	83	91	85	90	86	107	108	117
5. Preference Shares (August 1939 = 100)	95.8	103.3†	105.5	111.2	116.4	114.5	118.2	116.5	105.2
6. Variable Yield Securities	122.4	125.9†	118.8	128.8	131.5	132.8	156.1	149.8	139.7

II. FINANCIAL STATISTICS (In crores of Rupees)									
1. Absorption (+) or Return (—) of Currency ..	+ 12.7	+ 32.9	— 6.9	+ 15.0	+ 11.4	+ 17.4	+ 6.6	+ 54.5	+ 81.1
2. Cheque Clearings	494.1	587.5	464.5	498.4	593.6	615.8	662.9	698.5*	679.5*
3. Scheduled Banks' Demand Liabilities (Quarterly averages)	140.1	146.5	157.4	173.1	178.5	187.1	206.3	229.2	219.2*
4. Time Liabilities (Quarterly averages)	108.0	111.6	104.0	100.6	103.5	106.1	107.9	111.2	103.5*
5. Cash and Balances with Reserve Bank (Quarterly averages) ..	29.0	26.7	43.7	57.3	51.5	36.7	47.0	53.9	49.5*
6. Rupee Securities of the Government of India									
(a) Face Value (Quarterly averages)		457.1	471.7	477.7	521.5	580.6	574.8	587.5	608.7
(b) Market Value (..)		452.9	461.3	477.2	528.8	592.0	584.1	595.2	585.7

† May-end quotations. * Excluding Burma.

<i>Item</i>	<i>Source</i>
1 & 2 (I)	Economic Resources Board.
3 & 4 (I)	Monthly Survey of Business Conditions.
5 & 6 (I)	Capital.

The outbreak of war with Japan brought India into much closer proximity with the actual theatres of war. This had to a certain extent an unsettling effect on parts of the country's economic structure, particularly the financial and commodity markets, but served to speed up the pace of the Indian productive effort and its transition to a war footing.

It appears from a comparison of the index numbers of All Primary Commodities in the United States, the United Kingdom and India (Statement II) that while prices in the United Kingdom maintained a remarkable stability, the prices of foods actually declining by 6 per cent. during the year, primary commodity prices in the United States and India showed a sharp upward trend. The rising tendency of Indian primary prices was, however, by no means uniform; while food and raw materials went up consistently, 'other agricultural commodities' including raw cotton followed an erratic course, with a sharp ascent of 48 per cent. in the first five months and a severe drop of 23 per cent. in the seven months following. The elimination of the Japanese market for short staple cotton and other agricultural products led to a heavy drop in their prices, while shortages in the supply of such food crops as wheat and rice and transport difficulties stimulated the rise in prices of these and other food articles. The dual problem resulted in a vigorous campaign for effecting a shift of production from commercial to food crops. With effect from the 29th January 1942 an additional import duty of one anna per lb. was levied on foreign cotton and a fund was created out of the proceeds to be employed for making purchases by Government of raw cotton of the types concerned, as well as for financing measures designed to assist the cultivator of short staple cotton to change over to food grains. An All-India Food Drive Conference was held on the 6th April 1942.

Three Price Control Conferences were held during and shortly after the period under review. The first of these, The Third Price Control Conference held on the 16th October 1941 recommended increased production of manufactured goods particularly textiles. The Fourth Price Conference convened on the 6th February 1942 deprecated provincial bans on exports and hoarding of stocks of foodstuffs and emphasised the need for refraining from consumption and for savings to counteract inflation. The Fifth and the most comprehensive of the Price Conferences which met on the 7th April 1942 recognised more than ever the urgency of price control on an All-India basis, as already envisaged in the case of wheat and sugar and decided to license wholesale and retail dealers in foodstuffs and to set up five Regional Committees in the country to co-ordinate supplies and regulate prices. Other questions discussed at the Conference related to the inadequacy of transport facilities, the advisability of producing food crops in place of cotton and the production of standard cloth. Among other control measures adopted during the year by the Central or Provincial Governments may be mentioned the rationing of petrol and the imposition or extension of price restrictions in respect of newsprint, iron and steel, rubber and non-ferrous metals, matches, medicines and kerosene.

Organised industry continued to profit increasingly from the country's rising war effort, partly as a result of the activities of the Eastern Group Supply Council. A measure of the stimulus imparted to Indian industry is afforded by the value of purchases made by the Supply Department from the outbreak of war to the end of

December 1941, amounting to Rs. 230 crores, classified according to major trade groups as under :—

	Rs.
Engineering, Hardware, Miscellaneous, etc.	97·67 crores
Cotton Textiles	50·41 „
Woollen Materials	17·55 „
Other Textiles	28·81 „
Foodstuffs	16·15 „
Leather Materials	10·18 „
Timber and Woodware	9·20 „
Total	229·97 crores

The aggregate value of contracts totalled Rs. 280 crores up to the close of the year under review, the purchases in 1941-42 amounting to Rs. 172 crores as against Rs. 78½ crores in 1940-41 and Rs. 28½ crores during the first seven months of war from September 1939 to March 1940. The strain on organised industry, which was aggravated by increased overseas demand for Indian textiles and other manufactures, was sought to be eased by an extension of supply operations to small scale industries with which war orders to the value of Rs. 4·98 crores were placed during the year under review.

Financial markets which were steady up to the outbreak of war with Japan received a sharp setback thereafter. The Bombay and Calcutta Stock Exchanges transacted practically no business for several days and minimum prices were fixed for a large number of shares (28), and later in March 1942 for the securities of the Central and Provincial Governments. Tata Deferreds fell from Rs. 2,332-8-0 on the 3rd December to Rs. 1,600 (the official minimum price) on the 16th December, to Rs. 1,525 (the new minimum price) on the 16th February, and further to Rs. 1,265 on the 27th March 1942, following the removal of the minimum price restrictions. "Capital's" index number of Variable Yield Securities (August 1939 = 100) which had improved continually from 122·4 in April to 178·6 in November, reacted sharply in December to 149·8 and dropped further to 139·7 in March. On the other hand, the index number of Preference Shares which stood at 118·9 in November showed only a slight decline to 116·5 in December, but an appreciable fall later to 105·2 in March 1942. The prices of gold and silver attained successive record levels during and after December owing mostly to speculative buying and to a demand for hoarding.

8. *Currency Circulation and Wholesale Prices in Certain Countries.*—The following statement gives comparative indices of note circulation, sight deposits of commercial banks and wholesale prices since the war for certain Empire countries and the United States. The graph on page 8 indicates the measure of correspondence or divergence of the relative trends of note circulation, bank deposits and wholesale prices in these countries.

QUARTERLY INDICES OF AVERAGE MONTHLY NOTE CIRCULATION,
DEMAND DEPOSITS AND WHOLESALE PRICES.

(July 1939 = 100)

		1939		1940				1941			1942	
		III	IV	I	II	III	IV	I	II	III	IV	I
INDIA	N	102	122	132	135	131	128	138	149	151	169	207
	D	101	103	105	106	114	125	129	136	149	166	159†
	P	105	120	125	117	116	121	120	131	150	154	154
U.K.	N	103	105	104	110	119	118	118	123	130	141	147†
	D	101	108	110	112	122	136	138	146	156	165*	
	P	102	119	130	136	143	149	152	164	166	168	
CANADA	N	110	134	126	142	182	201	208	224	247	275	282†
	D	104	122	113	119	131	141	149	154	151	167*	
	P	103	111	114	113	114	116	117	122	126	129	
AUSTRALIA	N	103	113	111	121	138	143	140	149	158	165*	
	D	100	109	119	118	120	130	138	135	136	143†	
	P	100	104	108	112	114	115	111	111			
U.S.A.	N	102	107	108	112	118	127	133	144	156	168	
	D	103	107	110	115	120	127	132	138	140	138	142†
	P	102	105	104	104	104	106	108	112	119	120	127†

N—Note Circulation. D—Sight Deposits of Commercial Banks. P—Wholesale Prices.

† Excluding Burma.

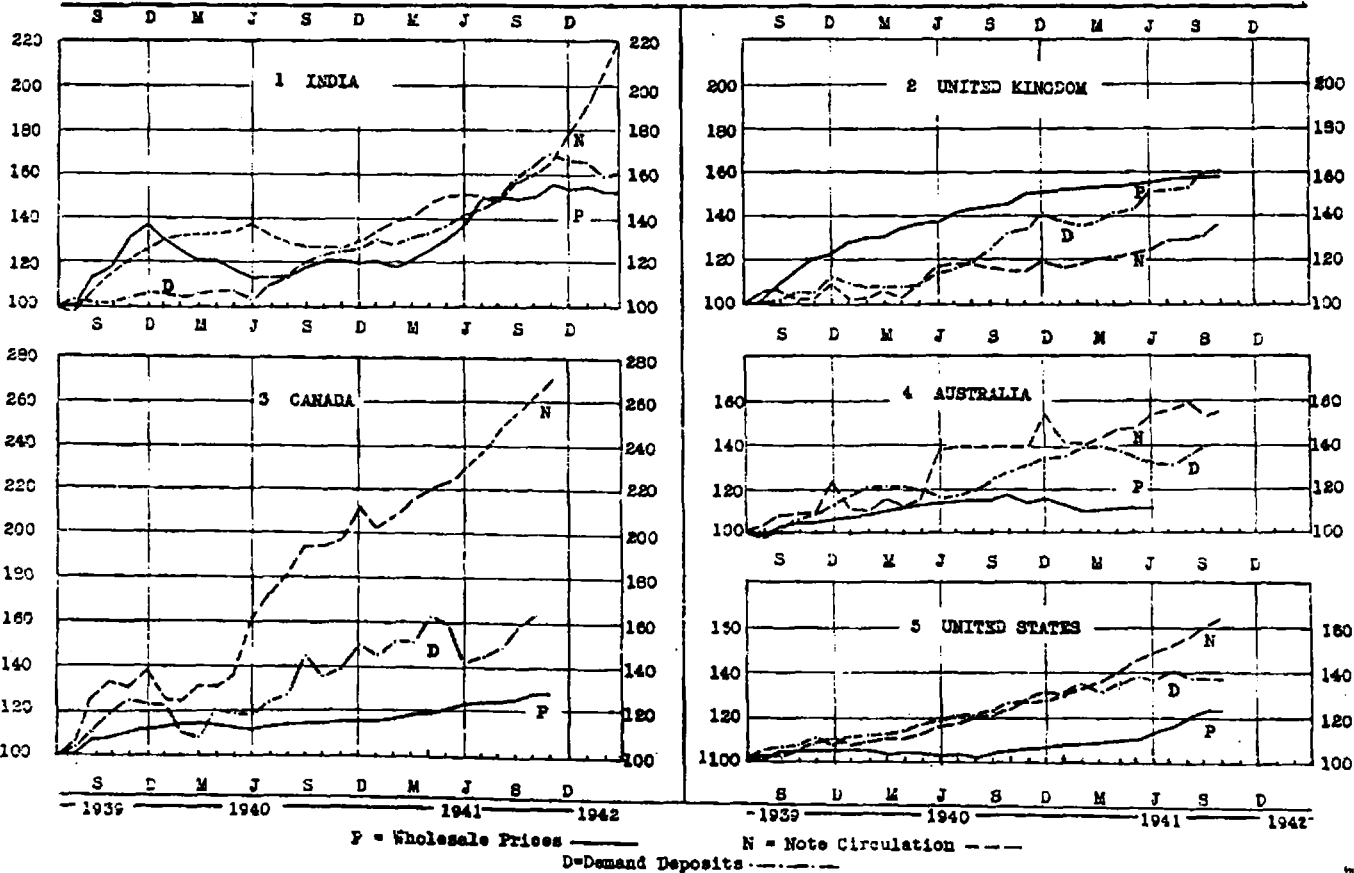
* For two months only.

† For one month only.

It appears that the volume of note circulation has trebled in Canada during the two and a quarter years of war, while the level of wholesale prices has shown no appreciable rise. A lag of wholesale prices behind note circulation is also evident in the case of the United States and Australia, while in the United Kingdom wholesale prices have increased appreciably more than note circulation. In India prices took the lead on the outbreak of war, and note circulation followed with a steady upward course. The beginning of 1940 saw a relapse in prices followed by a hesitant advance in the latter half of the year, when note circulation fell somewhat owing to the rush for conversion into rupee coin for hoarding purposes. A rapid and more or less parallel advance in prices and note circulation occurred between February and November 1941, when prices touched their peak. After the entry of Japan into the war up to the close of the period under report, prices remained relatively stable, while there was a rapid expansion of note circulation amounting to nearly Rs.100 crores upto March 1942. In Canada, Australia and India, the increase in demand deposits has been less than in note circulation but greater than in wholesale prices; in the United States the deposits have moved more or less parallel to note circulation while in the United Kingdom they have risen more than note circulation but less than wholesale prices.

INDICES OF NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES

IN CERTAIN COUNTRIES DURING THE WAR. JUL. 1939-100



II. TRADE.

9. *General.*—The dislocation of international trade resulting from the division of the world first into two and later into three trade blocs—Continental Europe, the rest of the world and recently the Far East grew more pronounced during the year, and was attended by growing shortage of tonnage available and higher freight and insurance rates. Exchange control and restrictions in respect of exports and imports were also intensified. Nevertheless, India's trade exhibited a marked resilience in withstanding the heavy strain. A full analysis of the trends of the year's trade is rendered difficult owing to the paucity of published statistics, while the significance of the figures of trade on private account is also reduced by the large and increasing amounts involved in Government war transactions. The latest figures are, besides provisional.

10. *Trade in the present and in the last War.*—The table below summarises the joint trade in merchandise of India and Burma (excluding their trade with one another) during the present 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.	1938-39.	1939-40.	1940-41.	1941-42.	Average for five years ended 1913-14.	1914-15.	1915-16.	1916-17.	
<i>Exports from :</i>										
India	1,60	1,58	2,00	1,81	2,39 (1,77)*	2,01	1,66	1,82	2,25	
Burma	21	22	22	27	27*	23	16	15	20	
Total	1,81	1,80	2,22	2,08	2,66 (2,04)*	2,24	1,82	1,97	2,45	
<i>Imports into :</i>										
India	1,26	1,27	1,34	1,28	1,43 (1,18)*	1,31	1,27	1,21	1,38	
Burma	11	10	11	11	8*	12	11	11	12	
Total	1,37	1,37	1,45	1,39	1,51 (1,26)*	1,46	1,38	1,32	1,50	
Balance	×44	×43	77	69	1,15 (78)*	78	44	65	95	

* Figures for 9 months upto December 1941 only.

Although the effects of the present war on Indian trade were different from those of the last for the first year and a half, the second full year of war in both cases witnessed an appreciable improvement in trade, more marked in respect of exports than of imports. The joint balance of trade accordingly showed a substantial increase in 1941-42 as in 1916-17.

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

	(Original base 1927-28=100 shifted to) 1938-39=100			1913-14=100		
	1939-40	1940-41	1941-42	1914-15	1915-16	1916-17
IMPORTS.						
Quantum	102.0	81.3	74.2	75.0	57.3	49.3
Increase or decrease, per cent ..	+ 2.0	- 20.3	- 8.7	- 25.0	- 23.6	- 14.0
Price Level	106.4	126.7	153.4	101.0	126.0	170.0
Increase or decrease, per cent..	+ 6.4	+ 19.1	+ 21.1	+ 1.0	+ 21.7	+ 31.9
EXPORTS.						
Quantum	104.5	88.1	93.4	71.7	77.8	84.0
Increase or decrease, per cent..	+ 4.5	- 15.7	+ 6.0	- 28.3	+ 8.5	+ 9.1
Price Level	119.8	130.3	155.9	102.0	103.0	117.0
Increase or decrease, per cent..	+ 19.8	+ 8.8	+ 19.6	+ 2.0	+ 1.0	+ 13.6

The price level of both imports and exports increased in almost equal degree during the year. The quantum of imports further declined by 9 per cent. as compared with the previous year, and that of exports improved by 6 per cent. Altogether, the quantity of imports was three-quarters of the pre-war level, and that of exports was only slightly lower than in 1938-39. The trends in the quantum of trade were similar but more pronounced in the third year of the last war, the fall in imports and the rise in exports being alike greater. The price level of imports was also rising much faster, though the average price of exports underwent a smaller increase.

12. *Joint Trade and Joint Balance of Trade of India and Burma.*—Statement III shows the monthly variations in imports, exports and balance of trade in merchandise of India and Burma with other foreign countries on a pre-separation basis and reflects the incidence of war conditions on the foreign trade of the two countries with other nations. The figures given in the foregoing paragraph also summarise the annual results of joint trade for a few years.

Exports from India to foreign countries other than Burma rose by 32 per cent. to Rs.239 crores in 1941-42. Imports into India from countries other than Burma also improved by 11.7 per cent. to Rs.143 crores. With imports at Rs.8 crores and exports at Rs.27 crores during the first nine months of 1941-42 as compared with Rs.8 crores and Rs.18 crores respectively during the corresponding part of the previous year, Burma's export surplus improved by Rs.9 crores to Rs.19 crores from April to December 1941 or by 90 per cent.

The following table shows the joint balance of trade in merchandise of India and Burma during the 28 months of the war as compared with a similar pre-war period.

	(In crores of Rupees.)					
	Exports.	Monthly average.	Imports.	Monthly average.	Balance.	Monthly average.
28 months - September 1939 to December 1941.	5,52	19.7	3,48	12.4	+2.04	+7.3
28 months - May 1937 to August 1939 ..	4,44	15.9	3,44	12.3	+1.00	+3.6

It will be seen that imports during the first 28 months of war were only slightly above the imports during the corresponding pre-war period, while exports showed a substantial improvement and the joint balance of trade was more than doubled as a result.

13. *Balance of Trade in Merchandise of British India and Direction of Trade.*— Statement III shows that the value of Indian exports (including re-exports) rose during 1941-42 by 27 per cent. from Rs.198.71 crores to Rs.252.55 crores, the highest since India's separation from Burma. Re-exports continued to improve and stood at Rs.15.3 crores in 1941-42 as against Rs.11.8 crores in 1940-41 and Rs.9.6 crores in 1939-40. Despite additional restrictions, imports were up by Rs.16.3 crores to Rs.173 crores. The year ended with a favourable balance of Rs.79.5 crores as against Rs.41.9 crores during the previous year. A noticeable feature in the monthly course of trade is the comparatively low level of exports during the first quarter of the year and the distinct decline in imports during the last quarter, after the outbreak of war with Japan.

The following table shows the more important changes in the direction of India's trade and the balance of trade with important countries and groups since the pre-war year 1938-39.

DIRECTION OF TRADE.

(In lakhs of Rupees.)

	1938-39.			1939-40.			1940-41.			1941-42.		
	Imports.	Exports (excluding re-exports.)	Balance (excl. re- exports).	Imports.	Exports (excluding re-exports).	Balance (excl. re- exports).	Imports.	Exports (excluding re-exports).	Balance (excl. re- exports).	Imports.	Exports (excluding re-exports).	Balance (excl. re- exports).
I. British Empire.												
1. United Kingdom ..	46,49	53,51	+ 9,02	41,61	72,48	+ 30,87	35,04	64,93	+ 29,89	36,65	77,01	+ 40,36
<i>Percentage</i> ..	30.5	34.1	..	25.1	35.1	..	22.8	34.7	..	21.1	32.4	..
2. Burma ..	24,35	10,03	- 14,32	31,38	12,30	- 19,08	28,62	16,23	- 12,39	29,47	11,73	- 17,74
3. Ceylon ..	1,18	5,09	+ 3,91	1,46	6,37	+ 4,91	2,19	7,31	+ 5,12	3,39	9,77	+ 6,38
4. Australia ..	2,41	2,97	+ 56	2,39	5,50	+ 3,11	2,48	7,34	+ 4,86	4,90	11,45	+ 6,49
5. Canada ..	91	2,14	+ 1,23	1,37	4,12	+ 2,75	2,97	3,17	+ 20	6,69	6,48	- 21
6. South Africa ..	35	1,49	+ 1,14	60	3,04	+ 2,44	78	3,03	+ 2,25	1,24	6,66	+ 5,42
7. Other countries.	12,87	8,14	- 4,73	14,30	10,25	- 4,05	16,93	14,60	- 2,33	23,25	25,75	+ 2,50
Total British Empire ..	88,56	85,37	- 3,19	93,11	1,14,06	+ 20,95	89,91	116,61	+ 26,70	105,65	148,85	+ 43,20
<i>Percentage of Total Trade</i> ..	58.1	52.4	..	56.3	55.9	..	57.3	62.4	..	61.0	62.7	..
II. Foreign Countries.												
1. United States ..	9,78	13,88	+ 4,10	11,66	24,42	+ 12,76	27,01	25,90	- 1,11	34,60	46,40	+ 11,80
<i>Percentage</i> ..	6.4	8.5	..	7.1	11.9	..	17.2	13.8	..	19.9	19.5	..
2. Japan ..	15,41	14,59	- 82	19,20	13,99	- 5,21	21,54	9,00	- 12,54	11,79	4,59	- 7,20
3. Egypt ..	2,19	1,23	- 96	2,84	1,57	- 1,27	2,75	2,87	+ 12	4,69	5,97	+ 1,28
4. Other Foreign Countries ..	36,39	47,72	+ 11,33	38,18	49,88	+ 11,70	15,76	32,52	+ 16,76	16,57	31,41	+ 14,84
Total Foreign Countries ..	63,77	77,42	+ 13,65	72,71	89,86	+ 17,15	67,06	70,29	+ 3,23	67,65	88,37	+ 20,72
Total Trade ..	1,52,33	162,79	+ 10,46	165,28	203,92	+ 38,64	156,97	186,90	+ 29,93	173,30	237,22	+ 63,92

Trade with the sterling group of countries continued unhampered by exchange restrictions during the year and recorded a significant rise, alike in respect of exports and imports. The proportion of exports to the British Empire was more or less steady at 62·7 per cent. while the share of the Empire countries of total imports advanced from 57 to 61 per cent. Altogether, since the pre-war year 1938-39, exports to the British Empire have increased by over Rs.63 crores or nearly 75 per cent. while imports have gone up by Rs.17 crores or about 20 per cent. The import surplus of Rs.3·2 crores in India's trade with the Empire (excluding re-exports) was accordingly converted into an export surplus of Rs. 43·2 crores in 1941-42. Most of the improvement in the balance of trade was accounted for by the United Kingdom; exports to it were higher by Rs.21·5 crores, and imports lower by Rs.9·8 crores, during the year under review than in the pre-war year.

Imports from non-Empire countries remained practically unchanged at Rs.67·65 crores but exports rose by Rs.18 crores to Rs.88·4 crores and the export balance (excluding re-exports) improved by Rs.3·2 crores to Rs.20·7 crores. The most striking increase in India's trade outside the Empire was with the United States. Imports from that country rose from Rs.9·8 crores in 1938-39 to Rs.34·6 crores in 1941-42 and exports advanced from Rs.13·9 crores to Rs.46·4 crores. The relative share of the United States of the import trade improved from 6·4 to 19·9 per cent. and of the export trade from 8·5 to 19·5 per cent; the largest increase in imports occurred last year, and in exports, during the year under review. The rapid rise in imports from Japan since the beginning of the war was halted by the freezing of Japanese assets in July 1941.

14. *Composition of Trade.*—The following table shows changes in the composition of India's imports and exports according to main commodity groups during the last four years.

	IMPORTS.							
	1938-39.		1939-40.		1940-41.		1941-42.	
	Rs. crores.	Percent- age.	Rs. crores.	Percent- age.	Rs. crores.	Percent- age.	Rs. crores.	Percent- age.
Foodstuffs	24·00	15·7	35·29	21·4	23·81	15·2	27·84	16·1
Raw Materials ..	33·18	21·7	36·13	21·9	42·10	26·8	50·05	28·8
Manufactured articles	92·79	60·8	91·81	55·5	80·51	57·0	93·68	54·1
EXPORTS (Including Re-Exports).								
Foodstuffs	39·43	23·3	40·66	19·0	42·39	21·3	60·14	23·8
Raw Materials ..	76·28	45·1	91·53	42·9	68·33	34·4	73·10	28·9
Manufactured articles	50·72	30·0	79·08	37·0	85·83	43·1	114·96	45·5

The two outstanding developments brought out by these figures of trade on private account are the considerable increase in imports of raw materials, and the phenomenal improvement in the exports of manufactured articles, particularly during the year under review; the exports of foodstuffs have also experienced a sharp rise during 1941-42. These trends reflect the broad character of the changes in the country's economy that are taking place during the war, although the exclusion of the increasingly important trade on Government account detracts from the value of the figures.

The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India :—

IMPORTS.

(In lakhs of Rupees.)

	1938-39.	1939-40.	1940-41.	1941-42.	Increase (+) or Decrease (—) over 1940-41.
Grain, pulse and flour	13,70	21,81	14,35	15,02	+ 67
Sugar	40	3,32	36	1,08	+ 72
Oils, vegetable, mineral and animal ..	15,62	18,64	21,03	21,85	+ 82
Cotton, raw and waste	8,51	8,05	9,43	15,34	+ 5,91
Wool, raw	62	75	2,79	2,77	— 2
Dyes and colours	4,06	4,67	6,37	6,96	+ 59
Machinery	19,72	15,37	11,83	13,73	+ 1,90
Cotton (yarns and manufactures) ..	14,15	14,05	11,35	6,79	— 4,56

EXPORTS (Including Re-Exports).

Grain, pulse and flour	7,80	5,14	6,02	10,69	+ 4,67
Tea	23,29	26,30	27,79	39,30	+ 11,51
Oils, vegetable, mineral and animal ..	1,06	1,43	2,46	2,68	+ 22
Seeds	15,10	11,91	10,06	10,56	+ 50
Cotton, raw and waste	24,82	31,17	24,60	17,91	— 6,69
Jute	13,40	19,83	7,85	10,47	+ 2,62
Hides and skins	5,28	7,72	5,99	6,03	+ 4
Metals	2,07	4,07	5,27	3,62	— 1,65
Cotton (yarn and manufactures) ..	7,57	8,98	17,52	37,99	+ 20,47
Jute manufactures	26,26	48,71	45,38	53,78	+ 8,40

15. *Imports.*—An important change in the commodity composition of the Indian import trade during the war has occurred as a result of the opposite trends in imports of raw cotton, which have risen sharply during the last two years in response to the heavy demand of the Indian industry for long staple cotton for the manufacture of fine counts, and of cotton yarn and manufactures, which have suffered an equally severe decline. The value of imports of machinery which had been falling for two years improved during the year. With a view to conserving foreign exchange and the tonnage available, and minimising the strain on essential production in the exporting countries, further restrictions on imports were imposed during the year. The list of controlled imports was considerably extended and covered cotton and artificial silk manufactures from July, and machinery and certain industrial requirements from August. Imports from the non-sterling area, particularly the United States, were placed under strict regulation and a Chief Controller of Imports was appointed.

16. *Exports.*—The principal increases in exports were Rs.20.5 crores in cotton yarn and manufactures mainly to countries bordering the Indian ocean which were cut off from their former sources of supply, Rs.11.5 crores in tea, Rs.11 crores in raw jute and manufactures, and Rs.4.7 crores in grain, pulse and flour. Between 1938-39 and 1941-42 exports of tea advanced by 69 per cent. from Rs.23.3 crores to Rs.39.3 crores, and exports of jute manufactures more than doubled, increasing

from Rs.26.3 crores to Rs.53.8 crores. A decrease of Rs.6.7 crores occurred in exports of cotton (raw and waste), owing mainly to the loss of the Japanese market. The export trade was subjected to an increasing measure of control during the year.

17. *Trade Agreements.*—In July the requisite six months' notice for terminating the Indo-Japanese Trade Pact of 1937 and the Cotton Trade Protocol appended thereto was given by His Majesty's Government.

18. *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.

	Rs. lakhs				Percentage of Total Trade *			
	1938-39.	1939-40.	1940-41.	1941-42.*	1938-39.	1939-40.	1940-41.	1941-42.
Exports to India (including re-exports)	26.35	33.06	28.53	22.06	38	41	34	31
Exports to other foreign countries (including re-exports)	22.15	21.99	26.85	27.28	32	27	31	39
Imports from India	11.18	13.99	18.52	13.17	16	18	22	18
Imports from other foreign countries	9.60	11.17	11.03	8.12	14	14	13	11
Total foreign trade	69.28	80.21	84.99	70.63	100	100	100	100
Balance of trade with India. +15.17 +19.07 +19.05 + 8.89								
Balance of trade with other foreign countries	+12.55	+10.82	+15.82	+19.16				
Total balance of trade	+27.72	+29.89	+25.87	+28.05				

* Upto December 1941 only.

It will be seen that Burma's exports to countries other than India for the 9 months to December 1941 equalled those for the whole of 1940-41. Mainly as a result of this, the export surplus for the first three quarters of the year at Rs.28.05 crores was higher by Rs.2.18 crores than the balance of trade during the whole of 1940-41.

III. BULLION.

19. *Production of Gold.*—The estimated production of gold in India in 1941 amounted to 285,162 fine ounces valued at Rs.327,15,301 as compared with 289,324 fine ounces valued at Rs.324,61,066 in 1940. The total production during the decade ended 1941 was 3,185,000 ounces or 1.1 per cent. of the total world (excluding U.S.S.R.) production of 293,995,000 ounces during the same period. The estimated world production in 1941 was 41,000,000 ounces compared with 40,90,000 ounces in 1940. The British Empire contributed 24,200,000 ounces or 59 per cent. of the total world production, accounting for 14.4 million ounces or 59.5 per cent. of Empire production and 35.1 per cent. of world production. The inflow of gold into the United States considerably abated during the year 1941. The estimated imports for the 11 months ended November 1941, since when the publication of gold import and export statistics has been suspended, amounted to 27 million ounces valued at \$929

million compared with 132 million ounces valued at \$4,607 million during the corresponding period of 1940. The monetary stocks of gold in the United States increased during 1941 by 20 million ounces valued at \$741.8 million as compared with an increase of 124 million ounces valued at \$4,351.2 million in the preceding year. The estimated holdings of gold at the end of 1941 totalled 650 million ounces valued at \$22.7 billion as against 629 million ounces valued at \$22 billion at the end of 1940. Of the total gold stock at the end of 1941, 63 million ounces valued at \$2.2 billion were earmarked with the Federal Reserve Banks on foreign account as against 51.6 million ounces valued at \$1.81 billion in the preceding year.

20. *Price of Gold.*—Statement IV shows the highest, lowest and average prices of bar gold and sovereigns in Bombay for each month and the estimated stocks of gold in the Bombay market at the end of each month of the year under review. The highest, lowest and average prices of gold in London and Bombay during the last three years are given below : —

	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.
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
1941-42	8 8 0	8 8 0	8 8 0	58 4 0	41 11 0	44 10 10

The price of gold in the United Kingdom and the United States of America remained unchanged at 168sh. and \$35 per fine ounce respectively. In India, the average price of gold in 1941-42 was higher than in 1940-41, being Rs.44-10-10 against Rs.42-7-11. The spread between the highest and the lowest prices was also doubled, rising from Rs.8-5-6 in 1940-41 to Rs.16-9-0, being the highest on record. The prices were sensitive to war developments, and responded to abrupt variations in demand for hoarding and speculative purposes. As the war-time restrictions on the imports and exports of gold continued to be in force during the year, price movements were wider than they would have been in normal conditions.

The market was on the whole uneventful up to the end of October and prices moved between Rs.43-9-0, recorded in April, and Rs.41-11-0 in July. Speculative activity was on a restricted scale compared with the previous year, mainly owing to the steadiness of the free sterling rate. A gradual upward movement in prices started with the beginning of November as a result of speculative activity, increased demand and smaller arrivals, and the ready rate rose steadily to Rs.44-13-0 on the 27th November. The outbreak of hostilities in the Far East on the 7th December led to an outburst of speculation and a scramble for gold for hoarding, and ready gold rose sharply to Rs.50-2-0 on the 19th December, but fell again to Rs.45-5-0 on the 24th and recovered to Rs.47-2-0 at the end of the month. On account of the greater demand for gold for conversion into sovereigns which the Reserve Bank was offering in exchange for refined gold, the ready price improved to Rs.47-12-0 on the 5th January, but declined gradually to Rs.46-1-0 on the 15th on the decision of the Bank to discontinue the offer. In February, the demand for gold increased further and the ready rate touched Rs.51 on the last day of the month. The price

continued to rise and attained the record of Rs.58-4-0 on the 12th March. The market developed an easier tendency thereafter and the ready rate gradually declined to Rs.50-6-0 on the 24th, closing higher at Rs.52 at the end of the year. The intensified demand for ready gold was reflected in the premium which the spot price established over the forward rate early in November, and on certain days in March the spread between the two rates was as high as Rs.2-12-0.

Sovereigns continued to be in increasing demand, and were quoted at a premium throughout the year. The premium increased considerably during the last quarter and reached Rs.8-14-0 on the 21st February. The highest price recorded during the year was Rs.42-8-0 on the 12th March.

Statement V gives the figures of imports and exports of gold on private account since 1900-01.

21. *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 1941-42 to 2,985,832 and 151,108 tolas respectively from 4,878,103 and 307,519 tolas in 1940-41. The quantity of raw gold received for refining at the Bombay Mint was higher at 954,459 tolas as against 880,865 tolas in 1940-41.

22. *Production of Silver.*—The estimated world production of silver in 1941 amounted to 268 million ounces as compared with the record output of 278 million ounces in 1940. The total holdings of the United States Treasury at the end of 1941 were estimated at 3,280 million ounces. Of this 139.9 millions were acquired during the year, being the smallest acquisition during any year since the inauguration of the Silver Purchase Programme by the Treasury in 1934. The production of silver in India for the nine months ended September 1941 amounted to 18,477 ounces valued at Rs.28,065.

23. *Price of Silver.*—Statement VII shows the highest, lowest and average prices of silver in Bombay, London and New York, the stocks in Bombay and the off-take of silver, for each month during 1941-42. In the table below are given the highest and lowest prices of silver in Bombay, London and New York during the three years ended 1941-42.

	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. a. p.	Rs. a. p.	d.	d.	Cents.	Cents.
1939-40	66 4 0	44 7 6	23½	16-1/16	42½	34½
1940-41	64 13 0	54 10 0	23½	20-¼	35-½	34½
1941-42	96 8 0	62 0 0	23½	23-5/16	35-½	34½

The average price of silver during the year was Rs.66-12-6 in Bombay, 23-7/16d. in London and 34½ cents. in New York. The record spread of Rs.34-8-0 between the highest and lowest prices in Bombay which obtained near the end of the last war, was equalled during the year.

Owing to the continuance of war-time regulation of transactions and prices, the silver market in the United Kingdom and India remained practically insulated from outside influences. The London silver market remained almost featureless

during the year. The speculative position which was greatly reduced in the previous year was practically eliminated in 1941-42. The small trade demand for industrial and coinage purposes, whenever it exceeded the available market supplies, was met from Indian Government stocks. Apart from fractional fluctuations during the four months May to August, prices remained steady at 23½d. The sales by the Government of India through the Bank of England at this rate provided the price ceiling for cash transactions in the London market. The forward price which had moved in close sympathy with the ready rate since March 1941 rose to 23-9/16d. about the end of December as a result of a speculative buying order from India. This was the first occasion when the forward price had exceeded the 23½d. ceiling since the outbreak of the war. On the 16th February the forward rate slipped back to 23½d. and continued at the same level for the remainder of the year.

In the United States, the Treasury maintained its buying rate at 35 cents per fine ounce. The New York 'official' quotation was steady at 34½ cents. till the 28th November 1941, when it advanced to 35½ cents. as a result of an agreement dated the 19th November between the United States and the Mexican Governments providing for the purchase by the United States Treasury of a monthly quota of 6,000,000 ounces of newly mined Mexican silver at the usual Treasury price of 35 cents. The rate remained unchanged at 35½ cents. till the end of the year. The rise in the market rate above the Treasury's buying price was the result of apprehensions of shortage in supply in view of the increased demand for the metal for war-time industrial requirements. The country's consumption of silver reached the high level of 80 million ounces in 1941.

Operations in the silver market in India were influenced by factors similar to those which ruled the gold market. Thus, until November, speculative activity remained subdued in view especially of the availability of supplies from the Reserve Bank on Government account and prices moved within a narrow range. The events leading to the outbreak of war with Japan, however, ushered in an orgy of buying for hoarding and speculative purposes, prices attained successive records and the spot rate came to command, as in respect of gold, a premium over the forward rate. The ready price of silver which had eased to Rs.63-2-0 at the close of 1940-41 continued to fluctuate within narrow limits until the 19th April, when it sagged in sympathy with cotton and touched Rs.62 on the 22nd May, being the lowest quotation for the year. The quotation recovered to Rs.63-1-0 on the 24th June, and during the following five months up to November, the market remained comparatively steady, the ready price varying between Rs.63-3-0 and Rs.62-6-0. On the 2nd December 1941, the Reserve Bank announced that it would sell on behalf of Government standard silver of .916 fineness from Government stocks at the Bombay Mint, in bars or cut rupee coin at its option, in quantities equivalent to not less than 25 bars for any single transaction, at the rate of Rs.62-4-0 per 100 tolas. Sales of silver of .999 fineness were at the same time discontinued from the 3rd December. As silver of .916 fineness was, under the rules of the Bombay Bullion Exchange, tenderable at a discount of Rs.2-4-0 per 100 tolas below the official quotation for silver of .996—999 fineness, there was a scramble for refined silver and the rate rose to Rs.65-4-0 on the 6th December. On the same day the Reserve Bank demanded a cash margin of 50 per cent. on all its sales with a view to discouraging speculation. This, however, had no immediate effect and the demand continued unabated. It was, on the contrary, intensified on the outbreak of hostilities with Japan and spot silver touched Rs.71-11-0 by the 20th December, the forward rate

also going up to Rs.66-7-0. The premium of over Rs.5 in the spot over the forward rate was accounted for by the sharp jump in reported upcountry demand from 2,777 bars in November to 13,417 bars in December. The sales by the Bank on Government account were continued and the ready rate reacted to Rs.69-9-0 on the 31st December and fluctuated round a somewhat higher level in January. In February, as the demand continued unabated, sales were discontinued by the Bank from the 19th, and the rate rose sharply to Rs.80 on the 21st, the premium on the forward rate becoming as high as Rs.10. The announcement on the 28th February of an increase of 20 per cent. in the import and excise duties on silver had little distinguishable effect on the market in the general setting of excitement, but owing to renewed speculative purchases induced by war developments, the price rose rapidly and touched Rs.96-8-0 on the 12th March, being the highest since June 1922. At this level the demand slackened and, on the selling of a few bars by the Bank, the price declined to Rs.80-12-0 by the 20th. It rose again to Rs.90 on the 28th, but a realization seems to have then come on the market that the rise was overdone and the price came down to Rs.85-6-0 on the 31st March.

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

24. *Assaying and Refining of Silver.*—The quantity of silver received from the public for melting and assaying amounted during the year to 17,659,901 tolas at the Bombay Mint and 2,216,247 tolas at the Calcutta Mint as compared with 286,656 tolas and 6,163 tolas respectively in 1940-41. The quantity received for refining at the Bombay Mint declined to 2,153,467 tolas from 3,656,662 tolas in the preceding year.

IV. EXCHANGE AND REMITTANCE.

25. *Exchange.*—The Bombay rates for T.T. on London for each month of the year under review are given in Statement VIII. The sterling exchange market was featureless throughout the year, except that the sellers' quotation for ready T.Ts for merchant business which had stood at 1sh. 5-15/16d. from the 29th March, 1941 rose on the 25th September, 1941 to 1sh. 5-31/32d. and thus recovered its old level in anticipation of a sustained improvement in the supply of sterling bills in the following export season. As a result the exchange banks' buying and selling rates for T.Ts on New York were reduced by eight annas to Rs.329½ and Rs. 332¼ respectively. Thereafter the rate remained unaltered at 1sh. 5-31/32d. till the end of the year.

Statement VIII also gives the highest, lowest and average rates both in London and New York and rates for T.Ts on New York in Bombay for each month of the year 1941-42.

26. *Purchases of Sterling and Remittances.*—Statement IX shows the net purchases of sterling by the Reserve Bank month by month during 1941-42. With an increasingly favourable balance of trade, the Bank was able to purchase £73,319,000 at an average rate of 1sh. 6d. as compared with £57,083,000 at the same average rate during 1940-41, thus surpassing the purchases amounting to £72,596,000 in 1939-40. Upto July 1941, the purchases by the Bank exceeded £3 million a month. There was a fall during the next two months, the amount of £1·6 million purchased

in September 1941 being the lowest in any month during the year; but thereafter the monthly acquisitions rose progressively till December when they amounted to £16.4 million, being the highest monthly purchases since 1935-36. During the last quarter of the year the amounts purchased averaged £7.8 million a month. The total amount of sterling purchased by the Reserve Bank from the 1st September, 1939 to the end of the year under review aggregated £195,123,000. During the year, the Bank sold sterling amounting to £1,092,172 at an average rate of 1sh. 5-31/32d.

The Budget for 1941-42 estimated a net refund by the Secretary of State of £26 million during the year. Owing to a continuous increase in the volume of recoverable war expenditure and purchases on behalf of the British and Allied Governments, however, payments in sterling by His Majesty's Government amounted to £150.75 million. As against this the requirements of the Secretary of State and the High Commissioner for India and Burma stood at £24.96 million compared with £22.86 million in 1940-41. The net refunds for the year amounted to £53 million after providing for the repayment of the 2½ per cent. and 3 per cent. undated sterling loans. Net refunds for 1942-43 are estimated at £164 million after allowing for the repayment of the remaining undated sterling loans and the payment of £13 million for the purchase of the Bengal and North Western and Rohilkhand and Kumaon Railways. In the table below are given the sources of the supply of sterling and its disposal from the beginning of the war to the end of the year under review.

	Rs. Crores.
1. Sterling assets held by the Reserve Bank, August 1939	64
2. Sterling purchased by the Reserve Bank,	
September 1939—March 1940	86
April 1940—March 1941	76
April 1941—March 1942	98
3. Sterling payments by His Majesty's Government	258
	582
1. Sterling amounts utilized for repatriation schemes (upto the end of March 1942) ..	218
2. Other sterling commitments	80
3. Sterling holdings of the Reserve Bank at the end of March 1942	284
	582

V. EXCHANGE CONTROL.

27. *Developments in Exchange Control.*—The Exchange Control Department of the Reserve Bank of India continued to exercise control over foreign exchange transactions in India and Burma through the medium of authorised dealers during the year under review. Certain changes were made in the scope of the sterling area in the course of the year which include the admission of Iceland and the Faroe Island on the 3rd April 1941 and Syria and Lebanon on the 16th September 1941. Following the rebellion in Iraq that country was excluded from the sterling area on the 6th May 1941 but was readmitted in November of that year, while Hong Kong, which on account of its close financial and commercial relations with China had been treated as a non-Empire country, was admitted into the Empire sterling group on the 1st August, following the freezing of Chinese accounts.

In pursuance of their policy of entering into special payment agreements with foreign countries with a view to limiting transactions in free sterling, a special payment agreement was entered into by the Bank of England in May 1941 with the following countries :

Costa Rica,
Cuba,
Dominican Republic,
Ecuador,
Guatemala,
Haiti,
Honduras,
Mexico,
Nicaragua,
Panama excluding Canal Zone,
Salvador and
Venezuela.

In terms of this agreement payments between the sterling area and these countries were permitted only in sterling and transfers between the accounts of these countries and other non-Empire countries were prohibited, but transfers between the accounts of countries within this group were allowed. Subsequently Colombia was added to the list of Central American countries covered by this agreement.

28. *Export Control.*—In order to secure a more effective control over the foreign exchange proceeds of India's exports to non-Empire countries, the Reserve Bank's scheme of export control, which formerly applied only to the U.S.A. and its dependencies, the Philippine Islands, and Switzerland, was extended in June 1941 to all countries with which the United Kingdom authorities had made special payment agreements, to Canada and Newfoundland and to the Japanese Empire, Korea, Manchuria, Kwantung, Leased territory and ports in China north of and including Tsingtao. The Reserve Bank's regulations in connection with the extension of the scheme were the same as those prescribed for shipments of commodities other than jute, jute manufactures and rubber to the U.S.A., when these were brought under export control in July 1940, with necessary modifications to suit the particular methods of finance permitted for the special payment countries, Canada and Newfoundland. The opportunity was taken to withdraw the special procedure prescribed for shipments of jute, jute manufactures and rubber to the U.S.A., whereby merchants were unable to ship unless they submitted to the Customs a certificate from their bankers that payment for the export had been arranged by an approved method. Under the new regulations a uniform procedure was introduced and shipments of all commodities to all countries covered by the Notification, except to the Japanese Empire, Korea, Manchuria, Kwantung, Leased territory and ports in China north of and including Tsingtao, were permitted on a simple declaration by the shipper that finance was being arranged in accordance with the regulations of the Reserve Bank. With regard to the group of countries under the control of Japan, a special procedure was laid down under which shipments were permitted only if exporters had received payment for the goods in advance or an irrevocable confirmed credit had been opened in their favour. Actually licences for shipments to Japan for most of the major commodities had not been granted for some time except on these conditions and the regulations of the Reserve Bank merely supplemented a system which was already in force.

29. *Changes in Export Finance.*—Three graphs are given on the next page showing the trends of export finance for non-Empire countries to which the Reserve Bank's scheme for export control applies during the period under review.

Graph 1 :—covers exports to the U.S.A., and its dependencies, Philippine Islands and Switzerland. As exports to Switzerland are negligible this graph may be taken as representing transactions with U.S. dollar countries only.

The tendency noticed during the previous year for exports to be financed direct through bills in foreign currency instead of through sterling bills on London would appear to have reached a point by the end of last year at which it could be said to have become more or less stabilised as no appreciable increase is shown by this method of finance during the year under review.

Graph 2 :—covers exports to other countries outside the Empire which are covered by the Export Control scheme.

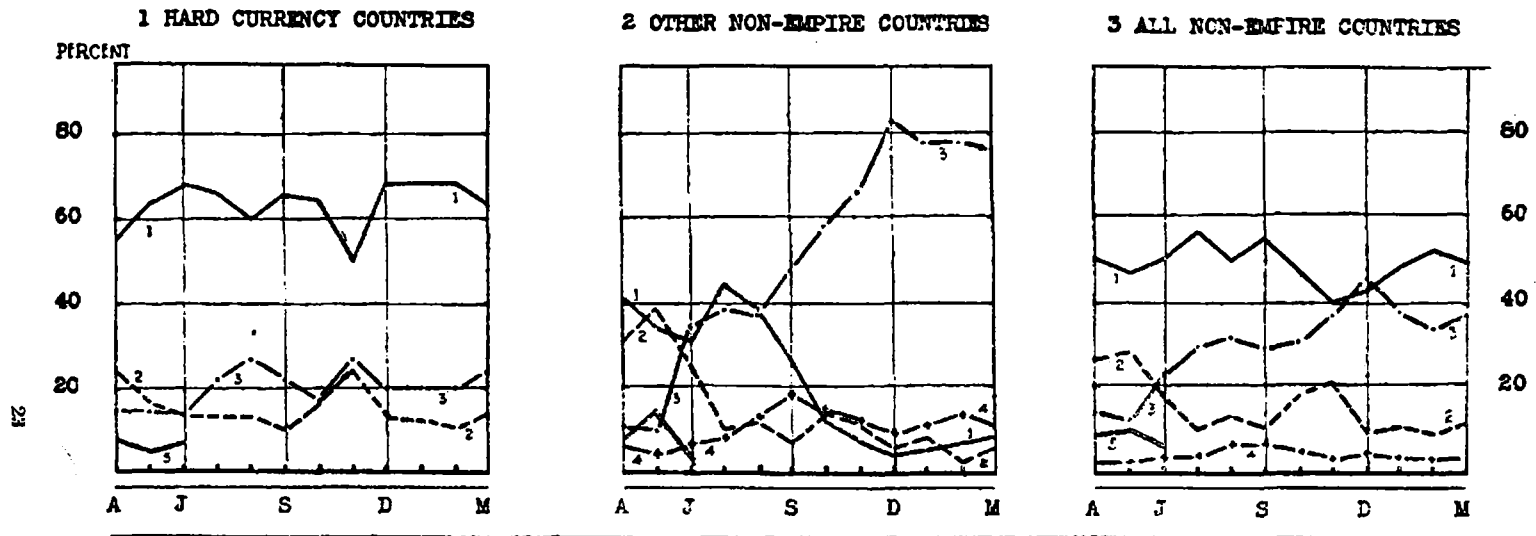
Exports financed by sterling drawings on London show a considerable increase, mainly as a result of the decrease in methods 1 and 2, following the closing down of shipments to Japan as a result of the freezing order, since exports to that country were largely financed by these methods. The increase is also due partly to exports under 'Sundry Methods' being reclassified under the main methods of payment as from July 1941.

Graph 3 :—is a combined graph which includes all the countries to which the Reserve Bank's scheme for export control applies.

30. *Issue of Japanese and Chinese Freezing Orders.*—A notification was issued by Government on the 28th July 1941 prohibiting operations on Japanese assets in India except with the permission of the Reserve Bank of India. In terms of this notification a general order was issued by the Reserve Bank to banks freezing the balances of all Japanese companies and firms resident in India. Permission was, however, given for payments to be made under confirmed credits opened on or before the above date and for the payment of bills or cheques presented by residents in India who became holders for value on or before that date. All private remittances to the Empire of Japan were prohibited and commercial remittances could only be made to blocked accounts. The operations of Japanese companies and firms were restricted to the settlement of outstanding contracts and the selling of stocks and no new business was permitted. Shipments under pre-zero contracts to Japan were allowed and at first the opening of fresh credit to cover such contracts was permitted. Subsequently, however, orders were issued by Government that no export licences would be granted if as a result of the export the balances of Japanese banks negotiating bills against the shipment would fall below the figure held on the 26th July 1941. In order to ensure that the proceeds of all imports from Japan were paid into the blocked accounts of Japanese banks, the clearance of such imports from the Customs was allowed only if a bank certificate was produced that the full value of the goods had been paid into a blocked Japanese account. With a view to ensuring that Japanese assets in India were reserved as a set-off against Indian assets in Japan, the transfer of funds by Japanese banks and firms to Burma and the finance through India of Japan's import and export trade with Empire countries of the Middle East such as Egypt, Sudan and East Africa was prohibited.

METHODS OF FINANCE OF INDIA'S EXPORT TRADE

PERCENTAGE OF EXPORTS TO TOTAL EXPORTS
APRIL 1941 TO MARCH 1942.



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

NOTE:- The classification headed "Sundry methods" was discontinued as from July 1941 and the relative exports have since then been classified under the four main methods of payment.

Following the issue of the Japanese freezing order, a notification was issued by the Government of India on the 30th July 1941 prohibiting operations on Chinese accounts in India except with the permission of the Reserve Bank. Whereas the object of the Japanese freezing order was to close down Japanese trade and to retain Japanese assets in India as a set-off against Indian assets in Japan, the object of the Chinese freezing order was to assist China to conserve her foreign currency resources. The instructions issued by the Reserve Bank under this notification were therefore less drastic than those given in connection with the Japanese order, and the accounts of the leading banks in independent China, the National Government of China and its agencies were released for payments within the sterling area. The accounts of the Shanghai branches of the authorised dealers in foreign exchange in India were similarly released and fresh business was permitted both for imports and exports. On receipt of advice from the Bank of England that undertakings had been given by the British and American banks in China that they would refrain from dealing in Shanghai dollars or sterling at rates other than those of the London and Chinese Controls, the Reserve Bank issued instructions releasing the accounts of branches in China outside Shanghai, of authorised dealers in India and the accounts of British subjects in China. Exports to China were allowed provided payment was received in advance or an irrevocable credit opened through an exempted Chinese Account. In November the United Kingdom authorities issued new regulations covering payments to China and imports from and exports to that country under which payments to China could only be made to the sterling account of an approved bank. Similar regulations were issued in India as a result of which dealings in Chinese dollars were stopped and all business with Shanghai and Free China had to be conducted in rupees or sterling. Shipments to China were allowed only if payment had been received in advance or an irrevocable letter of credit had been opened in either of these two currencies. The object of this requirement was to ensure that the Chinese importer had obtained the necessary exchange to pay for the goods in view of the restrictions imposed by the Chinese Stabilization Board on the sale of foreign exchange. With regard to imports from China the previous regulation whereby clearance was permitted only if payment had been made to a blocked or exempted Chinese account was withdrawn and instead importers were required to obtain a certificate that payment had been or was being made through an authorised dealer in foreign exchange. As authorised dealers were permitted to credit the proceeds of imports from China only to the account of an approved bank, this regulation had the effect of ensuring that China received the full proceeds of her exports.

31. *Developments following the outbreak of hostilities with Japan.*—On the outbreak of hostilities with Japan the assets of Japanese companies and firms in India, including those of Japanese banks, became vested in the Custodian of Enemy Property. Subsequently Thailand was also declared enemy territory by Government and Thai assets became vested in the Custodian of Enemy Property.

The original freezing order relating to Chinese accounts had been considerably relaxed with the introduction of the special arrangements for financing Chinese trade through approved banks but in view of the Japanese occupation of the treaty ports the Reserve Bank issued, under the powers granted to them by the original notification of the 30th July 1941, an order freezing the accounts of all persons other than those of Japanese nationality in occupied China. Japanese accounts were of course, taken over by the Custodian but in order to bring the practice in India into line with that in the United Kingdom, where non-Japanese assets in occupied China

were not vested, a special exemption order was issued by the Government of India in favour of such assets. The effect of this order was that banks were permitted to collect outstandings on account of their non-enemy customers in China but the balances held on their behalf were retained by the banks and did not have to be paid over to the Custodian.

Similar devesting orders were issued with respect to the other territories in the Far East occupied by the enemy. In order to prevent the assets of persons resident in these areas being drawn upon or used by the enemy, notifications were issued by the Government of India, on the respective dates noted below against each territory, prohibiting operations on their accounts without the permission of the Reserve Bank.

Philippine Islands	..	..	..	15th January 1942.
Hongkong	..	..	..	16th January 1942.
Malaya (including Singapore)	..	..	..	16th February 1942.
Straits Settlement and the British Possession in Borneo	..	..	..	7th March 1942.
Java	..	..	..	16th March 1942.
Netherlands East Indies	..	..	..	18th March 1942.

In the instructions issued by the Reserve Bank under these notifications, permission was given for the carrying out of pre-zero obligations, and payments were allowed for the maintenance of the dependents in India of British subjects resident in these countries.

32. *Restrictions on the import of currency notes of countries occupied by the enemy.*—With the extension of hostilities in territories adjoining India it became apparent early in 1942 that it would be necessary to introduce a general scheme of restrictions on the import of foreign currency notes with a view to preventing currency notes of the countries occupied by the Japanese being disposed of in India by the enemy. Accordingly a notification was issued by Government on the 14th February 1942 prohibiting the import of all currency notes other than those of the Reserve Bank of India and the Government of India, Burma notes, Ceylon rupee notes, Iranian rials and Afghanis except with the general or special permission of the Reserve Bank. In the general permission given by the Reserve Bank in terms of this notification, the existing restrictions on Bank of England notes were retained and Sarawak dollars were added to the list of currencies the import of which was totally prohibited. Provision was also made for the import of Chinese dollars upto \$500, Straits dollars upto \$100 and Java guilders upto 100 guilders by any one person so as to allow small funds to be brought in by evacuees and the import of other currencies was made subject to declaration to the Customs on a prescribed form. The general permission with respect to Straits dollars and guilders was withdrawn as soon as it appeared that no more evacuees were coming in and thereafter their import was made subject to the special approval of the Reserve Bank.

33. *Encashment of foreign currency for evacuees.*—With a view to assisting evacuees arriving from Malaya and the Netherlands East Indies, arrangements were made by the Reserve Bank to purchase Malayan notes at a rate which was provisionally fixed at Rs. 140 per \$100, subsequently altered to Rs. 150 and finally fixed at Rs. 155 per \$100 and Java guilder notes at a rate of 57½ guilders which was subsequently altered to 59 guilders per Rs. 100. Arrangements were also made to purchase Malayan and English coins brought by evacuees from Malaya.

34. *Requisitioning of Bank of England Notes.*—The restrictions which had been imposed in September 1940 on the import of Bank of England notes so as to prevent notes seized by the enemy in occupied countries being disposed of in India, were gradually tightened. With a view to restricting dealings in these notes still further a notification was issued by Government on the 4th October 1941, requiring all holders of Bank of England notes to surrender them to the Reserve Bank. As it is now illegal to hold Bank of England notes it has become extremely difficult to dispose of any notes illegally smuggled into the country.

35. *Withdrawal of facilities for meeting cotton differences in New York.*—The system under which Indian cotton dealers were licensed to operate in the New York market came under review during the year. On account of the widening of the disparity between the New York and Indian rates, it was no longer practicable for merchants in India to hedge their commitments in the United States and the conclusion was reached that the circumstances in which the Reserve Bank was originally authorised by Government to provide exchange to enable operators in India to meet differences due in the New York market arising out of straddle operations no longer prevailed. On the 24th July 1941, therefore, authorised dealers in cotton were informed that no further exchange could be purchased by them to make remittances in dollars against transactions in the New York market entered into after that date. The facilities still remained available, however, in cases where the Reserve Bank was satisfied that the only practicable hedge was in New York and that it would serve a useful public purpose. Similarly, authorised dealers in cotton in India were advised that profits of foreign operators gained in the Bombay market could no longer be remitted to New York if they arose out of business entered into after the 24th July 1941. No instructions were issued regulating business open at the date of the order and dealers were informed that they could still obtain foreign exchange to meet differences arising on outstanding contracts.

36. *Import Control.*—Owing to the increase in purchases from the United States following the cessation of supplies from Europe, the necessity for restricting imports from that country became increasingly apparent. The restrictions imposed by Government during the previous year, which applied to only a comparatively small list of articles, were extended so as to cover all articles from all foreign countries, with the exception of certain goods from Canada which remained unrestricted. These measures were necessary not only to secure economy in the expenditure of foreign exchange but also to conserve shipping space and productive capacity in the United States, particularly after the passage of Lease and Lend Legislation.

In the instructions issued by the Reserve Bank to authorised dealers regarding the sale of foreign exchange for imports, certain restrictions had been placed on the opening of import credits from the United States and other countries under which such credits could ordinarily be opened only for periods of three months and providing for payment against production of ocean bills of lading. The object of these restrictions was to prevent importers ordering large quantities of goods in anticipation of the imposition of import restrictions at a later stage and also to ensure that goods not strictly essential were not bought on terms under which shipment to India was not guaranteed. As import control regulations were extended to cover practically all commodities shipped from non-Empire countries and as the restrictions imposed were so severe that any goods allowed in could be considered as essential, Government decided that the necessity for the continuation of these restrictions no longer existed.

The Reserve Bank therefore announced that they would permit the opening of import credits covering licensed goods from any country even though the credit was opened for a period longer than three months and payment was to be made against manufacturers' certificate or railway bills of lading, provided the credit opener was in possession of an import licence.

37. *Restrictions on remittances of Profits.*—On the 22nd October 1941, the Government of India issued a press communique to the effect that on and after that date remittance of profits by firms and companies operating in India to any person resident outside the sterling area would be subject to licence. Persons and firms desiring to remit such profits were instructed to submit their applications through the Reserve Bank. Restrictions have also been placed on the remittance of film royalties by film distributing companies in India. The basis of remittance decided on varies with the different classes of companies such as banks, manufacturing subsidiaries of foreign companies, import and export trading companies, etc., but the general principle adopted is that profits are limited to a proportion of the average profit in pre-war years or a proportion of current profit.

VI. PUBLIC FINANCE.

38. *General.*—The finances of the Central Government during the year were dominated by the heavy additional outlay on defence as well as the increased expenditure on civil services incidental to the war, which involved higher direct and indirect taxation and left a larger deficit to be covered from borrowings. The budget included certain measures to encourage savings and secure postponement of civilian expenditure to check the possible inflationary consequences of the increasing volume of monetary purchasing power in the hands of the public. The provincial budgets also reflected the influence of war demands in bigger deficits and smaller surpluses.

CENTRAL GOVERNMENT :

39. *Finance Accounts, 1940-41.*—The year closed with revenue at Rs.107.65 crores and expenditure at Rs.114.18 crores, showing increases of Rs.3.94 crores and Rs.2.05 crores respectively as compared with the revised estimates. The revised deficit of Rs.8.42 crores accordingly declined to Rs.6.53 crores, and a net addition to debt of Rs.3.53 crores resulted after making allowance for a provision of Rs.3 crores for the reduction of debt during the year. Of the total improvement in revenue, Rs.2.20 crores occurred under Railways' contribution to general revenues, and Rs.1.29 crores under taxes on Income other than Corporation Tax, while revenue from Central Excises and Posts and Telegraphs was also marked up by Rs.99 lakhs and Rs.23 lakhs respectively. The increases were partly counterbalanced by decreases of Rs.45 lakhs under Customs and Rs.33 lakhs under Corporation Tax. The increase in expenditure was mainly accounted for by an additional outlay of Rs.1.59 crores under Defence. The increased receipts under various heads reflected the rising level of internal economic activity and money incomes.

40. *Revised Estimates, 1941-42.*—The revised estimates for the year placed receipts and expenditure on revenue account at Rs.129.62 crores and Rs.146.89 crores

respectively compared with the budget estimates of Rs.113.00 crores and Rs. 126.85 crores showing an improvement of Rs.16.62 crores in revenue, which was more than neutralised by an increase of Rs.20.04 crores in expenditure. Of the total increase in receipts, Rs.8.94 crores occurred under Railways' contribution to general revenues, Rs.3.35 crores under taxes on Income and Corporation Tax, Rs.1.79 crores under Posts and Telegraphs, Rs.1.21 crores under Currency and Mint, Rs.89 lakhs under Customs and Rs.80 lakhs under Salt. Although the revised estimate of collections of Income Tax and Corporation Tax showed a further rise of more than Rs.3 crores over the budget, the receipts of Excess Profits Tax were put at Rs.8 crores only as against the budget figure of Rs.11 crores owing to an over-estimate of assessments at the enhanced rate of 66-2/3 per cent. instead of 50 per cent. at which the liabilities were for the most part actually assessed. The increase in expenditure, disclosed in the revised estimates resulted mostly from the rising cost of the war with the amplification of the various defence schemes. India's share of the enlarged war bill rose from the budget estimate of Rs.35.40 crores to about Rs.54 crores out of a total outlay of about Rs.140 crores, in accordance with the Financial Settlement with His Majesty's Government. A saving of Rs.3.09 crores accrued during the year under Interest as a result of repatriation operations.

41. *Budget Estimates, 1942-43.*—The following table compares the budget estimates of revenue and expenditure with the revised and budget estimates for 1941-42 and the accounts of 1940-41 :—

(In crores of Rupees)

Particulars	1940-41	1941-42		1942-43
	Accounts	Budget Estimates	Revised Estimates	Budget Estimates
Revenue	107.65	113.00	120.62	152.00
(a) Tax Revenue	75.50	89.94	92.40	112.32
Expenditure	114.18	126.85	146.89	187.07
(a) Civil Estimates	40.57	42.72	44.44	54.07
(b) Defence Expenditure	73.61	84.13	102.45	133.00
(1) Basic Normal Budget	36.77	36.77	36.77	36.77
(2) Rise in prices	2.57	3.55	4.24	6.52
(3) War Measures (net)	25.90	35.40	53.03	81.30
(4) Non-effective charges (net)	8.38	8.41	8.41	8.41
Deficit on revenue account	6.53	13.85	17.27	35.07

The budget estimates placed the total expenditure at Rs.187.07 crores and the total receipts at Rs.140.00 crores, the prospective deficit of Rs.47.07 crores being intended to be met by additional direct and indirect taxation to the extent of Rs.12 crores and by borrowing of Rs.35.07 crores.

The progressive expansion of the country's defence services is reflected in the mounting outlay under 'War Measures' in the above table, estimated at Rs.81.30 crores for 1942-43 as against Rs.25.90 crores in 1940-41. The rise of Rs.9.63 crores in the Civil estimates for 1942-43 is also for the most part directly related to essential measures connected with the war, and includes Rs.4 crores on account of civil defence and Rs.2 crores for Technical Training Schemes.

The variations in the important heads of revenue are indicated below : —

(In crores of Rupees)

Heads of Revenue	1940-41 Accounts	1941-42		1942-43 Budget	Increase (+) Decrease (—) in 1942-43 over revised estimates for 1941-42
		Budget	Revised		
Customs	37.30	35.11	36.00	35.35	— 0.65
Corporation Tax	4.14	12.62	11.30	21.99	+ 10.69
Taxes on income other than Corpora- tion Tax	21.79	27.46	32.13	42.00	+ 9.87
Railways' Contribution	12.16	10.18	19.12	20.13	+ 1.01
Posts and Telegraphs	1.25	1.40	3.10	4.23	+ 1.04
Currency and Mint	1.94	2.21	3.42	3.26	— 0.16
Profits of the Reserve Bank	0.19	1.36	2.47	2.47	..

Apart from the increase in the Railways' contribution to general revenues, the upward trend is particularly noticeable in the receipts from taxes on Income and the Corporation Tax which have been placed at Rs.64 crores for 1942-43 as against Rs.43½ crores in 1941-42 and Rs.26 crores in 1940-41. This increase is accounted for by the higher estimate of collections of Excess Profits Tax which are placed at Rs.20 crores as compared with Rs.8 crores in 1941-42, and by the higher rates of income tax and corporation tax. The proposals for additional direct taxation, as modified by the Finance Act of March 1942 which are expected to yield an extra revenue of Rs.5.30 crores, include (a) a tax on incomes from Rs.1,500 to Rs. 2,000 at the rate of 6 pies in the rupee on the excess over the first Rs.750 ; (b) a central surcharge on incomes exceeding Rs. 2,000, less progressive in incidence than the old flat percentage surcharge, but raising the rate on the whole from 33½ per cent. to a minimum of 50 per cent., and (c) an increase in the Corporation Tax to 1½ annas in the rupee. The indirect taxation proposals, estimated to result in an additional revenue of Rs.6.70 lakhs, comprise enhanced postal, telegraph and telephone rates, an overall surcharge of 20 per cent. on the import tariff except on raw cotton, salt and petrol, an increase of 3 annas per gallon in the excise and import duty on motor spirit and an increase in the excise duty on kerosene and silver equivalent to the higher Customs duties.

The budget of this year contains certain new features in the nature of savings schemes designed to alleviate the pressure of the enhanced volume of purchasing power on the inevitably limited supplies of goods and services available for private consumption under war conditions. Thus an option is given to new assesses for income tax under the lowered exemption limit, to escape the liability by depositing an amount approximately 1½ times the amount of tax assessed, in the Post Office Defence Savings Bank, such deposits not being ordinarily withdrawable till one year after the end of the war. Besides, to mitigate the incidence of the enhanced surcharge on incomes between Rs.2,000 and Rs.6,000, which works out at more than 50 per cent., a provision has been made to refund a portion of the tax equal to ½ per cent. of the assesses' total income, after the end of the war. Again, Government have announced their readiness to contribute an amount up to one-tenth of the net excess profits tax, provided that the assessee deposits a sum equal to double this amount, to a reserve to be used for the object of assisting industrial rehabilitation after the war.

42. *Railway Budget.*—The following table gives the budget estimates of State-owned Railways for 1942-43 together with the financial results of the previous two years :—

	(In crores of Rupees)			
	Accounts 1940-41	Budget 1941-42	Revised Estimates 1941-42	Budget Estimates 1942-43
I. Receipts and Expenditure.				
Gross traffic receipts	111.94	108.25	127.00	125.50
Total working expenses (including depreciation)	65.65	68.60	73.13	70.78
A. Net Traffic receipts	46.29	39.65	53.87	54.74
B. Net Miscellaneous receipts	0.85	0.78	0.94	1.56
Net Revenues (A + B)	47.14	40.43	54.81	56.30
Interest Charges	28.68	28.60	28.61	28.35
Surplus	18.46	11.83	26.20	27.95
Contribution to General Revenues ..	12.16	10.18*	19.12	20.13
Contribution to Railway Reserve Fund .	6.30	1.65	....	....
Total Expenditure charged to Capital ..	2.31	8.75	3.88	23.50
Total Expenditure charged to Depreciation Fund	7.19	6.80	5.12	7.00
II. Capital at charge at the end of the year	760.93	764.79	757.96	781.46
III. Depreciation Reserve Fund	31.15	35.30	36.60	51.24
Net Accretions during the year	5.45	5.88	7.56	5.68
IV. Closing Balance	36.80	41.01	51.24†	64.74‡
* Including Rs.1.82 crores as advance payment against the contribution for 1942-43.				
† " a temporary loan of Rs.7.08 crores.				
‡ " " " Rs.7.82 crores.				

After a lapse of six years, Railways started contributing to general revenues in 1937-38 and there has been a continuous and rapid improvement in Railway revenues during the war, owing to a steady increase in the volume of traffic as well as the increase in freights and fares brought into effect from the 1st March 1940, making possible much larger contributions to general revenues. These rose from Rs. 4.33 crores in 1939-40, to Rs. 12.16 crores in 1940-41, Rs. 19.12 crores in 1941-42 (revised), and will be Rs. 20.13 crores in 1942-43. This payment will provide an excess of Rs. 1.31 crores after wiping out the arrears of the 1 per cent. contribution due from the Railways, which stood at Rs. 35.71 crores at the end of 1939-40.

It is proposed to bring into force from the 1st May certain increases in passenger fares on the East Indian and North Western Railways, so as to bring them to approximate equality with those in force on other major railways, and in the charges

on parcels and excess luggage. The acquisition of the Bengal and North Western, the Robilkund and Kumaon, the Tapti Valley and the Mirpurkhas Khadro Railways at a cost of Rs. 20 crores has been decided on; as a result the entire railway system of Northern India with unimportant exceptions will be both State-owned and State-managed, and the combined mileage of railways under State management will be increased from 17,000 to 24,000 miles. With a view to meeting the exigencies of the war and co-ordinating various forms of transport, the organisation of a Central Transport Board and of another central body under the Department of Communications was announced about the end of the year under review.

43. *Provincial Budgets.*—Statement X shows receipts and expenditure on revenue account of the provinces for the years 1940-41, 1941-42 and 1942-43. The combined results for all provinces are summarised below :—

		(In lakhs of Rupees)			
		1940-41	Budget	1941-42	1942-43
		Accounts	Estimates	Revised	Budget
				Estimates	Estimates
Revenue	.. .. .	97.48	95.30	1,05.65	1,04.15
Expenditure	.. .. .	95.18	96.17	1,05.23	1,04.67
Total surpluses	.. .. .	+ 3.21	+ 50	+ 1.70	+ 78
Total deficits	.. .. .	- 91	- 1.46	- 1.28	- 1.30
Total net surpluses (+) or deficits (-)		+ 2.30	- 87	+ 42	- 52

The accounts for 1940-41 disclosed a surplus of Rs. 2.30 crores against a deficit in the revised estimates of Rs. 25 lakhs owing to higher surpluses in Madras, Bombay and the Punjab, the conversion of Assam's deficit into a surplus, and a smaller deficit in Bengal. The improvement in provincial finances reflected the stimulating effects of the war on receipts under the provincial share of income tax, land revenue, excise and forests. The revised estimates for 1941-42 also showed a net surplus of Rs. 42 lakhs against a budgeted deficit of Rs. 87 lakhs, all the provinces excepting Sind sharing in the improvement. Compared with the actuals of 1940-41, however, the revised estimates for 1941-42 showed a deterioration of Rs. 1.88 lakhs, owing to larger increases in expenditure than in revenue in most provinces.

The tendency towards smaller surpluses and, in a few instances, larger deficits, disclosed during the current year was continued in the budget estimates for 1942-43, which showed a combined deficit of Rs. 51 lakhs. The estimates reflect the additional financial burden entailed in respect of police and civil defence measures, dearness allowances, remission of land revenue and grants to assist cultivators of commercial crops to change over to food grains (in Bombay, Bengal and Madras); they also contain provisions for post-war rehabilitation in Bombay and the United Provinces. Expenditure on account of civil defence ranges from Rs. 1.25 crores in Bengal to Rs. 3.4 lakhs in Orissa. Bengal expects an additional revenue of Rs. 1 crore (Rs. 25 lakhs in 1941-42) from the Sales Tax Act, 1941, and Rs. 37 lakhs from the new Bengal Raw Jute Taxation Act, 1941. Bombay has reduced the Urban Immoveable Property Tax to 3½ per cent. from the 1st April 1942, despite an appreciable drop in revenue on account of the restricted scope for export of cotton and groundnuts. In the Punjab, the rate of the new Urban Immoveable Property Tax Act, 1940, is

raised from 3½ per cent. in 1941-42 to 7½ per cent. from 1942-43, with an estimated revenue of Rs.17 lakhs for the year, while the General Sales Tax Act, 1941, another new taxation measure, is expected to bring in Rs.7 lakhs. Under the refunding arrangements effective from 1942-43 in respect of the Lloyd Barrage Debt, the Sind budget includes a payment of Rs.75 lakhs, the first of 15 equal annual payments.

44. *Consolidated Debt Position of Provinces.*—Statement XI shows the consolidated debt position of the British Indian provinces at the end of the year under review. No loans were floated in the market during the year and the total permanent debt showed a small reduction from Rs. 23.33 crores in 1940-41 to Rs. 23.02 crores in 1941-42.

The total of 'Loans from the Central Government' declined by Rs. 1.52 crores from Rs. 120.54 crores in 1940-41 to Rs. 119.02 crores in 1941-42.

45. *Subventions and Payments from the Centre.*—The following table shows the subventions and other 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. Further particulars of the payments in respect of each province will be found in Statement XII.

(In crores of Rupees)

			Income Tax	Jute Duty	Subventions	Total
1937-38	..	..	1.25	2.65	3.12	7.02
1938-39	..	..	1.50	2.51	3.03	7.04
1939-40	..	..	2.79	2.56	3.03	8.38
1940-41	..	..	4.16	1.85	3.03*	9.04
1941-42	..	..	7.39	1.95	3.03†	12.37
1942-43	..	..	8.37	1.75	2.75†	12.87

(Budget Estimate)

* Excluding a grant of Rs.53,000 to Coorg.

† Rs.1 lakh to Coorg.

There has been a rapid and progressive increase in the share of income tax accruing to provinces, and the estimate of Rs.8.37 crores for 1942-43, when the divisible pool of income tax is expected to reach the record level of Rs.25.75 crores, is based on the assumption that the sum to be retained by the Centre from the Provincial moiety will be maintained at Rs.4½ crores. On the other hand the share of the Jute Export Duty assigned to the jute producing provinces has continually declined during the war, and is estimated at Rs.1.75 crores in 1942-43, against Rs.1.95 crores in the revised estimates for 1941-42 and Rs.2.56 crores in 1939-40. Under the terms of the Niemeyer Award the annual grant of Rs.25 lakhs to the United Provinces will be discontinued from 1942-43 and that to Orissa will be reduced from Rs.43 lakhs to Rs.40 lakhs. This explains the reduction in the total subventions for the first time from Rs.3.03 crores to Rs.2.75 crores. A special non-recurring grant of Rs.1 lakh for this year and the next is being made to Coorg.

VII. GOVERNMENT BALANCES AND RESERVES.

46. *Government Balances with the Bank.*—Statement XIII shows the balances of the Central and Provincial Governments separately with the Reserve Bank of India and Government Treasuries at the end of each month during 1941-42. The average month-end balances of the Central Government with the Reserve Bank were Rs.15·77 crores in 1941-42 as against Rs.10·19 crores in the previous year. The balances remained at a comparatively high level during the greater part of the year owing partly to payments received from His Majesty's Government on account of war purchases. They attained the figure of Rs.58·68 crores at the end of February before payments were made under the second scheme of repatriation. The Provincial Governments' balances averaged Rs.5·92 crores as against Rs.6·17 crores in 1940-41.

47. *Central Government Treasury Bills.*—Particulars of the weekly transactions in the Central Government treasury bills are given in Statement XIV. The total sales to the public of treasury bills including intermediates amounted to Rs.118·60 crores in 1941-42 as compared with Rs.101·33 crores in the previous year. The weekly offer which had been kept at Rs.1 crore since 26th November 1940 was raised on the 20th May 1941 to Rs.2 crores where it remained till the 22nd July. Mainly owing to an improvement in the Central Government's balances with the Reserve Bank the sale of intermediates, which had been steadily declining since the beginning of June, was discontinued from the 15th July and the weekly offer was lowered to Rs.1 crore from the 29th July. It was raised again to Rs.2 crores from the 2nd September, following heavy maturities of treasury bills during August. Intermediates were also resumed on the 30th October and continued till the end of the year. The tender limit was reduced to Rs.1 crore on the 2nd December but was increased again to Rs.2 crores with effect from the 10th February, the Government's balances with the Bank having declined to Rs.3·39 crores, the lowest level during the year under review. The offer was maintained at this figure till the close of the year mainly with a view to strengthening the reserves for financing the second repatriation scheme.

Easy money conditions generally prevailed till the beginning of December and accounted for the comparatively large amounts tendered. Thereafter, offers were relatively lower. During the first four months, April to July, the average rate of discount moved within a narrow range of Re.0-13-8 to Re.0-12-2 per cent. per annum. The very easy money conditions combined with substantial maturities depressed the treasury bill rate during the greater part of August and September, and the lowest level was touched on the 29th August at Re.0-6-0 per cent. The rate tended to move up with the approach of the busy season in October, and rose to Re.0-15-10 on the 12th December, remaining about that level till the end of February. In March, the rate rose further, and was at Rs.1-2-5 for two weeks. The spread between the highest and the lowest rates during the year was Re.0-12-5 as against Rs.1-0-7 in 1940-41.

The amount of the treasury bills including *ad hoc* issues sold in favour of the Issue Department of the Bank during the year was Rs.291·48 crores compared with Rs.140·76 crores in 1940-41, the total amount of the bills held in the Issue Department at the close of 1941-42 being Rs.88·47 crores as against Rs.23·74 crores at the end of the previous year.

48. *Yield on Treasury Bills.*—The following table gives the average true yield per cent. per annum on treasury bills in 1940-41 and 1941-42.

	1940-41		1941-42	
	Amount of three months' treasury bills (including Intermediates sold) (000s omitted)	Average yield per cent. per annum	Amount of three months' treasury bills (including Intermediates sold) (000s omitted)	Average yield per cent. per annum
April	4,00,00	1.53	7,75,50	0.81
May	11,82,25	1.13	15,45,50	0.79
June	8,00,00	1.11	13,51,50	0.82
July	8,00,00	1.09	8,30,50	0.85
August	7,00,00	0.80	5,00,00	0.53
September	7,00,00	0.67	8,00,00	0.56
October	10,00,00	0.65	12,10,00	0.64
November	15,86,00	0.95	11,14,75	0.70
December	4,00,25	0.90	9,27,00	0.94
January	5,00,00	0.85	8,53,75	0.97
February	10,80,75	0.65	9,03,75	0.90
March	9,94,50	0.70	10,47,75	1.13
TOTAL	101,32,75	0.80	118,60,00	0.72

It will be seen from the above that except during the last three months of the year the average monthly yield on treasury bills was appreciably lower than during the corresponding months of 1940-41. In August the yield declined to the lowest level within the past four years. The highest, lowest and average yields in 1941-42 worked out at 1.15, 0.38 and 0.72 as compared with 1.66, 0.63 and 0.89 per cent. per annum respectively in 1940-41. The average yield during the year was the lowest on record.

49. *Provincial Treasury Bills.*—The sales of Provincial Governments' treasury bills during 1941-42 are shown in Statement XV. The total sales increased from 6.90 crores in 1940-41 to Rs.8.15 crores during the year, of which Bengal accounted for Rs.6.75 crores. The total outstandings at the end of the year were Rs.1 crore as compared with Rs.50 lakhs at the end of 1940-41. The average yield on the provincial bills during the year further declined to 0.85 per cent. from 0.91 per cent. in 1940-41, but the difference above the average yield on the Central Government bills was slightly higher at 0.13 per cent. as compared with 0.02 per cent. only in 1940-41. The increasing attention paid by the market to the provincial treasury bills was reflected in the larger amounts tendered.

50. *Ways and Means Advances.*—The monthly borrowings of the Central Government from the Reserve Bank are shown in Statement XVI. The advances taken by Government during the first half of the year under review aggregated Rs.37 crores as compared with Rs.28 crores and Rs.18.50 crores respectively during the corresponding periods of 1940-41 and 1939-40. There were no borrowings during the third quarter. The amount of advances taken in January stood at Rs.7.50 crores, but rose as high as Rs.52.50 crores during the last two months of the year, mainly in connection with the financing of the repatriation of India's non-terminable sterling debt. The total advances taken during the year amounted to Rs.97 crores as against Rs.52 crores in 1940-41. No advances were outstanding at the close of the year as against Rs.16 crores at the end of 1940-41.

Only four provinces—Madras, Bengal, the Central Provinces and Berar and Orissa—had recourse to ways and means advances from the Bank during the year. These advances, which were repaid before the close of the year, totalled Rs.6.26 crores as against Rs.5.78 crores in the previous year. For the first time since separation from India, as a result of the conditions created by the war, the Government of Burma took an advance from the Bank of Rs.1.75 crores in March 1942 and the amount was outstanding at the end of the year.

VIII. PUBLIC DEBT.

51. *Government of India Defence Loans.*—The loan programme of the Central Government during 1941-42 carried forward the Indian Defence Savings Movement first announced on the 4th June 1940. It included the 3 per cent. Second Defence Loan 1949-52 issued on the 1st February 1941 to replace the 3 per cent. Six Year Defence Bonds (second series), Ten Year Defence Savings Certificates, Three Year Interest-Free Bonds and the Indian Post Office Defence Savings Bank. The budget proposals for 1942-43 also included provisions for encouragement of savings as an alternative to higher taxation.

The 3 per cent. Second Defence Loan continued to be available on tap upto the 14th February 1942, when the terms of the loan went out of parity with the conditions prevailing in the market and it was decided to close it. The total subscriptions to this loan since its first issue amounted to Rs.59,05,23,600 including Rs.5,48,83,000 tendered for conversion in the form of 3 per cent. Loan 1941. The total receipts from the various Defence Savings loans up to the 31st March 1942 amounted to Rs.112.20 crores as detailed below :—

	(In lakhs of Rupees)		
	June 1940 to March 1941	1941-42	Total
1. Three per cent. Six Year Defence Bonds.			
(a) First Series	71	....	71
(b) Second	44.43	....	44.43
2. Three per cent. Second Defence Loan 1949-52 ..	3.47	55.59	59.06
3. Three Year Interest Free Bonds	2.33	34	2.67
4. Defence Savings Certificates	2.41	2.81	5.22
5. Post Office Defence Savings Bank .. .. .	....	11	11
Total ..	53.35	58.85	112.20

As part of their more permanent arrangements for the conversion into rupee loans of the counterparts of the repatriated sterling loans, the Government of India announced in Notification No. F.8 (12)-B41 dated the 9th June 1941 their decision to offer to holders of the 4½ per cent. 1950-55 and the 4½ per cent. 1958-68 rupee counterparts, the option to convert their holdings into the existing 3 per cent. 1951-54 and the 3 per cent. 1963-65 rupee loans respectively on terms based on the market prices of the loans concerned. The offer was kept open from the 16th June to the 21st June. For purposes of conversion, the 1950-55 Loan was accepted at Rs.110-12-0 per cent. and the 1958-68 Loan at Rs.113-8-0 per cent. The issue prices of the 1951-54 and 1963-65 Loans were fixed at Rs.100 and Rs.95 respectively. The total

nominal value of the counterparts tendered for conversion including the holdings of the Government and the Reserve Bank amounted to Rs.28·56 crores as against Rs.32·80 crores of the rupee loans issued in exchange as shown below :—

	Total nominal value of loan tendered for conversion Rs.	Total nominal value of loan issued on conversion Rs.	Total cash refunds made*
			Rs. a. p.
4½% loan 1950-55 into 3% loan 1951-54.. .. .	15,16,37,400	16,79,37,600	820 8 0
4½% loan 1958-68 into 3% loan 1963-65.. .. .	13,40,10,200	16,01,06,400	497 0 0

* Cash refunds made after adjustment in terms of paragraph 2 (b) of Government of India, Finance Department Notification No. F.8 (12)-B41 dated the 9th June 1941.

The conversion offer had no appreciable effect on the gilt-edged market as it was based on the prices ruling at the time.

52. *Repayment of Loans.*—The 3 per cent. Bonds 1941 fell due for repayment on the 15th September 1941 and the Government of India issued a notification on the 11th August offering to holders the option to convert their holdings into the 3 per cent. Loan 1949-52 (Second Defence Loan) or the 3 per cent. Loan 1963-65. The offer was kept open from the 18th to the 21st August. For the purposes of conversion, the 3 per cent. Bonds 1941 were accepted at par, and the issue prices of the 3 per cent. Defence Loan 1949-52 and the 3 per cent. Loan 1963-65 were fixed at Rs.100 and Rs.95 respectively. The face value of the bonds tendered for conversion amounted to Rs.8,26,26,800 of which Rs.5,48,83,600 were converted into the 3 per cent. Defence Loan 1949-52, and Rs.2,77,43,200 into the 3 per cent. Loan 1963-65. The total outstanding being Rs.10,67,31,700, the balance of Rs.2,41,04,900 was paid in cash on the 15th September 1941. As the conversion terms were in consonance with the prevailing market conditions and the bulk of the bonds was held by institutional investors, the Government securities market remained unaffected.

On the 6th March 1942 the Government of India announced that the outstanding balance of the 5 per cent. Loan 1942-47 issued as counterpart of the relative sterling stock would be repaid at par on the 15th June 1942. A similar announcement regarding the corresponding sterling loan was made by the Secretary of State for India.

53. *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 for the last three years are given below :—

	(In lakhs of Rupees)		
	1940-41 Accounts	1941-42 Revised	1942-43 Budget
1. Sinking Fund Provision for rupee loans of the Central Government	95·04	95·04	95·04
2. Railway Sinking Funds	26·67	26·67	26·67
3. A part of the Capital portion of railway annuities.	178·29	178·29	178·29
	300·00	300·00	300·00

54. *Repatriation of Sterling Debt.*—A beginning with the repatriation of India's sterling debt was made before the war in 1937-38 through purchases in the market. This operation was temporarily suspended in 1938-39, but was resumed in the following year when it was supplemented by acquisitions under the licence scheme of the 22nd February 1940. As the war progressed, India's large acquisitions of sterling enabled the authorities to replace the licence scheme by two comprehensive schemes

of compulsory repatriation, accompanied by facilities to holders to whom the Vesting Orders did not apply to surrender stock at their option on the same terms. The first related to India's terminable sterling debt and was announced on the 8th February 1941 as described in paragraph 52 of the last year's report. The second scheme which was announced on the 24th December 1941 covered the non-terminable part of the debt. It was notified that Government had taken action to acquire as far as possible the whole of their remaining sterling debt (other than railway debentures, stock and annuities) consisting of the 2½ per cent. Stock 1926, the 3 per cent. Stock 1948 or after and the 3½ per cent. Stock 1931 of the aggregate nominal value of about £158 million, made up of £11 million, £70 million and £77 million of the respective Stocks. A year's notice was given by the Secretary of State to holders of the 3½ per cent. Sterling Stock which will be repaid on January 5 1943. As regards the other two, the British Treasury issued a Vesting Order on the 23rd December requiring all residents in the United Kingdom holding either of these loans to surrender them by the 9th February to the Treasury at prices based on the market prices for the day plus an allowance for the inevitable delay involved in examining the scrips before making payment. It was also announced that payment subject to good delivery would be made from the 2nd March 1942. The Government of India issued a similar order requiring residents in British India to surrender their holdings of these sterling loans at prices equivalent to those fixed in the United Kingdom Order converted into rupees at 1sh. 6d.

The payments under the British and Indian Vesting Orders commenced on the 2nd March. The stock surrendered up to the 31st March under the British Order amounted to £69·86 million and under the Indian Order to £3·99 million, involving payments of £61·19 million in London and Rs.4·79 crores in India. The total purchase value was Rs.87·71 crores for £73·85 million of stock surrendered. Sterling payments were effected by the transfer of sterling treasury bills from the Issue to the Banking Department of the Bank. In distinction to the earlier schemes, as the prices of Indian rupee securities were temporarily depressed by war developments it was decided that rupee counterparts would not be attractive to the market and the entire payment was made in cash. The necessary rupee finance was provided by the creation of *ad hoc* treasury bills in the Issue Department for Rs.90 crores of which Rs.75 crores remained outstanding at the end of March 1942.

In the table below are given particulars of the stocks acquired since 1937-38 under the various schemes, their purchase prices and the rupee counterparts created.

Year	Manner of Repatriation	Face Value	Purchase	Value	Amount of Rupee Counterparts created
		(£. million)	(£. million)	(Rs. crore)	(Rs. crore)
1937-38	Open market purchases	0·84	0·75	1·00	1·12
1939-40	" " "	17·00	16·54	22·05	22·70
1940-41	1. " " "	9·22	8·52	11·36	12·10
	2. Licence scheme of 22nd February 1940	2·02	2·02	2·60	2·69
	3. First compulsory scheme of 8th February 1941	60·05	64·70	86·27	90·07
1941-42	1. Open market purchases	12·11	12·36	16·48	16·14
	2. First compulsory scheme of 8th February 1941	13·08	14·14	18·85	17·44
	3. Second compulsory scheme of 24th December 1941	73·85	65·78	87·71	....
	Total	188·26	184·81	246·41	152·35

Out of a total sterling debt of £276 million or Rs.368 crores outstanding at the end of 1936-37, £188·26 million had been retired upto the end of March 1942. Of this amount, £39·26 million was purchased in the open market and £2·02 million under the licence scheme. The bulk of the open market purchases in 1939-40 and 1940-41 was made between March and October 1940 when prices were near the minima fixed by the London Stock Exchange, and those in 1941-42 after the announcement of the second scheme. The total nominal value of stocks repatriated amounted to £73·13 million under the first compulsory scheme and £73·85 million under the second scheme.

The operations connected with the financing of the first scheme of compulsory repatriation of terminable sterling debt were completed during the year under review. These operations covered two stages. The first comprised the acquisition of the necessary amount of sterling which was readily available with the Reserve Bank. The second and more complex part of the transaction was to obtain the necessary rupee finance to pay for the sterling. The rupee finance in respect of the terminable loans held by Indian investors presented no difficulty, as it was possible to make direct payment to them almost entirely in the form of rupee counterparts. As regards the balance, it was obviously impossible to borrow the entire amount immediately from the market, and it was initially taken over by the Reserve Bank in the form of counterparts or met out of Government's balances or financed by *ad hoc* treasury bills or ways and means advances from the Bank.

The *ad hoc* treasury bills taken up by the Bank were gradually cancelled against the transfer of sterling from the Banking Department to the Issue Department, with the result that the Bank held only Rs.2·71 crores of these bills at the time of the announcement of the second scheme of repatriation. In the meanwhile, the counterparts held on Government's account were sold as the market was able to absorb them. Of the counterparts held by the Government and the Bank in its investment account, Rs.47·73 crores were cancelled in pursuance of Government's policy to cancel stock which in their opinion was in excess of the absorptive capacity of the market over the next few years and which was not required for ensuring the marketability of the counterparts with the public.

55. *Composition of Total Rupee and Sterling Debt since 1913-14.*—The Statement XVII gives the outstandings of the rupee and sterling liabilities of the Central Government as at the end of each quinquennium from 1913-14 to 1938-39 and at the end of each financial year thereafter. The terminable part of the funded debt in Statement XVII is classified according to period of maturity.

It will be seen that upto the end of 1933-34 both the rupee and the sterling debt continued to increase. The rupee debt, however, rose faster, having doubled during the quinquennium ended March 1919, from Rs.180 crores to Rs.359 crores, and nearly quadrupled during the twenty years upto the end of 1933-34, when it stood at Rs.693 crores. The sterling debt meanwhile had about doubled. After 1933-34, the sterling debt progressively declined from the peak of Rs.512 crores at the end of 1933-34 to Rs.180 crores at the close of 1941-42, the total amount reduced during the last four years being Rs.289 crores. On the other hand, the rupee debt has increased since 1934 by Rs.249 crores from Rs.693 crores to Rs.942 crores.

The growth of India's rupee debt since 1913-14 has been most marked in respect of the terminable stocks, the aggregate amount of undated loans remaining stable until in the last few years it was augmented by the rupee counterparts of sterling undated loans. The dated liabilities rose from a crore at the end of 1913-14 to Rs.115 crores at the close of 1918-19, Rs.309 crores at the end of 1939-40 and Rs.451 crores on the 31st March 1942. The proportion of terminable debt outstanding to total liabilities was nearly one-half at the close of 1941-42 compared with one-third at the end of 1918-19, and less than 1 per cent. in 1913-14. The outstandings of treasury bills upto the end of 1939-40 ranged between Rs.43·15 crores and Rs.59·24 crores. They increased to Rs.69 crores at the end of the next year and doubled during 1941-42, standing at Rs.127 crores at the close of the year. The post office savings deposits and cash certificates rose steadily from Rs.23 crores at the close of 1913-14 to Rs.141 crores at the close of 1938-39. Since the outbreak of war, the deposits have declined every year and stood at Rs.95 crores at the close of 1941-42.

56. *Total Funded Debt.*—The following figures show the total funded debt of the Government of India as at the end of 1940-41 and 1941-42 :—

	31st March 1941 Actuals	31st March 1942 Estimated
In India (Rs. crores)	659·45	718·23
In England (£. million)	255·83	177·62

57. *Provincial Loans.*—No Provincial Government floated or repaid any loan during the year.

In the last year's report it was mentioned that the U.P. Government issued under the U.P. Encumbered Estates Act, 3½ per cent. Bonds* of the nominal value of Rs.58,800. During 1941-42, similar bonds for a further Rs.1,39,200 were issued, the aggregate nominal value of the bonds outstanding as on the 31st March being Rs.1,98,000.

58. *Government Securities.*—Statement XVIII gives the highest and lowest prices touched by representative rupee securities of the Government of India during 1941-42, while Statement XIX shows the highest, lowest and average prices during each month of the year.

The gilt-edged market in India continued to be dominated by the war. There was a setback during the latter half of April with the extension of war to the Balkans, and 3½ per cent. Rupee Paper stood at Rs.94 on the 29th April as compared with Rs.95-9-0 at the end of March 1941. Prices soon recovered and 3½ per cent. Rupee Paper touched Rs.96-1-0, the highest price for the year, on the 30th June. From July onwards a feature of the market was the increased attention which the rupee counterparts of some of the repatriated sterling loans received owing mainly to a paucity of offerings of most of the original rupee issues of the Government of India. There was a fair demand for provincial loans also from investors seeking medium-dated investments. The market remained steady till the 8th December when on

* Incorrectly stated as 3½ per cent. Bonds.

the outbreak of hostilities with Japan a precipitous decline in values ensued. 3½ per cent. Paper slumped from Rs.96 to Rs.92 on the 15th. A temporary recovery followed, assisted by Government's announcement of the action taken by them to repatriate their remaining sterling debt, and Rupee Paper improved to Rs.95-8-0 on the 22nd January. The downward trend was resumed thereafter and the price touched Rs.84, the lowest level during the year, on the 2nd March. The terminable section also moved in sympathy, the fall being most prominent in the case of the long-dated loans. With a view to preventing an unreasonable marking down of values, the Government of India, by an order issued under the Defence of India Rules on the 2nd March, fixed minimum prices for Central Government securities with effect from the following day. The table below shows the prices so fixed together with the closing market quotations and the minimum prices which had been fixed by the Bombay Stock Exchange in June 1940 but were withdrawn on the 11th March 1942.

Loans	Closing quotation on 2nd March 1942	Minimum price fixed by Government	Minimum price fixed by the Bombay Stock Exchange on the 26th June 1940	
			Rs.	a. p.
3½% Rupee Paper (Non-terminable)	84 0 0	87 0 0	83	0 0
3%	72 0 0	75 0 0	71	0 0
4% 1943	102 2 0	101 12 0	101	8 0
5% 1945-55	104 0 0	104 0 0	104	0 0
3% 1946	97 2 0	97 4 0	....
3½% 1947-50	98 0 0	97 4 0	98	0 0
2½% 1948-52	92 8 0	93 0 0	91	0 0
4½% 1948-53	101 0 0	102 0 0	....
3% 1949-52	95 0 0	95 0 0	....
4½% 1950-55	103 8 0	106 0 0	....
3% 1951-54	93 8 0	94 0 0	92	0 0
3½% 1954-59	97 8 0	98 0 0	....
4½% 1955-60	103 8 0	107 8 0	102	0 0
4% 1960-70	99 0 0	103 0 0	98	0 0
3% 1963-65	85 8 0	83 8 0	....
4½% 1958-68	105 0 0	108 0 0	....

The fixation of minimum prices had a steadying effect and the market closed for the year with prices at, or slightly above, the minima fixed by Government, and with the 3½ per cent. Paper at Rs.88-1-0. On the 14th March the Government of India also fixed minimum prices for provincial government securities and the prices of provincial loans generally maintained a steady level thereafter.

The table below gives the average face and market values of the rupee securities of the Government of India for each of the six years 1936-37 to 1941-42.

Total (Funded) Rupee Debt.

Year (1)	Face Value (2)	(In crores of Rupees)	
		Market value (3)	Percentage of (3) to (2)
1936-37	437.33	470.86	107.7
1937-38	437.39	463.86	106.0
1938-39	447.92	471.23	105.2
1939-40	457.56	454.59	99.4
1939-40			
Five pre-war months	441.86	453.78	102.7
Seven war months	441.32	426.53	96.0
1940-41	502.73	496.73	98.8
1941-42			
April-November	579.04	589.30	101.78
December-March	605.66	589.18	97.28
1941-42	587.92	589.26	100.04

59. *Post Office Five Year Cash Certificates, Ten Year Defence Savings Certificates, Post Office Savings Bank Deposits and Defence Savings Bank Deposits.* Statement XXA shows the transactions in Post Office Five Year Cash Certificates since their inception in 1917-18 and Ten Year Defence Savings Certificates which were first introduced in June 1940. Statement XXB gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941.

There was no change during the year in the issue price of the cash certificates and the yield on them continued at $2\frac{1}{2}$ per cent. compound interest, free of income-tax. Encashments had remained round the level of pre-war months from August 1940 to May 1941, when they showed a small increase. But the amount of repayments during the three months May to July, at Rs.3.04 crores, was less than half the amount repaid during the corresponding period of the preceding year. The next four months saw a considerable decline in withdrawals, the average monthly rate being well below the level of pre-war months. During the last four months, the withdrawals again increased, the amount repaid being Rs.5.18 crores as compared with Rs.3.58 crores during the same period in 1940-41. Total repayments during the year were Rs.11.88 crores as against Rs.14.93 crores in the preceding year and were the lowest since 1934-35. Total sales during the year declined further from Rs.4.89 crores to Rs.4.09 crores. The fall was due partly to the diversion of savings into the comparatively more attractive Defence Savings Certificates yielding $3\frac{1}{2}$ per cent. compound interest, free of income-tax. The subscriptions to the Defence Savings Certificates during the year amounted to Rs.2.81 crores, the total subscriptions since their introduction in June 1940 being Rs.5.22 crores. With a view to encouraging the investment of funds in these Certificates a rule was introduced permitting local or municipal boards, universities or the governing bodies of educational institutions to purchase Defence Savings Certificates on behalf of their employees out of the money in their provident fund accounts.

The rate of interest payable on Post Office Savings Bank Deposits also remained unchanged at $1\frac{1}{2}$ per cent. per annum. Receipts during the year showed a further decline to Rs.21.89 crores as compared with Rs.25.35 crores in 1940-41 and Rs.40.51 crores in 1939-40. Withdrawals continued to be on a moderate scale during the first eight months of the year, but rose during the last four months

being Rs.13.95 crores against Rs.9.28 crores during the corresponding period in 1940-41. The total amount withdrawn during the year showed a considerable decline, being Rs.30.08 crores as compared with Rs.45.09 crores in 1940-41, and was the lowest since 1933-34. During the year a rule was introduced permitting the deposit in a post office savings bank of the provident fund moneys of the employees of a private firm or company.

The deposits in the Post Office Defence Savings Bank during the year amounted to Rs.11 lakhs. The scope of the Defence Savings Bank was further extended by a provision in the Indian Finance Act, 1942, under which an option was offered to assesses under the lowered exemption limit for income-tax to deposit in the Defence Savings Bank one rupee for every Rs.25 by which his income exceeded Rs.750.

IX. CURRENCY.

60. *Note Circulation.*—Statement XXI shows the total notes including bank notes issued and in circulation since the quinquennium ended 1913-14 together with the percentage rise or fall in the active circulation at the end of each year as well as the average for the year. The year under review witnessed a large expansion in note circulation, the total notes issued stood at Rs.421.06 crores at the end of 1941-42 as compared with Rs.269.25 crores at the end of the previous year, while the average circulation for the year was Rs.308.46 crores against Rs.241.62 crores during 1940-41. The active circulation rose by 59 per cent. from Rs.257.66 crores at the end of 1940-41 to Rs.410.06 crores at the close of the year under review. The expansion of Rs.152.40 crores in notes in active circulation exceeded the total absorption of Rs.83.61 crores during the entire period of the last war 1914-15 to 1918-19 by 82 per cent. Notes continued to be absorbed throughout the year except in July, when there was a return of Rs.3.92 crores. With the deterioration in the Far Eastern situation in November a heavy absorption of Rs.116.61 crores occurred during the five months November to March as against an absorption of Rs.28.99 crores only during the corresponding five months of 1940-41 and of Rs.35.79 crores during the previous seven months.

The total increase in active circulation of notes during the 31 months of war from September 1939 to the end of March 1942 has been Rs.231 crores or 129 per cent. over the pre-war circulation. This compares with an increase of Rs.20 crores only or 43 per cent. during the corresponding period of the last war.

61. *Absorption of Rupee Coin (including Government of India One Rupee Notes).*—The absorption of rupee coin during 1941-42 amounted to Rs.7.18 crores as against Rs.33.23 crores in 1940-41 and Rs.10.08 crores in 1939-40. The return of rupee coin which commenced with January 1941 mainly as a result of dehoarding as well as of the withdrawal of standard coin continued till about September and during these 9 months Rs.9.55 crores of coin were returned from circulation. Of this, Rs.4.50 crores were returned during April to September 1942. Thereafter, the movement was reversed, and Rs.11.68 crores of rupee coin were absorbed during the second half of the year under report as against a return of Rs.2.09 crores during the corresponding period of 1940-41.

The Government of India one rupee notes gained in popularity during the year, particularly after the issue of the George VI pattern in July 1941, and appear to have been preferred even to silver rupee coin.

During the year no rupee coin was returned to Government under Section 36(1), and no rupee coin was received from Government under Section 36(2) of the Reserve Bank of India Act.

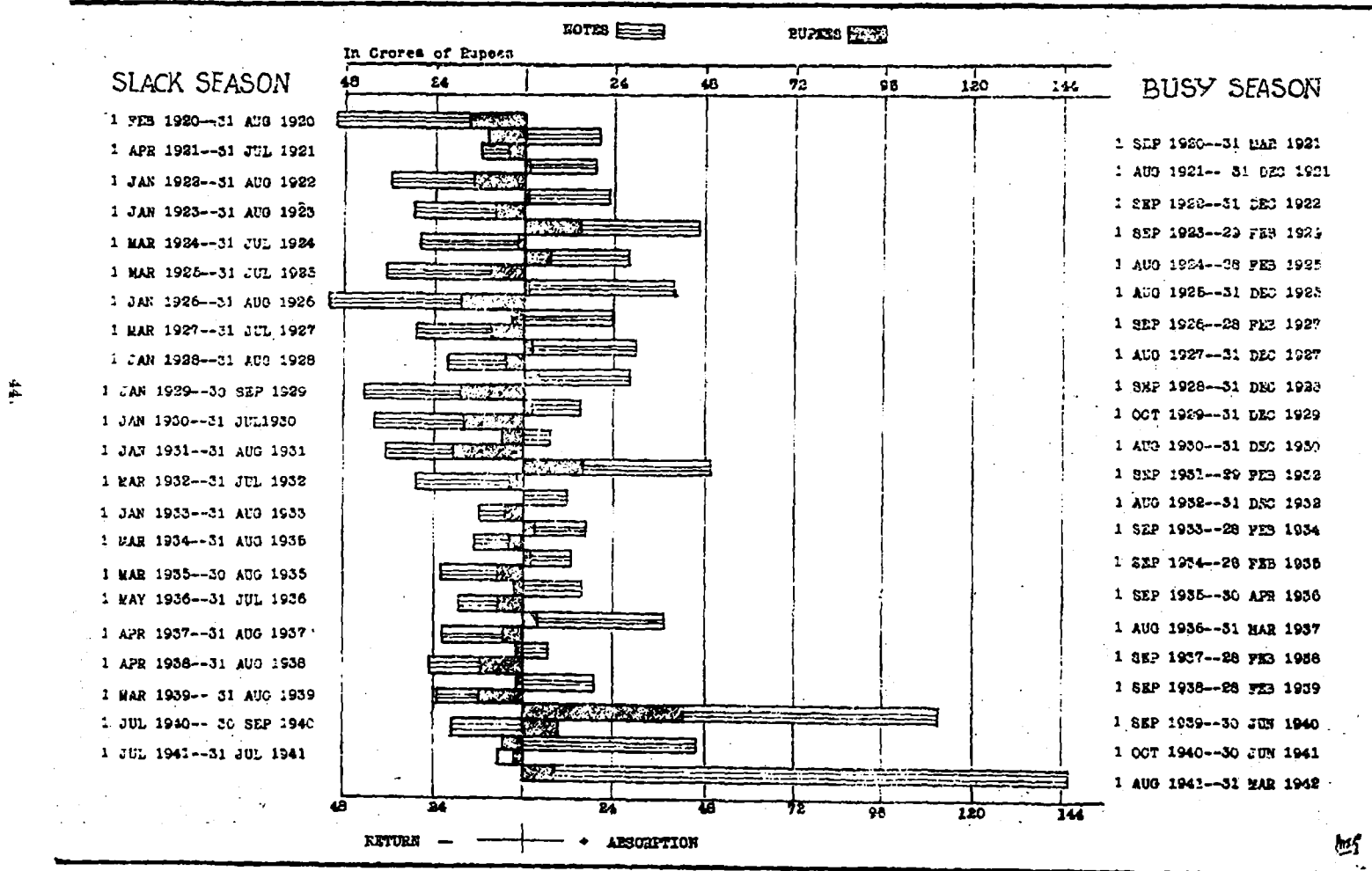
62. *Absorption of Small Coin.*—Statement XXII shows the annual absorption of small coin (excluding half pice and pie-pieces) by denominations for each of the years 1919-20 to 1941-42 and the average annual absorption for the last war and pre-war quinquenniums. During the year under report there was a record absorption in respect of each denomination of small coin. Of the total absorption during 1941-42 of Rs.5.00 crores, half rupees and four anna pieces accounted for Rs.1.57 crores and Rs.1.26 crores respectively. The absorption of silver, nickel and copper coin respectively amounted to Rs.2.86 crores, Rs.1.89 crores and Rs.31 lakhs. There has been no net return of small coin in any month during the 31 months of war and their total absorption since the war has been approximately Rs.12 crores. The following table compares the absorption of small coin by denominations during the war with 1938-39 :

Denominations.	(In lakhs of Rupees)					
	1938-39	1939-40	Sept.-March 1939-40	1940-41	1941-42	Sept. 1939 to March 1942
SILVER						
8 annas	+ 2	+ 60	+ 77	+1,53	+1,57	+ 3,87
4 annas	— 5	+ 37	+ 43	+1,02	+1,29	+ 2,74
Total silver coins	— 3	+ 97	+1,20	+2,55	+2,86	+ 6,61
NICKEL						
4 annas	— 4	+ 8	+ 15	..	— 2	+ 13
2 annas	+ 4	+ 49	+ 58	+ 72	+ 88	+ 2,18
1 anna	+ 6	+ 51	+ 53	+ 76	+ 99	+ 2,28
Double Pice .. .. .	..	..	..	..	+ 4	+ 4
Total nickel coins	+ 6	+1,08	+1,26	+1,48	+1,89	+ 4,63
COPPER						
Pice	+14	+ 21	+ 16	+ 23	+ 29	+ 63
Half Pice	+ 1	+ 1	+ 1	+ 1	+ 1	+ 3
Pie Pieces	+ 1	+ 1	+ 1	+ 1	+ 1	+ 3
Total Copper coins	+16	+ 23	+ 18	+ 25	+ 31	+ 74
Total small coin	+19	+2,28	+2,64	+4,28	+5,06	+11,98

The absorption of small coin other than half rupees since the beginning of the present war upto the end of March 1942 has been Rs.8 crores, which compares with an absorption of Rs.5 crores during the whole of the last war.

63. *Seasonal Absorption.*—Statement XXIII and the graph at page 44 show the seasonal absorption and return of notes and rupee coin for each of the 22 years from 1920-21 to 1941-42. The volume of currency in circulation ordinarily reflects the incidence of the busy and slack seasons, rising and falling with their alteration. Owing to the abnormal conditions created by the war, however, the seasonal variations have ceased to be a determining factor in the ebb and flow of currency. Thus, during the two 'slack' seasons of 1940-41 and 1941-42 there has been a net absorption of currency instead of the usual return. The outbreak of war with Japan at the beginning of December also led to an abnormal increase in the demand for currency in the last four months of the year. The greater risk of hostile action in the port towns and elsewhere led to temporary evacuation on a considerable scale, and the migration to rural areas where banking facilities were not readily available entailed larger drawings in cash for local payments. The increasing danger to Burma also entailed large cash drawings by those leaving the country.

SEASONAL ABSORPTION AND RETURN OF CURRENCY—NOTES AND RUPEE COIN. 1920-21—1941-42.



64. *Total Absorption of Currency.*—Statement XXIV gives the annual absorption of notes, rupees and small coin since 1914-15. Statement XXV shows the monthly absorption of notes, rupees and small coin during 1941-42 and 1940-41. The total absorption of currency during the year amounted to Rs.164·64 crores and constituted a record, being nearly three times the absorption of Rs. 56·62 crores in 1940-41 and about 70 per cent. larger than the previous record absorption of Rs.97·20 crores in 1918-19.

The heavy addition in the circulation of legal tender currency during the year resulted mainly from the increasing volume of sterling receipts on account of supplies of war materials and services to His Majesty's and other allied Governments, for which payments had to be made here in Indian currency, as well as the increasingly favourable balance of payments on private account from year to year.

65. *War-time Absorption of Currency.*—The aggregate absorption of currency during the last three years amounted to Rs.282·9 crores, as compared with a net return of currency during the 20 years between the two wars (1919-20 to 1938-39) of Rs.68·14 crores. The extent of the demand for currency created by the war is more clearly indicated by the total absorption of notes and rupees during the 31 months of war upto March 1942, at over Rs.291 crores as against a net return of Rs.41 crores in the corresponding period before the war.

Three graphs accompany showing the war-time absorption of currency. The graph at page 47 is a linear diagram and compares the monthly absorption (on a weekly basis) of total legal tender currency during the war years 1939-40 to 1941-42 with the pre-war year 1938-39. Another graph at page 48 shows absorption during these years separately for (1) notes, (2) rupees and (3) small coin. The linear diagram in the graph at page 49 shows the progressive absorption of notes, rupees and small coin since the beginning of the war. Absorption month by month for the entire period of the war of notes, rupees and small coin separately is depicted in the bar diagram of this graph.

66. *Currency Circulation and Bank Deposits.*—It is interesting to compare the war-time expansion of currency with the changes in the Scheduled banks' deposits as given below :—

	Increase (+) or Decrease (—)	(In crores of Rupees)		
		1939-40 Sept.-March	1940-41	1941-42 April-Oct. Nov.-March
1. Currency (Notes and Rupees)	..	+79·19	+53·34	+31·66 +127·92 (India and Burma)
2. Scheduled Banks' Deposits	— 9·81	+ 26·37	+ 48·58 + 1·81 (India only)

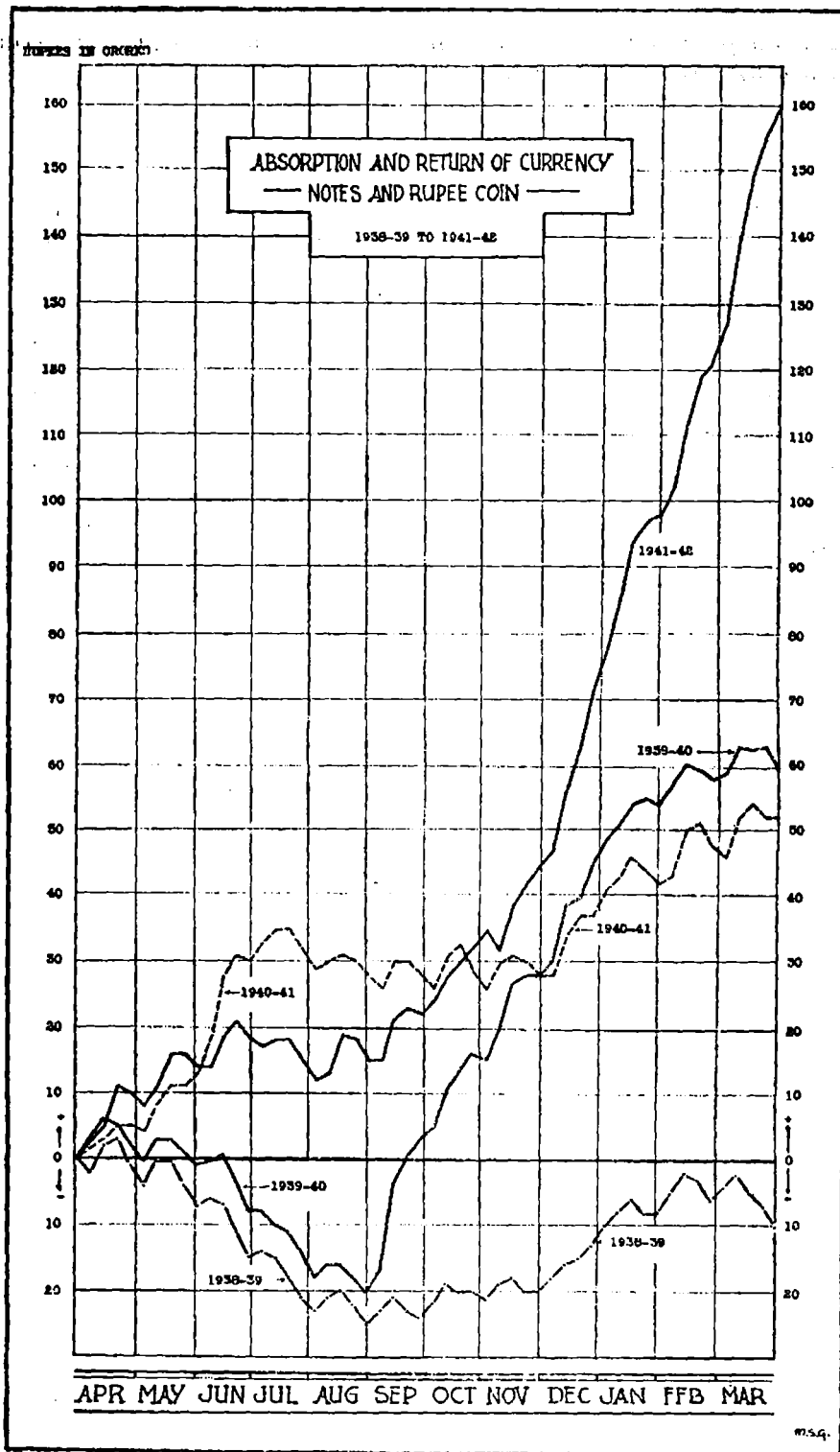
During the last five months of the year from November 1941 to March 1942 the absorption of notes and rupee coin amounted to Rs.127·92 crores as against an increase of Rs.1·81 crores only in scheduled banks' total deposits. The outgoing of currency was thus much larger than the usual busy season absorption, but it would appear that an appreciable part of the additional circulation of currency in recent months has been hoarded or immobilised, and the velocity of circulation of money has gone down in consequence. Some evidence in this direction is furnished by the

following comparative figures of the increase in the demand liabilities of scheduled banks and bank clearings in India.

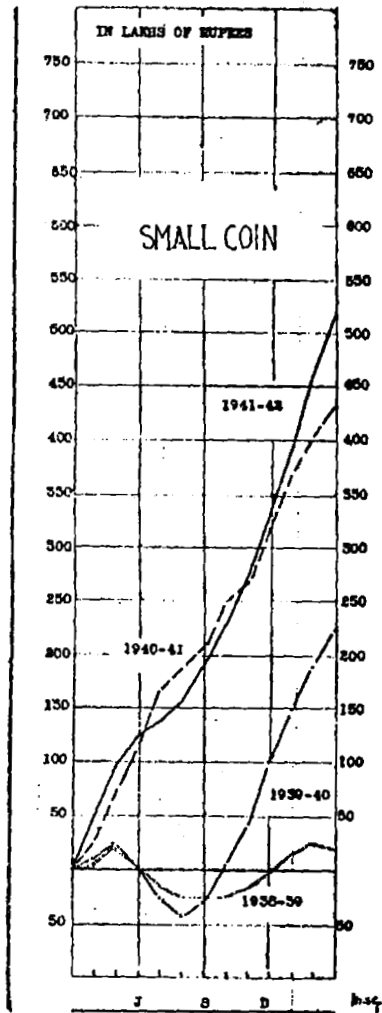
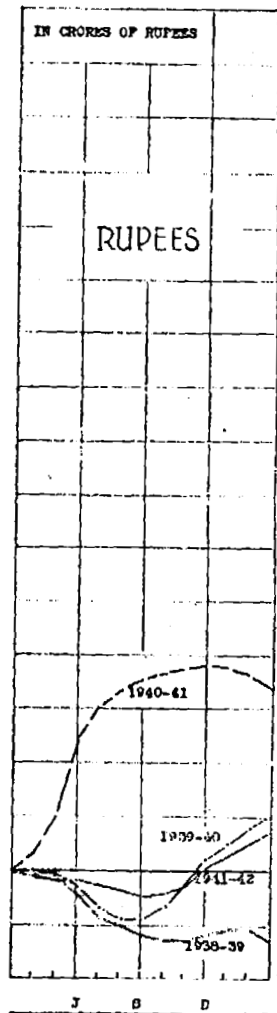
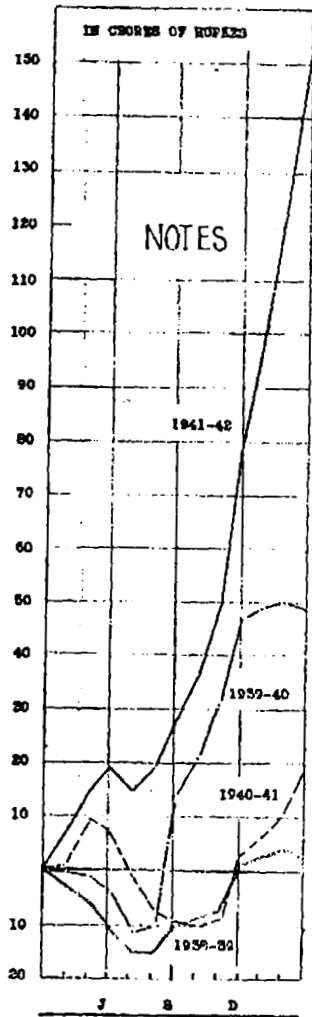
(In crores of Rupees)

PERIOD.	Average Demand Liabilities of Scheduled Banks	Indices	Total of Clearing House Returns	Indices	Number of times (4 : 2)
(1)	(2)	(3)	(4)	(5)	(6)
1938-39 ..	123.8	100	1,929	100	15.6
1939-40 ..	132.6	107	2,211	115	16.7
1940-41 ..	165.8	126	2,019	105	13.0
1941-42 ..	202.0	163	2,560	133	12.7

It appears that the amount of demand liabilities has increased much more (63 per cent.) than that of cheque clearings (33 per cent.) between 1938-39 and 1941-42, the multiple falling from 15.6 to 12.7: the activity of bank deposits has thus fallen by nearly 20 per cent. The fall in the activity of note circulation was probably even larger.

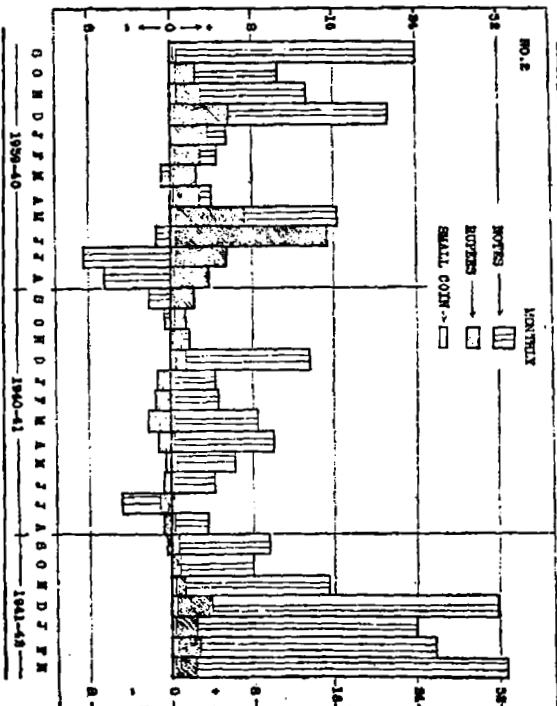
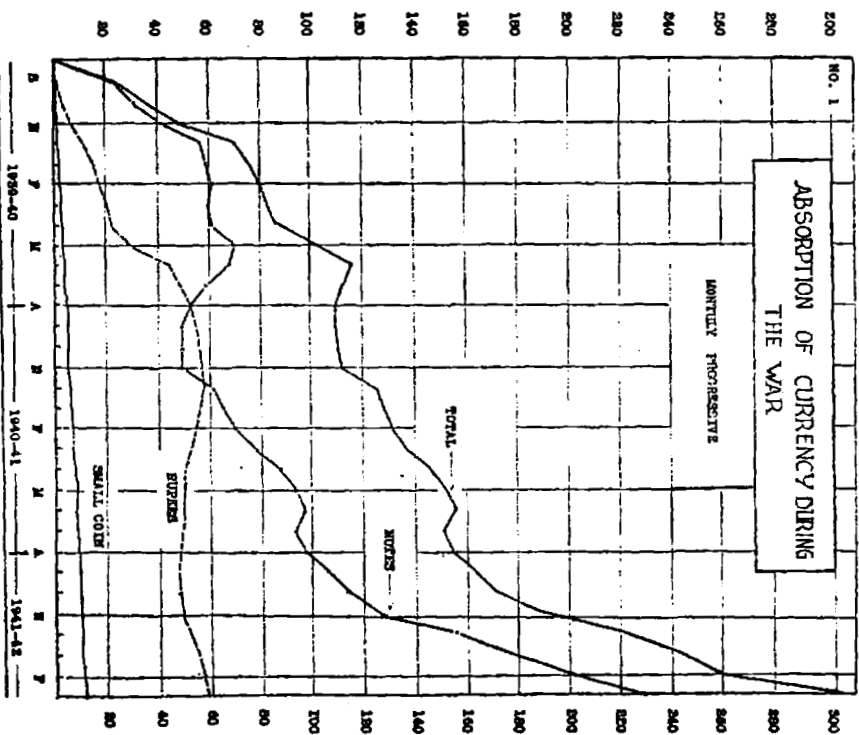


**ABSORPTION OF (1) NOTES, (2) RUPEES AND (3)
SMALL COIN, 1938-39--1941-42.**



IN DOLLARS OF 1913.

NO. 1 ABSORPTION OF CURRENCY DURING THE WAR



X. MISCELLANEOUS MATTERS CONNECTED WITH COINAGE AND CURRENCY

67. *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. The re-issue of notes of Rs. 5 and Rs. 10 denominations of pre-1938 pattern was discontinued with effect from the end of June 1941.

A new issue of the Government of India one rupee notes was made in the first week of July 1941. These notes were slightly larger than the previous pattern, and were printed on better quality paper, with a water mark portrait of King George VI. By notification No. 18 dated the 29th October 1941, issued by the Government of Burma under sub-paragraph (2) of paragraph 7 of part II of the India and Burma (Burma Monetary Arrangements) Order 1937, Indian currency notes other than Government of India one rupee notes ceased to be legal tender in Burma after March 31, 1942.

Although Burma notes are not legal tender in India, with the growing volume of evacuation from that country as a result of war developments it became necessary to provide facilities for the encashment of these notes. Such notes were accordingly allowed to be exchanged at the offices and branches of the Reserve Bank of India and the Imperial Bank of India as well as at Government treasuries in the provinces of Bengal, Assam, U.P., Orissa and Madras at a discount of 4 annas per cent. or of a minimum of 4 annas per tender.

68. *Circulation of Notes by Denominations.*—Statement XXVI shows the relative popularity of the different denominations of notes. The Government of India one rupee notes which are being issued since July 1940 are not included in the statement as these are 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. Notes of all denominations excepting the Rs. 50, issues of which further declined from Rs. 61 lakhs, to Rs. 52 lakhs, shared in more or less equal measure in the unusual expansion of paper currency during the year. The relative proportions of the notes of different denominations, therefore, remained practically the same as in 1940, with a slight decline in the percentage of ten-rupee notes, and an equivalent increase in that of Rs.1,000 notes. As in previous years the Rs.10 note continued to be the most popular denomination, forming 39.6 per cent. of the circulation, followed by the Rs.100 note with a circulation of 33.5 per cent. and the Rs. 5 note with 18.3 per cent.

69. *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 the life in months of notes of each denomination for the last three years.

(a) Including notes held in the Currency Chests.

	Rs. 1*	Rs. 5.	Rs. 10.	Rs. 50.	Rs. 100.	Rs. 500.	Rs. 1,000.	Rs. 10,000.
1939-40		19	19	11	19	11	13	13
1940-41		20	20	7	23	18	24	48
1941-42	15	30	36	6	40	19	35	72

(b) Excluding notes held in the Currency Chests.

1939-40		11	13	6	12	3	4	4
1940-41		15	19	9	20	2	6	4
1941-42	8	22	31	12	38	3	12	3

* Government of India one rupee notes issued in July 1940 and after.

These figures given for the sake of statistical continuity give a fairly correct idea of the life of notes over a range of years, although from year to year they are apt to be vitiated by abnormal expansion or contraction of currency. With an expansion cancellations may not keep pace with the issues, while with contraction the reverse would be the case. The appreciable rise in the life of all denominations of notes, excepting the Rs. 50 notes, thus appears to be the result of exceptionally heavy issues of notes during the year under review, with cancellations remaining more or less at the level of the previous years.

70. *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 1941-42 amounted to Rs. 119,380 compared with Rs. 92,930 in the previous year. Notes amounting to Rs. 5,320 which had been previously written off under this section were presented for payment and were paid by the Banking Department during the year.

71. *Lost, Destroyed and Mutilated Notes.*—The table 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	140	249	25,800	13,850*
Half notes	445	759	67,640	23,545
Mutilated notes	23,336	75,291	6,99,232	6,51,198

* Represents amount paid during 1941-42 in respect of claims admitted five years before.

During the year there was only one prosecution in respect of a false claim on defective notes reported from the Lahore circle. This as well as the case pending at the end of 1940-41 resulted in conviction.

72. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year was 8,188 compared with 1,366 in 1940-41, distributed as follows :—

Year.	Old Notes.	Re. 1.		Rs. 5.	Rs. 10.	Rs. 50.	Rs. 100.	Rs. 1,000.
		1935 Pattern.						
1941-42	38	7,196		78	818	1	57	..
1940-41	7	168		117	982	..	89	3

As can be seen from the above figures the largest number of forgeries, 88 per cent. of the total, were in respect of the Government of India one rupee notes (1935 pattern) issued in July 1940, another 10 per cent. being accounted for by Rs. 10 notes. No forgery has been reported of the improved type of Government of India one rupee notes of the George VI pattern which was issued in July 1941. 3,506 cases of forgeries were detected in Calcutta, 1,183 in Lahore and 1,121 in Bombay. The following table gives certain particulars regarding prosecutions against forgeries for the past three years.

Year.	Fresh Prosecutions.	Pending at the end of previous year.	Total Trials.	Discharges.	Conviction.	Pending.
1939-40	50	7	57	14	30	13
1940-41	57	13	70	20	21	29
1941-42	31	29	60	23	27	10

73. *Coinage.* Statement XXVII gives mintages of rupee coin since 1835. Rupees were not minted between 1922 and 1940, when their coinage was resumed. Rupee coin minted during 1941 amounted to 24.11 crores against 3.33 crores during 1940.

The following table gives the total mintage of rupee coin and the various denominations of small coin during 1941-42 at the Bombay and Calcutta Mints.

Denomination.	Bombay Mint.		Calcutta Mint.		Total.	
	Rs.	a.	Rs.	a.	Rs.	a.
Quarternary Rupees	25,05,00,002	0	....		25,05,00,002	0
,, Half-Rupees	1,65,00,000	8	....		1,65,00,000	8
,, Quarter Rupees	67,37,584	12	65,55,171	4	1,32,92,756	0
Nickel 2 annas	11,58,677	6	58,40,000	0	67,98,677	6
,, 1 anna	27,98,660	10	53,06,500	0	81,05,160	10
,, half anna	2,48,281	1	6,69,750	0	9,18,031	1
Single pice	1,87,180	9	18,94,900	0	20,82,080	9
Half pice	6,000	0	55,700	0	61,700	0
Pies	1,03,300	0	12,300	0	1,15,600	0
TOTAL	27,82,39,686	14	2,01,34,321	4	29,83,74,008	2

The mintage of quarternary rupee coin upto the end of March 1942 amounted to Rs. 33.13 crores.

During the year the design of the half-rupee coin of 1941 and after, minted in accordance with the provision of sub-section (3) of Section 5 of the Indian Coinage (Amendment) Ordinance 1940 (No. VI of 1940), was altered in terms of the Government of India Finance Department Notification No. F.2 (G)-F/41 dated the 13th September 1941 so as to make it conform to that of the quarternary rupee coin.

On account of war-time activities the demand for small coin has greatly increased and issues of piec pieces in particular have more than doubled. The Government of India therefore issued in January 1942 a new half anna coin which economises metal and is expected to be convenient to the public. Further, with a view to economising the use of nickel it was decided to mint the new half anna piece and the one anna coin and later the two anna coin in a nickel-brass alloy instead of the present cupro-nickel alloy. The necessary amendment of the Indian Coinage Act was effected by the issue of an Ordinance dated the 24th January 1942 (No. IV of 1942). The Finance Department Notification No. F.2 (127)-F/41 of the same date provided for the mintage of the new half anna coin, which is of a square shape with rounded corners and is three-quarters the weight of the one anna piece. According to this notification the half anna and the one anna pieces were to be minted in nickel-brass composed of seventy-nine per cent. copper, twenty per cent. zinc and one per cent. nickel. A similar alteration in the metallic contents of the two anna piece was announced in a subsequent Finance Department Notification No. D/2841-F dated the 21st March 1942.

The new half anna, one anna and two anna pieces were issued from the Bombay Mint respectively on the 29th January, 9th March and 27th March, 1942.

74. *Withdrawal of Silver Coin.*—As noted in the last year's Report all Victoria rupee and half-rupee coins were called in with effect from the 1st April 1941. In pursuance of the Government of India's policy progressively to replace the standard silver coin by the King George VI coin with the security edge in order to minimise the use of silver for coinage purposes and also to discourage counterfeiting, it was decided during the year also to withdraw King Edward VII rupees and half-rupees from circulation. According to the Finance Department Notification No. F.2 (76)-F/41 dated the 4th November 1941, this coin ceased to be legal tender after the 31st May 1942. It will, however, continue to be accepted till the 30th September 1942 at Government treasuries, post offices and railway stations and thereafter, until further notice, only at the Offices of the Issue Department of the Reserve Bank, Bombay, Calcutta and Madras. A similar notification was also issued by the Government of Burma on the 8th November, 1941.

The amount of silver coin including half-rupees, quarter-rupees and one-eighth rupees withdrawn from circulation during 1941-42 is given below :—

	(In lakhs of Rupees)
William IV 1835	0.96
Queen Victoria 1840	8.67
George V 1911	0.01
Shroff marked coin	0.01
Defaced coin	10.43
Other uncurrent coin	26.67
Standard rupees sent to the Mint	38,58.79
Total	<u>39,05.54</u>

75. *Withdrawal of Nickel and Copper Coin.*—Eight anna nickel coin was called in under Section 15A of the Indian Coinage Act, 1906, with effect from the 1st October 1924, and is now received at Issue Offices only. Double piece 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 :—

Uncurrent coin	{	Eight anna nickel	2,390
		Double pice	12,191
Badly worn and defaced nickel, copper and bronze coin.	{	Four anna nickel	1,22,181
		Two anna nickel	1,27,881
		One anna nickel	9,18,874
		Copper and bronze	1,63,183
		TOTAL	13,46,700

76. *Counterfeit Coin.*—The total number of counterfeit coin cut at treasuries and railway stations during 1941-42 was 2,05,696 against 2,81,183 in the previous year. These counterfeits were distributed as follows :—

	Rupces.	Half Rupces.	Quarter Rupces.	Eighth Rupces.	One Anna.
Silver ..	1,58,171	9,493	8,594	423	..
Nickel ..	..	29	3,871	16,511	8,604

XI. MONEY AND BANKING.

77. *General.*—Bank rates in many important countries such as the United Kingdom, France, Germany and Belgium underwent no change during 1941-42, but a number of small countries reduced their rates during the year. The Bank of Sweden which had raised its rate from 3 to 3½ per cent. on the 17th May 1940 lowered it again to 3 per cent. on the 29th May 1941, while the Bank of New Zealand which had lowered its rate from 3 to 2 per cent. on the 27th May 1940 effected a further reduction to 1½ per cent. on the 26th July 1941. The Bank of Greece, the South African Reserve Bank and the Netherlands Bank also reduced their rates from 6, 3½ and 3 per cent. to 5, 3 and 2½ per cent. on the 14th July, the 2nd June and the 27th June 1941 respectively. The fiduciary note issue of the Bank of England was raised by £150 million to £780 million during the course of the year by three successive increases of £50 million each on the 30th April, 30th August and 3rd December 1941. Money conditions were easy throughout the year, day-to-day loans being available at ¾ per cent. The average rate on three months' British Government Treasury Bills remained stable between 1·00 and 1·01 per cent., and the rate for three months' commercial paper (bank bills) at 1·03 per cent. In the United States, the rate of the Federal Reserve Bank of New York was stationary at 1 per cent., while the average of the 12 Federal Reserve Banks rates was also unchanged at 1·21 per cent. The Treasury Bill rate fluctuated between 0·03 and 0·05 per cent., while the rate for 4 to 6 months' commercial paper moved between 0·50 and 0·56 per cent.

78. *Money Rates in India.*—Statement XXVIII gives money rates in India as on the first day of each month of the year under report. Easy money conditions continued to prevail throughout the year. The demand for funds during the first eight months was appreciably smaller than in the corresponding period of the previous year, and the level of money rates was lower than in 1940-41. The outbreak of war with Japan led to large purchases of bullion for purposes of speculation and hoarding, and a certain amount of withdrawals from banks. As a result, money rates during the last four months were somewhat higher than in the corresponding period of the previous year.

The three months' fixed deposit rate advanced at the beginning of the year from ¾ per cent. to 1 per cent. as a result of the seasonal trade demand for funds.

With the approach of the slack season, it receded to $\frac{3}{4}$ per cent. after the middle of June and again to $\frac{1}{2}$ per cent. in the second week of August owing to heavy maturities of treasury bills. The three months' rate rose again, in sympathy with the upward trend of the treasury bill rate, to $\frac{3}{4}$ per cent. during the last week of September and remained unchanged at that level until the first week of December. It advanced to 1-1 $\frac{1}{4}$ per cent. in the second week and was maintained at that level up to the close of the year as banks were willing to accept fixed deposits in order to strengthen their position against possible withdrawals. With the increased demand for funds for financing operations in the bullion market on the outbreak of war with Japan, the inter-bank call money rate rose from $\frac{1}{4}$ per cent. to $\frac{1}{2}$ - $\frac{3}{4}$ per cent., but receded to $\frac{1}{4}$ per cent. in the middle of January.

79. *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 XXX shows notes in circulation on the last Friday of each month from April 1936 to March 1942.

During the year under review, there was a large rise in the total note issue and an almost parallel increase in the note circulation. The note circulation rose by Rs.152·41 crores from Rs.257·66 crores on the 28th March 1941 to Rs.410·07 crores on the 27th March 1942, while the total note issue increased by Rs.151·81 crores to Rs.421·06 crores.

On the assets side, gold coin and bullion remained stationary at Rs.44·42 crores, but owing to the increase in note issue, the percentage of gold to total notes issued declined from 16·50 at the end of 1940-41 to 10·55 at the close of the year under review. It may, however, be mentioned that while the gold holdings of the Bank are valued at the statutory rate of Rs.21-3-10 per tola, the market rate for gold on the 27th March 1942 was Rs.52-8-0, or nearly two and a half times the statutory rate. As a result of the increasing war purchases by His Majesty's Government in India and the consequent accumulation of sterling with the Bank, sterling securities in the Issue Department increased from Rs.102·24 crores on the 28th March 1941 to Rs.273·62 crores on the 27th February 1942. Owing to payments connected with the repatriation of the 2 $\frac{1}{2}$ per cent. 1926 and 3 per cent. 1948 India Sterling Stocks, they declined to Rs.193·85 crores on the 6th March, but rose again to Rs.212·85 crores on the 27th March 1942. The percentage of gold and sterling securities to total note issue correspondingly rose from 54·47 to 81·75 at the end of February 1942 and fell to 59·84 in the first week of March, standing at 61·10 at the end of the year. Rupee securities in the Issue Department rose from Rs.49·62 crores to Rs.87·88 crores in the last week of March 1941 as a result of the creation of rupee counterparts for the repatriated terminable sterling loans. In June 1941 these counterparts were taken over by Government in exchange for treasury bills, which were also gradually cancelled, so that by the 27th February 1942 the rupee securities again declined to Rs.41·50 crores. The rupee finance required for repatriating the two non-terminable sterling loans mentioned above was provided by the creation of *ad hoc* treasury bills and the Bank's holdings of rupee securities consequently rose to Rs.136·26 crores at the close of the year under review. The amount of rupee coin (including Government of India one-rupee notes) held by the Bank rose from Rs.34·71 crores on the 28th March 1941 to Rs.39·33 crores on the 19th September 1941, but declined to Rs.27·53 crores at the end of the year.

80. *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 seven years 1935-36 to 1941-42.

The average Government deposits with the Reserve Bank of India during the year were practically the same as the previous year's average of Rs.17.50 crores. The balances of the Central Government fluctuated widely from week to week owing to the uneven incidence of war expenditure and the receipt and disbursement of funds for financing war purchases on behalf of His Majesty's Government, the highest and the lowest during the year being Rs.22.47 crores and Rs.3.39 crores recorded on the 31st October 1941 and 13th February 1942 respectively.

The average deposits of banks with the Reserve Bank were higher at Rs.37.75 crores as against Rs.36.83 crores in 1940-41 and reflected the generally easier money conditions prevailing during the year. Owing to the seasonal trade demand for funds, the monthly average deposits declined from Rs.38.95 crores in March 1941 to Rs. 27.28 crores in April but with the approach of the slack season in June, they began to rise and reached Rs.48.29 crores by October. Owing to some withdrawals from banks, especially those having business in Burma and Malaya, and the increased seasonal demand, a sharp fall occurred in the average deposits to Rs.37.61 crores in December and Rs.36.97 crores in January 1942. The last two months saw a recovery of deposits in banks together with a reduction in the advances and bills discounted, and the balances with the Reserve Bank stood at Rs.42.16 crores in March as compared with Rs.38.95 crores in March 1941.

On the assets side, the Bank's average cash balance declined from Rs.17.28 crores during the previous year to Rs.12.31 crores, while balances held abroad rose from Rs.39.47 crores to Rs.45.94 crores. Fluctuations in balances held abroad from week to week were, however, wide as large amounts were from time to time transferred to the Issue Department as cover for the note issue. The average of Loans and Advances to Government increased from Rs.2.07 crores in 1940-41 to Rs.4.22 crores in 1941-42. The average of the Bank's investments rose from Rs.7.75 crores to Rs.8.97 crores.

81. *Consolidated Position of Scheduled Banks.*- Owing to war developments and consequent delay in the receipt of telegrams from Burma, scheduled banks with branches in Burma were finding it increasingly difficult to submit the returns prescribed under Section 42 of the Reserve Bank of India Act in respect of their business in Burma. The Government of India, therefore, issued an Ordinance on the 9th February 1942 amending Section 42, sub-sections (1) and (2) and Section 43 so as to omit the references to Burma, and thus relieved the scheduled banks of their duty in this respect for the duration of the existing emergency. The effect of this Ordinance is that the returns of the scheduled banks since the 13th February 1942 refer only to their position in India. Accordingly, Statement XXXII, which shows the consolidated position of scheduled banks, does not contain figures in respect of Burma from February 1942.

Both demand and time liabilities showed a more or less continuous rise during the first eight months of the year under review. The average monthly demand liabilities in India rose from Rs.172.75 crores in April to Rs.220.75 crores in November, and time liabilities from Rs.101.20 crores to Rs.107.78 crores. After a small drop in December, demand liabilities improved to Rs.221.78 crores in March, while

time liabilities fell to Rs.100·38 crores during the last month. The annual average of demand liabilities during 1941-42 at Rs.202·00 crores was considerably above the previous year's average of Rs.155·75 crores, while average time liabilities at Rs.104·00 crores were only slightly higher than Rs.101·20 crores in the previous year. The average cash and balances of scheduled banks with the Reserve Bank rose during the year from Rs.44·78 crores to Rs.45·50 crores but the percentage to total demand and time liabilities declined from 16·66 in 1940-41 to 14·87 in 1941-42 owing to the proportionately greater increase in total liabilities. For the same reason, the excess of their balances with the Reserve Bank over the statutory minimum declined from Rs.26·10 crores to Rs.24·05 crores. The annual average of advances in India declined from Rs.117·83 crores in 1940-41 to Rs.116·03 crores in 1941-42. Bills discounted, however, were higher by Rs.1·14 crores at Rs.4·85 crores as compared with Rs.3·71 crores in the previous year.

82. *Clearing House Statistics.*—Statement XXXIII shows the amount of cheques cleared through the more important clearing houses in India and Burma since 1918-19, while Statement XXXIV gives monthly figures of the number and amount of cheques cleared in 1941-42. No figures are available in respect of the Rangoon Clearing House since December 1941. Excluding the Rangoon figures, the total number of cheques rose from 1,51,08,388 in 1940-41 to 1,63,35,802 in 1941-42, and their value increased from Rs.20,30 crores to Rs.25,75 crores.

83. *Internal Remittances.*—Statement XXXV A gives the remittances during the year by telegraphic transfers through the Reserve Bank of India according to circles. Statement XXXVI shows the share of the general public, the non-scheduled banks, the co-operative banks and others in the remittances by telegraphic transfers, drafts and mail transfers effected through the Reserve Bank of India, the Imperial Bank Agencies and Treasury Agencies together, since the 1st October 1940 when the new scheme of remittance facilities was introduced. Transfers of funds by demand drafts through the Imperial Bank of India on their own account are shown in Statement XXXV B.

The total telegraphic transfers issued during 1941-42 through the Reserve Bank of India (*vide* Statement XXXV A) amounted to Rs.375·60 crores. These figures, which included remittances in respect of the Rangoon circle upto December 1941 only, showed an increase of Rs.81·73 crores over 1940-41. Of this increase Calcutta accounted for Rs.54·04 crores and Bombay for Rs.20·40 crores. The total amount of transfers in India and Burma effected through the Reserve Bank of India and its Imperial Bank and Treasury Agencies during the second half of 1940-41 amounted to Rs.262·52 crores. The amount of such remittances (excluding Burma) during the first half of 1941-42 stood at Rs.251·43 crores, and during the second half at Rs.278·63 crores.

84. *Encashment of Foreign Circle Notes.*—Statement XXXVII shows the encashment of foreign circle notes in 1941-42. The decline in the use of notes as a medium for remittance, since the introduction of the new Scheme of Remittance Facilities in October 1940, which was noticed in the last year's report, continued in 1941-42. The total encashment of foreign circle notes declined from Rs.16·73 crores in 1940-41 to Rs.15·84 crores during the year, being the lowest since 1908-09; the higher encashments in the Cawnpore, Karachi and Lahore circles were presumably partly due to the influx of civilian population into these centres from port towns.

STATEMENTS.

STATEMENT I.

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING.

(1929=100)

(Reference paragraphs 2 to 7.)

	Calcutta P	India.		U. K.		U. S. A.		Canada.		Germany.		Japan.	
		Bombay P C*	P C	P C	P C	P C	P C	P C					
1935	65	68 100	78 87	84 83	75 79	74 80	84 84						
1936	65	66 101	83 90	85 85	78 81	76 81	90 88						
1937	72	73 106	95 94	91 88	88 83	77 81	108 96						
1938	68	70 106	89 95	82 86	82 84	77 82	114 110						
1939	76	75 106	90 96	81 84	79 84	78 82	126 123						
1940	85	81 112	120 113	82 85	87 87	80 84	142 143						
1941	99	94 124	134 121	92 89	94 92	82 87	150 145						
1939 August ..	71	71 105	86 95	79 84	76 83	78 83	124 123						
September ..	81	83 106	92 101	83 86	82 85	78 82	131 128						
October	84	83 108	97 103	83 86	83 85	78 82	133 129						
November ..	93	92 109	104 105	83 86	84 85	78 82	136 130						
December ..	97	93 113	107 106	83 85	85 85	78 82	143 133						
1940 January ..	92	88 114	110 108	83 85	86 85	79 82	146 136						
February ..	89	86 112	112 109	82 86	87 85	79 83	144 138						
March	86	82 110	113 109	82 85	87 86	80 84	142 140						
April	86	83 110	116 110	82 85	87 86	80 84	143 143						
May	83	81 111	117 110	82 85	86 86	80 85	142 145						
June	81	79 111	118 114	81 85	85 86	80 85	140 145						
July	81	79 113	122 113	82 86	86 87	81 86	139 147						
August	82	77 114	123 114	81 85	86 87	81 86	139 146						
September ..	84	78 112	124 115	82 86	87 88	81 85	140 146						
October	86	79 113	125 117	83 85	87 89	81 85	141 144						
November ..	87	81 113	129 119	84 85	88 89	81 85	141 144						
December ..	85	81 115	130 120	84 86	88 89	81 85	142 144						
1941 January ..	86	81 117	131 120	85 86	88 89	81 85	143 143						
February ..	84	80 119	131 120	85 86	89 89	81 86	144 143						
March	87	83 119	132 121	86 86	90 89	81 86	147 144						
April	90	84 121	132 122	87 87	91 90	82 86	148 144						
May	92	85 122	132 122	89 87	93 91	82 87	148 146						
June	97	88 122	133 121	91 88	94 92	82 87	151 ..						
July	106	97 126	134 121	93 89	95 93	82 88	152 145						
August	107	99 131	134 121	95 89	96 94	82 88	151 145						
September ..	106	100 129	135 122	96 91	97 95	82 87	153 144						
October	107	105 125	135 122	97 92	98 96	82 86	153 ..						
November ..	111	112 126	136 123	97 93	98 95	82 86	155 145						
December ..	109	124 129	137 122	98 93	98 95	82 86	158 148						
1942 January ..	110	127 137	.. ..	100 94	.. ..	83 87	.. 148				
February ..	109	134 135	.. ..	.. ..	.. ..	.. ..	.. ..	
March	109	136 137	.. ..	.. ..	.. ..	.. ..	.. ..	

* July 1933 to June 1934=100

P—Wholesale Prices.				C—Cost of Living.			
	Source.	Original base.		Source.	Original base.		
Calcutta .. ..	.. Indian Trade Journal	July 1914=100		Labour Gazette ..	.. July 1933 to June 1934=100 (Not shifted).		
Bombay .. ..	.. Labour Gazette ..	.. 1914=100		Ministry of Labour.	July 1914=100		
U. K. .. ..	.. Board of Trade	1930=100		National Industrial Conference Board ..	.. 1923=100		
U. S. A. .. ..	.. Bureau of Labour Statistics	1926=100		Dominion Bureau of Statistics .. ..	.. 1926=100		
Canada .. ..	.. Dominion Bureau of Statistics	.. 1926=100		.. ..	.. 1928-30=100		
Germany .. ..	.. ..	1913=100		Bank of Japan ..	July 1914=100		
Japan .. ..	.. Bank of Japan ..	October 1900=100					

STATEMENT II.

INDEX NUMBERS OF WHOLESALE PRICES OF PRIMARY COMMODITIES.

(Reference Paragraph 7.)

(Week ended 19th August 1939=100).

		INDIA (1)				UNITED KINGDOM (2)				UNITED STATES (2)				
End of		Food and Tobacco (3)	Other Agricultural Commodities (4)	Raw Materials (5)	All Primary Commodities	Foods (6)	Metals (7)	Other Industrial Materials (8)	All Primary Commodities	Foods (6)	Metals (7)	Other Industrial Materials (8)	All Primary Commodities	
1939-40	August ..	100.3	100.7	100.2	100.3	102.3	100.0	101.3	101.5	102.5	100.0	100.3	101.1	
	September ..	110.7	123.9	108.6	111.9	117.8	102.0	108.5	110.8	119.2	107.0	126.8	118.2	
	October ..	112.7	123.0	109.6	113.1	121.8	102.1	113.2	113.4	114.6	113.7	122.0	116.8	
	November ..	123.7	167.4	119.2	128.2	124.5	104.3	128.5	120.0	112.8	112.8	121.8	115.7	
	December ..	127.1	187.1	129.3	136.5	124.5	119.9	135.6	126.8	117.2	109.7	131.1	119.5	
	January ..	122.1	174.8	125.9	131.2	133.7	118.0	134.7	129.6	115.9	105.6	126.0	116.2	
	February ..	119.2	162.6	125.4	128.0	138.9	120.2	135.1	132.4	117.1	103.6	125.2	115.9	
	March ..	117.9	151.5	125.4	125.9	134.5	120.6	141.3	132.8	115.8	102.8	120.1	113.6	
	1940-41	April ..	112.7	157.9	122.8	123.2	134.9	121.4	144.0	134.0	120.1	104.1	124.5	117.0
		May ..	109.6	135.9	123.4	119.0	145.1	123.2	141.0	137.6	112.6	106.6	111.3	110.5
		June ..	103.5	112.8	112.2	108.3	144.3	122.0	143.4	137.7	110.7	105.4	114.0	110.3
		July ..	106.5	110.4	118.4	111.6	144.4	125.3	141.8	138.2	109.6	102.4	107.2	106.8
August ..		103.2	98.2	118.9	108.1	145.7	124.3	143.3	138.9	108.9	101.1	104.1	105.2	
September ..		107.6	107.1	118.9	111.0	145.9	124.0	130.3	134.6	113.2	101.6	109.5	108.8	
October ..		109.6	100.2	120.2	111.9	146.2	124.2	129.9	134.6	115.2	107.1	118.5	114.1	
November ..		109.1	106.4	125.6	114.8	146.8	126.3	130.4	135.6	117.1	105.1	120.7	114.9	
December ..		107.8	102.5	124.0	112.9	139.8	126.1	132.4	133.6	117.5	105.3	122.4	115.7	
January ..		107.4	99.6	126.3	112.9	139.6	126.1	133.5	133.8	121.9	106.4	125.5	118.7	
February ..		103.6	94.5	121.1	108.4	139.5	128.1	133.8	134.5	120.0	108.5	126.1	118.7	
March ..		108.1	112.4	125.9	115.4	139.5	128.1	141.3	137.0	133.9	109.5	133.0	126.6	
1941-42	April ..	103.5	103.2	128.6	112.6	139.5	127.9	143.1	137.5	137.8	110.4	133.3	128.5	
	May ..	104.6	121.0	130.9	116.9	138.7	126.8	141.5	136.3	145.5	110.4	140.1	133.5	
	June ..	114.7	128.7	139.0	126.0	138.4	126.4	142.0	136.2	153.7	110.7	143.0	137.5	
	July ..	127.0	142.2	146.2	136.7	138.3	126.4	143.1	136.6	153.8	111.3	146.3	138.7	
	August ..	128.6	152.7	147.2	139.4	138.3	126.1	143.0	136.4	162.8	110.3	147.9	142.1	
	September ..	125.8	141.6	145.8	135.9	138.9	126.0	143.1	136.7	166.3	110.3	149.3	143.8	
	October ..	126.6	134.6	150.5	136.8	138.8	126.0	144.3	137.0	159.5	111.3	146.5	140.8	
	November ..	128.6	146.3	156.1	141.7	138.8	126.1	146.0	137.6	159.4	110.9	147.9	141.1	
	December ..	127.1	137.5	150.0	137.3	130.5	126.5	150.1	135.6	165.9	110.9	154.3	145.6	
	January ..	130.6	129.9	158.4	140.7	131.0	128.3	150.3	136.4	178.5	115.1	160.9	153.4	
	February ..	133.7	123.0	157.9	140.7	130.9	128.5	156.3	138.2	176.0	115.1	161.7	152.8	
	March ..	132.9	117.4	161.9	140.6	130.8	128.5	154.3	137.6	176.1	115.1	167.8	154.7	

(1) Economic Adviser to the Government of India; (2) Bank of England; (3) Food and Tobacco:—Rice, wheat, Tea, Groundnuts, Coffee, Sugar, Tobacco and Copra; (4) Other Agricultural Commodities:—Cotton raw, Jute raw, Linseed; (5) Raw Materials:—Pig Iron, Coal, Lac, Wool raw, Hides and Skins raw; Kerosene and Petrol; (6) Foods:—Wheat, Maize, Sugar, Beef, Cotton seed oil and Tea (U.K.) or Coffee (U.S.A.); (7) Metals:—Pig Iron, Copper, Lead and Tin, (8) Other Industrial Materials:—Cotton, Wool Tops, Hides, Linseed and Rubber.

STATEMENT III.
BALANCE OF TRADE IN MERCHANDISE, 1941-42.
(Reference paragraphs 12 and 13.)

		INDIA			BURMA			(In lakhs of Rupees)		
								INDIA AND BURMA (PRE-SEPARATION BASIS)		
		Imports *	Exports (including re-exports)	Balance of trade	Imports *	Exports (including re-exports)	Balance of Trade	Imports *	Exports (including re-exports)	Balance of Trade
		1	2	3	4	5	6	7	8	9
1938-39	.. ..	151,83	189,22	+ 17,39	20,78	48,50	+ 27,72	137,61	180,32	+ 42,71
1939-40	.. ..	164,76	213,57	+ 48,81	25,16	55,05	+ 29,89	144,10	222,12	+ 78,02
1940-41	.. ..	156,72	198,71	+ 41,99	29,56	55,38	+ 25,82	139,11	207,65	+ 68,54
April	.. 1941	16,94	12,11	- 4,83	2,35	5,54	+ 3,19	15,84	13,75	- 2,09
May	.. ..	17,79	15,16	- 2,63	2,81	7,08	+ 4,27	15,48	17,40	+ 1,92
June	.. ..	17,60	16,47	- 1,13	3,00	8,60	+ 4,60	14,21	18,06	+ 4,75
July	.. ..	18,39	21,60	+ 3,21	2,76	6,10	+ 3,34	15,90	23,54	+ 7,64
August	.. ..	14,27	23,17	+ 8,90	2,36	5,28	+ 2,92	12,29	24,49	+ 12,20
September	.. ..	15,74	24,95	+ 9,21	2,45	4,70	+ 2,25	14,76	26,43	+ 11,67
October	.. ..	17,03	28,41	+ 11,38	2,35	5,31	+ 2,96	15,32	29,46	+ 14,14
November	.. ..	13,47	25,72	+ 12,25	2,39	5,28	+ 2,89	12,53	27,61	+ 15,08
December	.. ..	10,92	20,97	+ 10,05	1,81	3,56	+ 1,75	9,09	21,62	+ 12,53
January	.. 1942	11,49	21,88	+ 10,39						
February	.. ..	9,48	21,37	+ 11,89						
March	.. ..	9,89	20,74	+ 10,85						
Total 1941-42	.. ..	173,01	252,55	+ 79,54	21,28	49,45	+ 28,17	125,42	203,26	+ 77,84

* Excluding imports by State Railways under Company Management.

STATEMENT IV.
HIGHEST, LOWEST AND AVERAGE PRICES OF GOLD AND SOVEREIGNS IN BOMBAY.
(Reference paragraph 20.)

		Price of bar gold in Bombay per tola						Price of Sovereigns			Estimated stock at the end of each month in Bombay Tolas
		Spot			Forward						
		Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
April	1941	43 9 0	42 6 0	43 1 1	43 9 6	42 11 6	43 2 2	29 5 6	28 9 0	29 1 3	600,000
May	..	42 12 3	42 0 3	42 5 9	42 13 0	42 1 3	42 6 6	28 14 9	28 6 6	28 10 7	250,000
June	..	42 6 9	42 1 6	42 3 1	42 6 6	42 2 3	42 3 8	28 11 3	28 7 9	28 8 9	150,000
July	..	42 6 6	41 11 0	42 3 0	42 7 0	41 12 3	42 3 8	28 10 0	28 5 0	28 8 4	275,000
August	..	42 3 9	41 15 9	42 1 9	42 3 0	41 15 9	42 1 10	28 9 0	28 7 0	28 7 8	50,000
September	..	42 6 9	42 2 0	42 3 4	42 7 0	42 2 3	42 3 7	28 10 6	28 8 0	28 8 9	175,000
October	..	42 3 9	42 0 9	42 2 0	42 4 0	42 1 6	42 2 8	28 8 9	28 7 3	28 7 10	125,000
November	..	44 13 0	42 3 0	43 11 10	44 13 0	42 5 6	43 11 11	30 3 0	28 9 9	29 8 9	125,000
December	..	50 2 0	44 6 6	47 6 11	49 8 0	45 13 0	47 5 3	33 12 0	30 7 6	32 0 9	100,000
January	1942	47 12 0	46 1 0	46 14 6	47 10 0	45 14 0	46 12 0	33 8 0	31 6 0	32 6 9	200,000
February	..	51 0 0	46 15 0	48 15 11	50 0 0	47 0 0	48 8 2	40 0 0	33 6 0	36 11 10	125,000
March	..	58 4 0	50 6 0	52 15 9	56 0 0	50 14 0	52 10 3	42 8 0	38 10 0	39 11 0	125,000

N.B.—Price of gold in London during the year remained unchanged at £8-8-0 per fine ounce.

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)	9,34,97,221	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		14,94,65,235	796,983	4,70,19,473
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		25,26,78,070	1,754,479	9,96,20,393
1926-27		2,420,259		13,86,46,145	982,747	5,03,05,857
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		1,104,246		6,83,46,025	1,331,001	7,39,66,462
1930-31		1,099,230		6,31,40,997	1,230,396	6,93,11,456
1931-32		235,609		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	17,077	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		43,096		39,60,395	34,402	33,03,033
1939-40		26,090		27,11,251	44,833	45,12,948
1940-41 (a)						
1941-42 (a)						
Total for 31 years from 1900-01 to 1930-31 ..	(a)	4,37,37,11,488	(a)	2,77,13,83,881	116,402,337	7,14,50,95,369
Total for 9 years from 1931-32 to 1939-40		749,912		5,94,87,165	684,372	5,56,32,293

(a) Figures not available.

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

MENT V.

paragraph 20.)

BULLION FOR EACH QUINQUENNIAL 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	+ 24,34,21,717
851,352	4,91,96,822	236,247	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	23,20,183	24,897	14,27,381	65,934	37,53,564	+ 6,135,581	+ 34,85,45,709
8,507	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	2,45,730	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	40,29,307	89	5,031	86,973	40,34,338	+ 2,242,653	+ 12,75,18,115
7,758,315	58,43,62,379	321,112	2,33,60,827	8,079,427	60,77,23,206	- 7,629,377	- 57,97,27,842
8,102,406	63,40,29,676	423,835	3,37,79,671	8,526,241	66,84,09,347	- 8,353,829	- 65,52,27,956
6,645,012	56,59,86,325	185,187	1,55,43,921	6,830,199	58,15,30,246	- 6,695,298	- 57,05,35,961
5,723,675	52,76,09,980	51,137	49,57,728	5,774,812	53,25,67,708	- 5,694,820	- 52,53,74,607
4,072,548	37,83,21,043	50,175	47,33,722	4,122,723	38,30,55,365	- 4,019,262	- 37,85,59,955
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	80,93,695	1,938,483	17,90,02,290	- 1,766,817	- 16,33,18,129
539,995	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)	1,16,79,48,968	(a)	49,95,98,572	27,157,745	1,66,75,47,540	+ 89,244,592	+ 5,47,75,47,829
41,343,457	3,58,44,36,587	1,984,859	17,32,12,564	43,328,346	3,75,76,49,151	- 43,713,429†	- 3,82,52,38,069†

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

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

STATE

AVERAGE QUANTITY AND VALUE OF IMPORTS AND EXPORTS OF SILVER (PRIVATE AND GOVERNMENT)
AND FOR EACH FINANCIAL YEAR
(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	..	57,952,778	10,21,59,397	23,944,496	4,43,07,532	24,374,965	4,40,63,495
Average for	1904-05 to	..	58,692,689	10,23,54,941	37,635,284	7,52,77,318	9,265,611	2,30,09,410
Average for	1909-10 to	..	59,749,141	10,61,42,280	18,418,183	3,52,16,322	16,231,999	3,27,52,650
Average for	1910-11 to	..	12,301,301	2,37,92,158	105,380,023	28,32,58,307	7,005,565	1,67,47,759
Average for	1915-16 to	..	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	..	..	133,610,014	21,65,90,103	395,125	10,38,057	9,765,172	1,89,30,825
1927-28	..	..	107,530,094	16,44,23,295	121,595	3,14,122	14,495,866	2,69,01,583
1928-29	..	..	103,680,430	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	9,450,404	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	81,15,156	41,132	57,436	6,998,385	79,78,563
1934-35	..	..	29,617,050	4,45,08,622	1,060	1,417	27,250,006	4,07,90,902
1935-36	..	..	33,517,880	4,46,22,281	16,310,000	1,09,52,479	20,200,205	3,18,84,541
1936-37	..	..	112,247,392	13,87,41,437	8,550	23,023	2,144,483	28,47,430
*1937-38	..	..	19,563,918	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	6,608,719	73,37,487
1938-39	..	..	11,439,178	1,48,99,584	1,895	2,311	3,505,080	45,43,870
India	..	..	16,299,114	2,03,23,276	1,606,862	43,21,858	1,958,476	28,30,944
Burma	..	..	37,901	45,623	148,125	3,95,000	6,572,277	72,03,101
1939-40	..	..	31,040,978	4,10,45,742	742	1,097	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
1940-41	(a)							
1941-42	(a)							

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

(a) Figures not available.

MENT VI.

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

paragraph 23.)

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	12,81,520	+ 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	1,06,54,081	+ 5,295,736	+ 70,44,399	+ 101,429,879	+ 27,25,94,226	+ 106,725,615	+ 27,96,38,625
271,534	723,762	+ 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	—2,79,762	+ 93,363,754	+ 17,12,41,150
8,522	23,000	+ 123,855,742	+ 19,76,65,278	+ 386,603	+ 10,16,057	+ 124,242,345	+ 19,86,80,335
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	—25,318,006	—3,26,90,309	+ 62,620,544	+ 8,82,12,198
15,403,180	1,57,36,413	+ 95,907,179	+ 11,64,58,569	—15,371,244	—1,56,85,513	+ 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	—24,099,790	—2,74,15,553	—24,517,292	—2,01,30,951
50,863,001	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	—57,34,710
....	....	+ 110,102,909	+ 13,58,94,001	+ 8,566	+ 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
3,028,250	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	+ 7,924,098	+ 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	—6,30,552	+ 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	—1,07,04,063
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	+ 4,74,00,805	—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.

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY.

(Reference paragraph 23.)

		Price in London per standard ounce			Price in New York per fine ounce			Price in Bombay per 100 tolas						Estimated stock at the end of each month in Bombay (in bars of 2800 tolas)	Off-take by rail in bars
		Highest	Lowest	Average	Highest	Lowest	Average	Spot		Forward		Average			
		d.	d.	d.	Cents.	Cents.	Cents.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
April	1941 ..	23½	23½	23½	34½	34½	34½	63 6 0	62 6 0	62 15 0	63 7 0	62 11 0	63 0 6	14,000	4,052
May	.. ..	23½	23½	23 7/16	34½	34½	34½	63 1 0	62 0 0	62 9 8	63 1 0	62 3 0	62 9 7	11,500	4,766
June	.. ..	23 7/16	23½	23½	34½	34½	34½	63 1 0	62 9 0	62 14 8	62 15 0	62 8 0	62 12 4	12,000	4,778
July	.. ..	23½	23 7/16	23 7/16	34½	34½	34½	63 2 0	62 12 0	63 0 2	63 1 0	62 13 0	62 15 4	12,000	2,473
August	.. ..	23½	23 7/16	23 7/16	34½	34½	34½	62 15 0	62 11 0	62 13 1	62 15 0	62 11 0	62 13 6	9,000	3,765
September	.. ..	23½	23½	23½	34½	34½	34½	63 1 0	62 11 0	62 15 1	63 1 0	62 11 0	62 15 2	3,500	1,664
October	.. ..	23½	23½	23½	34½	34½	34½	63 1 0	62 6 0	62 13 11	62 15 0	62 11 0	62 13 0	3,500	1,269
November	.. ..	23½	23½	23½	35½	34½	34½	63 3 0	63 0 0	63 1 1	63 0 0	62 14 0	62 14 9	2,500	2,777
December	.. ..	23½	23½	23½	35½	35½	35½	71 11 0	63 1 0	67 14 11	67 8 0	63 4 0	65 5 11	15,000	13,417
January	1942 ..	23½	23½	23½	35½	35½	35½	71 2 0	69 5 0	70 8 9	65 0 0	64 8 0	64 12 5	8,000	10,458
February	.. ..	23½	23½	23½	35½	35½	35½	80 0 0	69 14 0	73 14 9	69 7 0	64 8 0	66 9 7	10,000	12,353
March	.. ..	23½	23½	23½	35½	35½	35½	96 8 0	80 0 0	85 12 6	88 8 0	72 8 0	80 3 0	8,000	7,456

STATEMENT VIII.

EXCHANGES.

RATES OF TELEGRAPHIC TRANSFERS.

(Reference paragraph 25.)

				Bombay on London			Bombay on New York			London on New York			New York on London		
				s. & d. to		Re.	Rs. to \$			\$ to £			\$ to £		
				Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
April	..	1941	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	4.025	4.025	4.025	4.03 $\frac{1}{2}$	4.00 $\frac{1}{2}$	4.02 $\frac{1}{2}$
May	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
June	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
July	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.04	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
August	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
September	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
October	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
November	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
December	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
January	..	1942	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
February	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
March	..	"	..	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	1-5 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	"	"	"	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$

STATEMENT XI.
CONSOLIDATED DEBT POSITION OF PROVINCES.

(Reference paragraph 44.)

(In lakhs of Rupees)

	1936-37	1937-38	At the end of 1938-39	1939-40	1940-41	1941-42
I. Public Debt						
(a) Permanent Debt	8,72	12,64	15,97	19,60	23,33	23,02
(b) Floating Debt .. .. .	.....	.....	1,50	1,80	50	1,00
(c) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,19,02
II. Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,63
III. Gross Total Debt	1,67,55	1,59,70	1,63,20	1,67,61	1,69,91	1,69,67
IV. Net Debt (Deduct outstanding loans and advances made by Provincial Governments)	1,04,63	1,00,32	1,02,48	1,35,65	1,38,08	1,38,11
V. Provision for the reduction of Debt during the year ..	2,31	1,60	1,06	1,51	2,84	3,39
VI. Closing Cash Balance	10,10	10,07	7,34	9,59	10,64	8,14

STATEMENT XII.

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

(Reference paragraph 45.)

(In lakhs of Rupees)

Paid to	Income-Tax			Jute Duty			Subventions		
	1940-41 Accounts	1941-42 Actuals	1942-43 Budget Estimates	1940-41 Accounts	1941-42 Actuals	1942-43 Budget Estimates	1940-41 Accounts	1941-42 Actuals	1942-43 Budget Estimates
Bengal	83.20	1,47.80	1,67.40	1,50.17	1,65.55	1,48.54	..	..	..
Bombay	83.20	1,47.80	1,67.40	..	..	..	..	..	..
Madras	62.40	1,10.85	1,25.55	..	..	..	..	..	..
United Provinces ..	62.40	1,10.85	1,25.55	..	..	..	25.00	25.00	..
Punjab	33.28	59.12	66.96	..	..	..	..	..	..
Central Provinces and Berar	20.80	36.95	41.85	..	..	..	..	..	..
Bihar	41.60	73.00	83.70	14.48	16.14	13.62	..	..	..
Assam	8.32	14.78	16.74	10.50	12.48	12.04	30.00	30.00	30.00
Orissa	8.32	14.78	16.74	.88	1.00	.80	43.00	43.00	40.00
N. W. F. P.	4.16	7.39	8.37	..	..	..	1,00.00	1,00.00	1,00.00
Sind	8.32	14.78	16.74	..	..	..	1,05.00	1,05.00	1,05.00
Total ..	4,16.00	7,39.00	8,37.60	1,85.12	1,95.17	1,75.00	3,03.00	3,03.00	2,75.00

STATEMENT XIII.

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

(Reference paragraph 46.)

(In lakhs of Rupees)

	Reserve Bank of India						Government Treasuries			
	Central Government		Provincial Governments		Last day of month		Central Government		Provincial Governments	
	1940-41	1941-42	1940-41	1941-42			1940-41	1941-42	1940-41	1941-42
	3,97	12,04	6,41	6,09	April	.. ..	20	17	95	90
	5,24	6,60	4,95	5,14	May	.. ..	13	16	83	77
	4,29	5,49	4,42	4,15	June	.. ..	19	17	92	90
	7,53	18,80	6,21	6,15	July	.. ..	18	18	84	87
	5,32	16,34	5,03	5,46	August	.. ..	17	18	81	87
	4,83	7,05	5,89	4,98	September	.. ..	22	18	93	78
	6,29	22,78	6,51	6,13	October	.. ..	7	17	75	86
	14,43	10,49	5,19	5,99	November	.. ..	29	18	84	81
	12,85	7,23	3,54	3,92	December	.. ..	18	15	90	81
	20,90	8,46	6,67	5,49	January	.. ..	23	21	79	82
	23,08	58,68	6,87	6,28	February	.. ..	17	17	89	77
	13,57	15,15	12,10	11,30	March	.. ..	19	16	1,78	1,01
	10,19	15,77	6,17	5,32	Average	.. ..	19	17	94	92

STATEMENT XIV.
GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS.
(Reference paragraph 47.)

(In thousands of Rupees)

		Amount offered for tender	Amount tendered	Amount sold	Inter-mediate sold	Average rate of discount per cent. per annum	Amount outstanding with the public*	Total amount outstanding including amount outstanding on account of issue	
		Department, Provinces and Burma							
		Rs. a. p.							
April	4 1941	1,00,00	1,31,25	1,00,00	1,12,50	0/12/11	29,63,25	73,89,75	
"	11	1,00,00	1,48,50	1,00,00	17,25	0/13/7	29,71,50	74,68,50	
"	18	1,00,00	1,06,75	1,00,00	59,00	0/13/1	30,01,25	75,62,75	
"	25	1,00,00	1,84,00	1,00,00	71,50	0/13/0	30,23,25	75,61,75	
May	2	1,00,00	2,62,50	1,00,00	1,50,50	0/12/7	30,58,75	78,27,25	
"	9	1,00,00	2,18,75	1,00,00	1,26,00	0/12/5	31,00,75	78,67,25	
"	16	1,00,00	2,36,75	1,00,00	2,83,50	0/12/2	31,20,75	78,69,25	
"	23	2,00,00	3,39,50	2,00,00	2,66,50	0/12/7	31,43,00	81,61,75	
"	30	2,00,00	3,38,25	2,00,00	1,83,25	0/12/11	31,93,75	82,40,50	
June	6	2,00,00	2,86,00	2,00,00	2,13,50	0/12/10	33,84,25	85,06,00	
"	13	2,00,00	3,24,50	2,00,00	1,75,00	0/12/11	34,66,00	86,33,75	
"	20	2,00,00	2,82,50	2,00,00	1,14,50	0/13/3	35,41,25	87,36,00	
"	27	2,00,00	2,08,25	2,00,00	38,75	0/13/7	35,88,25	112,64,00	
July	4	2,00,00	2,26,00	2,00,00	29,25	0/13/6	35,58,75	111,40,50	
"	11	2,00,00	2,12,50	2,00,00	18,00	0/13/7	36,67,25	112,20,00	
"	18	2,00,00	3,85,50	2,00,00	4,00	0/13/8	37,33,50	113,20,75	
"	25	2,00,00	4,17,50	2,00,00	....	0/13/3	37,62,75	112,53,00
August	1	1,00,00	2,27,75	1,00,00	....	0/11/0	37,26,75	102,72,00
"	8	1,00,00	3,33,50	1,00,00	....	0/9/4	36,09,75	101,58,00
"	15	1,00,00	2,59,25	1,00,00	....	0/8/0	34,64,75	98,14,50
"	22	1,00,00	2,59,75	1,00,00	....	0/6/11	32,70,50	92,75,00
"	29	1,00,00	1,89,00	1,00,00	....	0/6/0	29,86,25	89,97,25
September	5	2,00,00	3,12,50	2,00,00	....	0/7/4	27,79,75	87,51,75
"	12	2,00,00	3,68,00	2,00,00	....	0/8/2	25,99,00	84,82,00
"	19	2,00,00	2,65,00	2,00,00	....	0/9/8	25,25,00	82,67,00
"	26	2,00,00	3,79,50	2,00,00	....	0/10/4	24,93,50	81,15,50
October	3	2,00,00	4,04,00	2,00,00	....	0/10/0	24,41,50	79,47,25
"	10	2,00,00	4,81,00	2,00,00	....	0/10/7	24,47,75	79,25,50
"	17	2,00,00	5,18,75	2,00,00	....	0/10/6	24,43,50	74,12,25
"	24	2,00,00	4,42,50	2,00,00	....	0/10/8	24,45,75	73,89,50
"	31	2,00,00	4,33,75	2,00,00	2,10,00	0/9/7	25,20,50	73,79,25	
November	7	2,00,00	3,97,25	2,00,00	1,06,25	0/10/7	27,16,75	67,57,50	
"	14	2,00,00	3,34,50	2,00,00	1,37,00	0/11/11	28,74,25	65,23,00	
"	21	2,00,00	2,34,00	2,00,00	31,00	0/12/10	30,91,75	67,13,50	
"	28	2,00,00	2,74,50	2,00,00	39,75	0/13/7	32,31,00	68,24,75	
December	5	1,00,00	2,61,00	1,00,00	53,50	0/13/7	30,84,50	56,76,75	
"	12	1,00,00	1,23,75	1,00,00	10,25	0/15/10	29,94,75	50,61,00	
"	19	1,00,00	1,58,75	1,00,00	2,21,50	0/15/3	29,71,50	49,86,75	
"	26	1,00,00	1,24,25	1,00,00	1,39,50	0/15/5	29,06,25	48,81,50	
January	2 1942	....	....	....	1,46,00	0/15/0	29,47,75	49,83,00
"	9	1,00,50	1,75,75	1,00,50	1,80,75	0/15/4	29,09,00	49,73,50	
"	16	1,00,00	2,58,75	1,00,00	52,75	0/15/8	28,63,25	49,47,75	
"	23	1,00,00	1,43,75	1,00,00	70,00	0/15/7	28,39,75	49,88,25	
"	30	1,00,00	2,48,75	1,00,00	1,00,50	0/15/6	27,32,25	48,48,75	
February	6	1,00,00	1,78,00	1,00,00	97,75	0/15/5	25,19,00	46,80,50	
"	13	2,00,00	2,24,25	2,00,00	61,50	0/15/9	24,43,25	46,57,75	
"	20	2,00,00	2,76,00	2,00,00	10,25	0/15/11	24,30,00	49,23,50	
"	27	2,00,00	2,66,75	2,00,00	33,75	0/15/10	24,33,00	50,05,50	
March	6	2,00,00	2,28,25	2,00,00	25,75	1/0/8	22,79,75	142,62,25	
"	13	2,00,00	2,41,25	2,00,00	1,50	1/1/11	23,79,00	143,81,50	
"	20	2,00,00	3,00,50	2,00,00	1,05,00	1/2/5	25,02,50	150,02,00	
"	27	2,00,00	3,30,75	2,00,00	1,17,25	1/2/5	26,86,25	151,49,75	
"	28 to 31	....	....	....	5,00	1/2/0	27,78,25	136,97,75
Total 1941-42		....	140,27,00	81,00,50	37,59,50	....	27,78,25	136,97,75
" 1940-41		....	162,48,00	84,00,00	17,32,75	....	25,51,75	63,90,25
" 1939-40		....	116,96,50	70,50,00	49,93,00	....	27,96,25	54,70,50
" 1938-39		....	128,90,25	82,13,25	15,35,75	....	26,79,00	46,30,00

* Including bills discounted ; purchased and held in the Banking Department.

STATEMENT XV.

SALES OF PROVINCIAL GOVERNMENT TREASURY BILLS DURING 1941-42.

(Reference paragraph 49.)

Week ended	Issuing Government	Period	Amount offered for tender	Amount tendered	Amount sold	(In thousands of Rupees)	
						Average rate of discount per annum	Amount outstanding with the public
June 6 1941	Bengal	3 months	40,00	50,00	40,00	0/15/9	40,00
July 4 "	"	3 "	40,00	1,61,00	60,00	0/15/1	1,00,00
August 8 "	"	3 "	75,00	1,22,00	75,00	0/13/0	1,75,00
Sept. 5 "	"	3 "	1,00,00	2,14,25	1,00,00	0/7/11	2,35,00
Oct. 3/10 "	"	3 "	75,00	2,85,00	75,00	0/11/11	2,50,00
" 10 "	C. P. & Berar	3 "	40,00	1,53,25	40,00	0/11/3	40,00
" 17 "	Madras	3 "	50,00	1,80,50	50,00	0/11/0	50,00
Nov. 7 "	Bengal	3 "	1,25,00	1,87,25	1,25,00	0/12/5	3,00,00
" 21 "	Madras	3 "	50,00	1,26,00	50,00	0/13/1	1,00,00
Dec. 5 "	Bengal	3 "	1,00,00	2,48,00	1,00,00	0/15/4	3,00,00
March 13 1942	"	3 "	1,00,00	1,05,00	1,00,00	1/5/9	1,00,00
Total 1941-42			.....	18,14,25	8,15,00	.....	1,00,00
" 1940-41			.....	12,28,00	6,90,00	.....	50,00
" 1939-40			.....	13,75,75	11,80,00	.....	1,80,00
" 1938-39			.....	7,17,00	5,70,00	.....	1,50,00

STATEMENT XVI.

GOVERNMENT OF INDIA WAYS AND MEANS ADVANCES AND TREASURY BILL TRANSACTIONS DURING 1941-42.

(Reference paragraphs 47 and 50.)

Opening balance on 1st April 1941	Ways and means Advances				Treasury Bills			
	Advances taken	Advances repaid	Outstanding at end of month	Sale to the public	Outstanding at end of month with the public†	Total amount outstanding on account of the Issue Department, the Provinces and Burma	Total amount Discharged	Total outstanding of ways & means advances and treasury bills
.....	16,00,00				25,51,75			
April 1941	2,50,00	7,50,00	11,00,00	7,75,50	29,23,50	76,42,00	15,36,00	87,42,00
May "	7,50,00	18,50,00	.....	15,45,50	32,03,75	82,50,50	28,95,00	82,50,50
June "	5,00,00	5,00,00	.....	13,51,50	35,28,00	112,39,75	25,05,75	112,39,75
July "	8,00,00	8,00,00	.....	8,30,50	36,60,00	102,05,25	32,35,25	102,05,25
August "	5,50,00	.....	5,50,00	5,00,00	27,76,25	87,87,25	36,54,25	93,37,25
September "	8,50,00	7,50,00	6,50,00	8,00,00	23,03,00	79,25,00	43,20,75	85,75,00
October "	.....	6,50,00	.....	12,10,00	25,20,50	73,79,25	30,20,75	73,79,25
November "	.....	.....	.....	11,14,75	31,31,75	66,42,00	34,36,75	66,42,00
December "	.....	.....	.....	9,27,00	29,26,75	49,77,00	31,10,00	49,77,00
January 1942	7,50,00	7,50,00	.....	8,53,75	24,40,25	45,56,75	18,90,50	45,56,75
February "	23,50,00	23,50,00	.....	9,03,75	22,22,75	122,20,25	20,16,25	122,20,25
March "	29,00,00	29,60,00	.....	10,47,75	27,78,25	136,97,75	25,61,25	136,97,75
Total 1941-42	97,00,00	1,13,00,00	.....	118,60,00	.....	.....	.....	.....

† Including bills discounted, purchased and held in the Banking Department.

STATEMENT XVII A.

PUBLIC DEBT OF INDIA SINCE 1913-14.

(Reference paragraph 55.)

(A) Rupee Debt.

(In crores of Rupees)

End of MARCH	Un- dated	Per- cent- age of Total	Over 10 years	Per- cent- age of Total	Between 5 and 10 years	Per- cent- age of Total	Under 5 years	Per- cent- age of Total	Trea- sury Bills	Per- cent- age of Total	Post Office Savings Bank Deposits and Cash Certifi- cates.	Per- cent- age of Total	Other obliga- tions	Per- cent- age of Total	Total	Percent- age in- crease(+) or decr- ease(-)	
1914	..	144.52	59.4	1.00	0.6	..	..	..	..	..	23.17	12.9	11.08	6.1	179.77	..	
1919	..	143.20	39.9	26.42	7.4	29.44	8.2	59.43	16.5	49.24	13.7	27.03	7.5	24.02	6.6	358.78	+99.5
1924	..	137.25	28.4	29.29	6.1	96.93	20.1	94.45	19.6	51.77	10.7	33.21	6.9	39.62	8.2	482.52	+35.5
1929	..	137.41	24.9	121.03	21.9	50.25	9.2	81.54	14.8	43.15	7.8	56.79	10.3	61.04	11.1	551.21	+14.2
1934	..	126.69	18.3	160.73	23.2	67.93	9.8	79.22	11.4	59.24	8.5	115.94	16.7	83.34	12.1	693.09	+25.7
1939	..	127.75	17.8	129.62	18.3	112.70	15.9	70.89	9.9	46.30	6.5	141.46	19.8	84.34	11.8	709.96	+ 2.4
1940	..	139.93	19.2	147.24	20.2	113.75	15.6	49.35	6.8	54.71	7.6	135.35	18.6	87.48	12.1	727.79	+ 2.6
1941	..	148.52	17.3	182.98	21.2	150.31	17.5	95.07	11.0	68.90	8.0	108.80	12.6	106.59	12.4	861.17	+18.3
1942	..	163.49	17.4	258.53	27.4	72.68	7.7	119.81	12.7	136.98	14.5	94.98	10.1	95.82	10.2	942.29	+ 9.4

STATEMENT XVII B.

PUBLIC DEBT OF INDIA SINCE 1913-14.

(B) Sterling Debt.*

(Reference paragraph 55.)

(In crores of Rupees)

End of MARCH	Undated	Percent- age of Total	Over 10 years	Percent- age of Total	Between 5 and 10 years	Percent- age of Total	Under 5 years	Percent- age of Total	Other obliga- tions	Percent- age of Total	Total	Percent- age In- crease (+) or de- crease(-)
1914	265.57	99.9	—	—	—	—	—	0.24	0.1	265.81	—
1919	257.80	84.8	45.96	15.1	—	—	—	0.32	0.1	304.08	+ 14.4
1924	366.80	92.2	28.90	7.3	—	—	—	2.06	0.5	397.76	+ 30.8
1929	296.61	62.7	189.93	35.0	4.66	1.0	—	1.53	0.3	472.78	+ 18.9
1934	269.19	52.6	195.50	38.8	—	—	43.03	5.4	1.38	512.15	+ 8.3
77 1939	268.05	57.1	135.11	28.8	29.30	6.3	32.46	6.9	4.18	469.10	— 8.4
1940	255.63	57.8	115.44	26.1	39.09	8.8	28.15	6.4	4.18	442.49	— 5.7
1941	246.81	71.6	30.59	8.9	11.53	3.3	20.62	5.9	35.38	344.93	— 22.1
1942	122.49	68.1	18.59	10.3	11.53	6.4	—	—	27.39	190.00	— 47.8

* Converted at 1sh. 4d. per rupee upto the end of 1924 and thereafter at 1sh. 6d.

STATEMENT XVIII.

REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

Prices since 1914-15.

(Reference paragraph 58.)

		(In Rupees)							
		5 per cent. Rupee Loan 1945-56 (free of income-tax)		4 per cent. Rupee Loan 1940-70		3½ per cent. Rupee Loan 1947-50		3½ per cent. Rupee Loan (non-terminable)	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1914-15	.. .. .	..	..	..	..	..	..	96 ¹ / ₄	91 ¹ / ₂
1920-21	.. . . .	96	78 ¹ / ₂	..	..	..	..	60	52
1925-26	.. .. .	104 ¹ / ₂	98 ¹ / ₂	..	..	..	..	74 ¹ / ₂	67 ¹ / ₂
1926-27	.. .. .	110 ¹ / ₂	104 ³ / ₈	90 ¹ / ₈	86 ³ / ₈	..	..	70 ¹ / ₈	74 ¹ / ₂
1927-28	.. .. .	108 ³ / ₈	105 ³ / ₈	90	87 ³ / ₈	..	..	79 ³ / ₈	74 ³ / ₈
1928-29	.. .. .	106 ¹ / ₂	102 ¹ / ₈	88 ¹ / ₂	83 ¹ / ₂	..	..	75 ¹ / ₂	71
1929-30	.. .. .	103 ¹ / ₂	100	84 ¹ / ₂	75 ¹ / ₂	..	..	72 ¹ / ₈	63 ¹ / ₂
1930-31	.. .. .	101 ³ / ₈	99 ¹ / ₂	77 ¹ / ₂	73	..	..	68 ¹ / ₂	61 ³ / ₈
1931-32	.. .. .	101 ³ / ₈	88 ¹ / ₂	75 ¹ / ₂	58 ¹ / ₂	..	..	63 ¹ / ₂	51
1932-33	.. .. .	113 ¹ / ₂	98 ¹ / ₂	100 ³ / ₈	67 ¹ / ₂	..	..	88 ³ / ₈	60 ¹ / ₂
1933-34	.. .. .	115 ³ / ₈	109	103 ¹ / ₂	90 ¹ / ₂	97 ¹ / ₂	90	88 ¹ / ₂	79 ¹ / ₂
1934-35	.. .. .	119 ³ / ₈	114 ¹ / ₂	111 ³ / ₈	101 ¹ / ₂	102 ³ / ₈	97 ³ / ₈	98 ¹ / ₂	87 ¹ / ₂
1935-36	.. .. .	120 ¹ / ₂	114 ¹ / ₂	113 ¹ / ₂	103	107 ¹ / ₂	100 ³ / ₈	99 ¹ / ₂	87 ¹ / ₂
1936-37	.. .. .	121 ³ / ₈	117 ¹ / ₂	116 ¹ / ₈	109 ¹ / ₂	108 ¹ / ₂	103 ¹ / ₂	100 ¹ / ₂	91 ¹ / ₂
1937-38	.. .. .	120 ¹ / ₂	118	114 ³ / ₈	110 ¹ / ₂	107 ¹ / ₂	105	99 ¹ / ₂	92 ³ / ₈
1938-39	.. .. .	118 ¹ / ₂	111	114 ¹ / ₂	107 ¹ / ₂	106 ³ / ₈	103	99 ¹ / ₂	90 ¹ / ₂
1939-40	.. .. .	114 ¹ / ₂	102	111 ³ / ₈	94	104 ¹ / ₂	92 ¹ / ₂	97 ³ / ₈	80 ¹ / ₂
1940-41	.. .. .	112 ¹ / ₂	105 ¹ / ₂	109	99	104 ¹ / ₂	98 ¹ / ₂	96 ¹ / ₈	84 ¹ / ₂
1941-42	.. .. .	111 ¹ / ₂	104	111 ¹ / ₂	99	103 ¹ / ₂	96 ¹ / ₂	96 ¹ / ₂	84

STATEMENT XIX.

REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

Prices in Bombay during 1941-42.

(Reference paragraph 58.)

		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			(In Rupees) 3¼% Rupee Loan (Non-terminable)		
		Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
April	1941	111 1/8	110 1/4	111 1/16	109 1/2	107 1/4	108 3/8	102 3/4	102 1/4	102 3/8	95 1/8	94 1/8	95 1/4
May		110 3/8	110 1/4	110 3/16	108 1/2	107 1/4	108 3/8	102 3/4	102 1/4	102 3/8	95 1/8	94 1/8	95 1/4
June		111 1/4	110 3/8	111 1/8	109 3/8	108 1/2	109 1/16	102 1/2	102 3/8	102 3/8	96 1/8	95 1/2	95 1/8
79 July		111 3/8	111 1/4	111 1/2	110 3/8	109 3/8	109 3/8	103 1/8	102 3/8	102 3/8	96 1/4	96	96
August		111 1/2	111 1/4	111 5/16	110 1/4	110 3/8	110 5/16	103 1/4	103 1/8	103 3/8	96	96	96
September		111 3/8	111 3/8	111 1/8	110 3/8	110 1/2	110 3/8	103 1/4	103 1/4	103 1/4	96	96	96
October		111 5/8	111 3/8	111 3/16	110 3/8	110 5/8	110 3/8	103 1/4	103 3/8	103 1/4	96	96	96
November		111 3/8	110 3/8	111	111 1/4	110 3/8	110 3/8	103 3/8	103 3/8	103 3/8	96	96	96
December		110 3/8	108 1/2	109 1/2	111 1/4	108	109 3/8	103 3/8	101	102 1/4	96	92	94 3/8
January	1942	109 1/4	108 1/4	108 3/8	109 1/2	109 1/4	109 3/8	101 3/8	101 1/4	101 1/4	95 3/8	94 1/8	95 1/4
February		108	104	105 1/8	109 1/4	99 1/4	105 1/8	101 3/8	96 1/4	100 3/8	94 1/2	84 1/2	91 1/4
March		105 1/8	104	104 3/8	103 1/8	99	102 1/8	98	97 1/4	97 1/2	88 3/8	84	87 1/4

STATEMENT XX A.

POST OFFICE CASH CERTIFICATES.*

(Reference paragraph 59.)

(In lakhs of Rupees)

	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 }				
1920-21 }	1,00	2,41	— 1,41	4,34
1921-22 }				
1922-23 }	7,61	3,53	4,08	8,42
1923-24 }				
1924-25 }	15,05	3,10	12,55	20,97
1925-26 }				
1926-27 }	13,61	3,88	9,73	30,70
1927-28 }				
1928-29	4,91	3,31	1,60	32,30
1929-30	7,15	4,45	2,70	35,00
1930-31	11,78	8,35	3,43	38,43
1931-32	14,49	8,34	6,15	44,58
1932-33	15,74	4,68	11,06	55,64
1933-34	13,31	5,24	8,07	63,71
1934-35	9,95	7,70	2,25	65,96
1935-36	13,45	13,43	2	65,98
1936-37	14,88	10,40	— 1,58	64,40
1937-38	13,97	18,16	— 4,19	60,21
1938-39	14,71	15,35	— 64	59,57
1939-40	10,25	12,80	— 2,55	57,02
1940-41	4,89	14,93	— 10,04	46,98
1941-42	4,09	11,88	— 7,79	39,19

* Figures for Burma are included up to 1936-37.

POST OFFICE DEFENCE SAVINGS CERTIFICATES.

(In lakhs of Rupees)

	Receipts	Withdrawals	Amount outstanding
1940-41	2,41	12	2,29
1941-42	2,81	75	2,06

STATEMENT XX B.

POST OFFICE SAVINGS BANK.*

(Reference paragraph 59.)

(In lakhs of Rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding at end of year
1913-14	10,99	61	9,04	2,56	23,16
1914-15	9,07	53	17,88	— 8,28	14,89
1915-16	7,73	43	7,73	43	15,32
1916-17	8,93	45	8,10	1,28	16,59
1917-18	9,72	44	10,17	— 1	16,58
1918-19	12,99	46	11,21	2,24	18,82
1919-20	17,18	56	15,22	2,52	21,34
1920-21	18,22	62	17,33	1,51	22,86
1921-22	17,11	61	18,32	— 60	22,26
1922-23	17,07	62	16,75	94	23,19
1923-24	17,71	67	16,79	1,59	24,78
1924-25	17,44	71	17,64	51	25,63
1925-26	19,05	73	18,19	1,59	27,23
1926-27	20,38	79	18,89	2,28	29,50
1927-28	23,14	86	20,84	3,16	32,66
1928-29	26,24	97	25,39	1,82	34,49
1929-30	26,25	1,02	24,63	2,64	37,13
1930-31	24,36	1,04	25,50	— 10	37,02
1931-32	27,39	1,08	27,29	1,18	38,20
1932-33	30,96	1,15	26,86	5,25	43,45
1933-34	36,87	1,28	29,37	8,78	52,23
1934-35	38,67	1,34	37,26	2,75	58,30
1935-36	46,33	1,50	38,88	8,95	67,25
1936-37	43,38	1,45	37,40	7,43	74,68
1937-38	43,27	1,46	39,70	4,97	77,66
1938-39	44,61	1,42	41,65	4,38	81,94
1939-40	40,51	1,15	45,22	— 3,56	78,38
1940-41	25,35	93	45,09	—18,81	59,57
1941-42	21,89	1	30,08	— 8,12	51,39

* Figures for Burma are included up to 1936-37.

STATEMENT XXI.

NOTE CIRCULATION.

(Reference paragraph 60.)

(In lakhs of Rupees)

	Total Notes issued	Notes in Circulation	Year-end.		Total Notes issued	Notes in Circulation	Annual Average	
			Absorp- tion (+) or Return (-)	% of Ab- sorption or Return			Increase or de- crease in average circulation	% of in- crease or decrease in average circula- tion
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	171,00	+ 9,28	+ 6
1929-30	177,23	159,30	- 18,80	- 11	183,11	163,00	- 8,00	- 5
1930-31	160,84	147,93	- 11,37	- 7	165,49	151,13	- 11,87	- 7
1931-32	178,14	165,17	+ 17,24	+ 12	163,64	152,62	+ 1,49	+ 1
1932-33	176,90	150,34	- 14,83	- 9	173,83	152,04	- 58	..
1933-34	177,22	163,88	+ 13,54	+ 9	178,13	157,47	+ 5,43	+ 4
1934-35	186,10	163,56	- 32	..	183,24	161,60	+ 4,13	+ 3
1935-36	195,58	168,82	+ 5,26	+ 3	191,65	164,11	+ 2,51	+ 2
1936-37	208,00	194,35	+ 25,53	+ 15	201,68	175,98	+ 11,87	+ 7
1937-38	214,03	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
1941-42	421,06	410,66	+ 152,40	+ 59	320,63	308,46	+ 66,84	+ 28

Foot Note.—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 Government Treasuries as well as by the public, but exclude the holdings of the Banking Department of the Reserve Bank.

STATEMENT XXII.

ABSORPTION OF SMALL COIN.

(Reference paragraph 62.)

					(In thousands of Rupees)					
					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	10,88	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	— 9,55	3,55	6,34	14,80	17,54
1939-40	..	..	..	..	59,87	38,97	48,07	51,25	21,08	2,19,04
1940-41	..	..	..	..	1,52,76	1,02,27	71,56	70,14	23,27	4,26,00
1941-42	..	..	..	..	1,56,83	1,26,47	87,91	99,25	29,31	4,99,77

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

STATEMENT XXIII.

SEASONAL ABSORPTION & RETURN OF NOTES & RUPEE COIN.

Period	Absorption (+)			Return (-)		
				(In lakhs of Rupees)		
	Notes	Rupees	Total.	Notes	Rupees	Total.
1st February 1920 to 31st August 1920 ..	..	..	..	-35,68	-14,67	-50,35
1st September 1920 to 31st March 1921 ..	+20,15	-10,26	+ 9,89	..	..	..
1st April 1921 to 31st July 1921 ..	..	..	..	- 3,48	- 8,47	-11,95
1st August 1921 to 31st December 1921 ..	+18,19	+ 71	+18,90	..	..	..
1st January 1922 to 31st August 1922 ..	..	..	..	-21,60	-13,91	-35,51
1st September 1922 to 31st December 1922 ..	+22,15	+ 1,24	+23,39	..	..	..
1st January 1923 to 31st August 1923 ..	..	..	..	-21,82	- 8,12	-29,94
1st September 1923 to 29th February 1924 ..	+32,15	+14,87	+47,02	..	..	..
1st March 1924 to 31st July 1924 ..	..	..	..	-26,09	- 1,82	27,91
1st August 1924 to 28th February 1925 ..	+21,37	+ 6,41	+27,78	..	..	..
1st March 1925 to 31st July 1925 ..	..	..	..	-28,00	- 8,69	-36,69
1st August 1925 to 31st December 1925 ..	+39,13	+ 1,41	+40,54	..	..	..
1st January 1926 to 31st August 1926 ..	..	..	..	-35,40	-16,53	-51,93
1st September 1926 to 28th February 1927 ..	+24,05	- 3,24	+20,81	..	..	..
1st March 1927 to 31st July 1927 ..	..	..	..	-19,86	- 9,11	-28,97
1st September 1927 to 31st December 1927 ..	+28,29	+ 1,97	+30,26	..	..	..
1st January 1928 to 31st August 1928 ..	..	..	..	-16,43	- 4,41	-20,84
1st September 1928 to 31st December 1928 ..	+24,13	+ 4,13	+28,26	..	..	..
1st January 1929 to 30th September 1929 ..	..	..	..	-25,63	-17,46	-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	-18,09	-37,48
1st September 1931 to 29th February 1932 ..	+34,69	+15,72	+50,41	..	..	..
1st March 1932 to 31st July 1932 ..	..	..	..	-24,82	- 4,19	-29,01
1st August 1932 to 31st December 1932 ..	+12,27	- 37	+11,90	..	..	..
1st January 1933 to 31st August 1933 ..	..	..	..	- 6,88	- 4,82	-11,70
1st September 1933 to 28th February 1934 ..	+14,18	+ 2,47	+16,65	..	..	..
1st March 1934 to 31st August 1934 ..	..	..	..	- 8,77	- 4,58	-13,35
1st September 1934 to 28th February 1935 ..	+11,37	+ 1,67	+13,04	..	..	..
1st March 1935 to 31st August 1935 ..	..	..	..	-15,06	- 7,19	-22,25
1st September 1935 to 30th April 1936 ..	+16,21	- 2,18	+14,03	..	..	..
1st May 1936 to 31st July 1936 ..	..	..	..	-10,07	- 7,37	-17,44
1st August 1936 to 31st March 1937 ..	+33,73	+ 4,58	+38,31	..	..	..
1st April 1937 to 31st August 1937 ..	..	..	..	-16,55	- 4,24	-20,79
1st September 1937 to 28th February 1938 ..	+ 8,09	- 2,01	+ 6,08	..	..	..
1st March 1938 to 31st August 1938 ..	..	..	..	-14,55	-10,69	-25,24
1st September 1938 to 28th February 1939 ..	+19,87	- 91	+18,96	..	..	..
1st March 1939 to 31st August 1939 ..	..	..	..	-12,32	-10,72	-23,04
1st September 1939 to 30th June 1940 ..	+68,05	+44,02	112,07	..	..	..
1st July 1940 to 30th September 1940 ..	..	..	..	-17,76	-10,83	- 6,93
1st October 1940 to 30th June 1941 ..	+47,71	- 3,95	+43,79	..	..	..
1st July 1941 to 31st July 1941 ..	..	..	..	- 3,92	- 1,08	- 5,00
1st August 1941 to 31st March 1942 ..	+137,05	+10,12	+147,17	..	..	..
TOTAL ..	+652,70	+81,07	+734,67	-407,63	-182,23	-589,86

STATEMENT XXIV.

ANNUAL ABSORPTION OF CURRENCY SINCE 1914-15.

(Reference paragraph 64.)

	(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
1914-15	— 6,01	— 6,70	— 21	— 12,92
1915-16	+ 9,23	+ 10,40	+ 36	+ 19,99
1916-17	+ 13,89	+ 33,81	+ 97	+ 48,67
1917-18	+ 17,22	+ 27,86	+ 99	+ 46,07
1918-19	+ 49,23	+ 45,02	+ 2,90	+ 97,20
1919-20	+ 20,20	+ 20,09	+ 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	+ 39	+ 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	+ 13,54	— 30	+ 64	+ 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	+ 85	— 13,90
1938-39	+ 2,98	— 12,60	+ 18	— 9,44
1939-40	+ 49,45	+ 10,08	+ 2,19	+ 61,72
1940-41	+ 19,11	+ 33,23*	+ 4,26	+ 56,60
1941-42	+ 1,52,40	+ 7,18*	+ 5,00	+ 1,61,58
Total for 23 years 1919-20 to 1941-42 ..	+ 2,76,48	— 80,01	+ 18,28	+ 2,14,75
Annual average for 23 years 1919-20 to 1941-42 +	12,02	— 3,48	+ 79	+ 9,33

* Including Government of India one rupee notes from July 1940.

STATEMENT XXV.
MONTHLY ABSORPTION OF CURRENCY.
(Reference paragraph 64.)

(In lakhs of Rupees)

1940-41				Month	1941-42			
Notes	Rupee Coin†	Small Coin*	Total		Notes	Rupee Coin†	Small Coin*	Total
+ 1,06	+ 2,56	+ 29	+ 3,91	April	+ 9,46	— 1,35	+ 49	+ 8,60
+ 8,92	+ 6,81	+ 46	+16,19	May	+ 5,85	— 17	+ 47	+ 6,15
— 1,59	+15,12	+ 46	+13,99	June	+ 3,96	— 34	+ 24	+ 3,86
— 9,02	+ 5,18	+ 42	— 3,42	July	— 3,92	— 1,08	+ 15	— 4,85
— 6,43	+ 3,62	+ 25	— 2,56	August	+ 3,58	— 84	+ 20	+ 2,94
— 2,31	+ 2,03	+ 20	— 8	September	+ 9,53	— 72	+ 35	+ 9,16
— 51	+ 1,00	+ 39	+ 88	October	+ 7,33	+ 37	+ 35	+ 8,05
+ 48	+ 83	+ 22	+ 1,53	November	+13,97	+ 1,24	+ 40	+15,61
+12,10	+ 1,13	+ 46	+13,69	December	+28,18	+ 3,42	+ 60	+32,20
+ 3,80	— 1,36	+ 47	+ 2,91	January	+20,81	+ 2,54	+ 58	+23,93
+ 4,43	— 1,41	+ 35	+ 3,37	February	+23,27	+ 2,16	+ 64‡	+26,07
+ 8,18	— 2,28	+ 31	+ 6,21	March	+30,38	+ 1,95	+ 59‡	+32,92
+ 19,11	+ 33,23	+ 4,28	+ 56,62	Total	+ 1,52,40	+ 7,18	+ 5,06	+ 1,64,64

† Including Government of India one rupee notes from July 1940.

* Including half pice and pie pieces.

‡ Excluding Burma.

STATEMENT XXVI.
CIRCULATION OF NOTES BY DENOMINATIONS.

(Reference paragraph 68.)

	NOTES IN CIRCULATION (IN LAKHS OF RUPEES)									PERCENTAGE OF GROSS CIRCULATION, ALL NOTES EXCEPT 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	2,64	9,17	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0
1921 ..	9,52	51	14,05	52,67	3	3,84	47,22	2,53	17,81	6.4	.4	9.5	35.5	..	2.6	31.9	1.7	12.0
1922 ..	9,03	27	15,84	57,51	3	4,05	54,28	2,05	14,68	6.2	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923 ..	10,88	13	16,27	56,71	2	3,76	59,43	1,74	14,41	6.7	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924 ..	11,39	7	15,90	57,18	2	3,12	69,41	1,62	12,87	6.6	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925 ..	4,15	4	15,83	68,57	2	2,81	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 ..	30	1	18,01	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	12,94	.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	1,26	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	62,91	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	17,64	.1	..	18.3	40.6	..	.2	33.4	.1	7.3

STATEMENT XXVII.

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS.

(Reference paragraph 73.)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,870	2,18,98,181	10,98,38,073	31,16,70,924
" 1840, 2nd	30,85,53,060	5,50,49,201	31,29,58,076	76,65,60,937
" 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
" 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
" 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
" 1876	1,20,01,264	.....	2,89,49,037	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	9,66,85,033
" 1879	1,59,28,325	.....	7,27,99,904	8,87,28,229
" 1880	1,83,99,894	.....	5,37,85,624	7,21,85,518
" 1881	24,35,719	.....	31,61,858	55,97,577
" 1882	1,50,90,289	.....	5,63,97,278	7,14,87,567
" 1883	51,23,372	.....	1,80,22,789	2,31,46,161
" 1884	1,16,41,757	.....	3,68,46,370	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	.....	6,05,90,000	(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	.....	7,64,13,718	(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) Including Rs. 5,90,000 coined for the Bikaner State.

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

(c) Including 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 XXVII—(continued.)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS.

			Coined in Calcutta Rs.	Coined in Madras Rs.	Coined in Bombay Rs.	Total Coined 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
" "	1900	.. ..	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	.....	10,96,273	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
" "	1941	" "	.....	.....	(o) 24,11,00,001	24,11,00,001
	Total	..	270,20,56,128	10,76,07,305	394,04,34,527	675,00,97,960

(j) Including Rs. 3,90,310 coined for Indian States and Rs. 167,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 135,00,000) coined from Silver in Gold Standard Reserve.

(k) " Rs. 94,766 coined for Indian States and Rs. 433,00,000 (Calcutta Rs. 168,00,000 and Bombay Rs. 265,00,000) coined from Silver in Gold Standard Reserve.

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

(m) " " 16,56,260 " " "

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

(o) Quaternary Rupees.

STATEMENT XXVIII.

INDIAN MONEY RATES PER CENT. 1941-42.

(Reference paragraph 78.)

1st of	Bank Rate*	Imperial Bank of India Hundi Rate**	Call Money Rate		Bazar Bill Rate †		Average Monthly Treasury Bill Rate	Deposit Rates ††		
			Calcutta	Bombay	Calcutta (Range)	Bombay		3 Months	6 Months	12 Months
April 1941	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	0 12 11	1	1 $\frac{1}{2}$	1 $\frac{3}{4}$
May	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	0 12 7	1	1 $\frac{1}{2}$	1 $\frac{3}{4}$
June	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	0 13 1	1	1 $\frac{1}{2}$	1 $\frac{3}{4}$
July	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5 $\frac{1}{2}$	0 13 7	$\frac{3}{4}$	1 $\frac{1}{2}$	1 $\frac{3}{4}$
August	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	4 $\frac{1}{2}$	0 8 5	$\frac{1}{2}$	1	1 $\frac{3}{4}$
September	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	4 $\frac{1}{2}$	0 8 10	$\frac{1}{2}$	1	1 $\frac{3}{4}$
October	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	4 $\frac{1}{2}$	0 10 3	$\frac{3}{4}$	1 to 1 $\frac{1}{2}$	1 $\frac{3}{4}$
November	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5 $\frac{1}{2}$	0 12 1	$\frac{3}{4}$	1 to 1 $\frac{1}{2}$	1 $\frac{3}{4}$
December	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5 $\frac{1}{2}$	0 15 1	$\frac{3}{4}$	1 to 1 $\frac{1}{2}$	1 $\frac{3}{4}$
January 1942	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6 $\frac{1}{2}$	0 15 6	1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 2
February	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6 $\frac{1}{2}$	0 15 9	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$	1 $\frac{3}{4}$
March	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6 $\frac{1}{2}$	1 2 0	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$	1 $\frac{3}{4}$ to 2

* 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 rate at which the Imperial Bank discounts first class 3 months' commercial bills.

† Rates at which the bills of small traders are reported to have been discounted by shroffs. These are unofficial quotations.

†† As quoted by the larger banks in Bombay.

STATEMENT XXIX.

RESERVE BANK OF INDIA- ISSUE DEPARTMENT.

(Reference paragraph 79.)

	LIABILITIES			ASSETS				(In lakhs of Rupees)	
	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 of Friday figures									
1935-36	27,54	1,64,11	1,91,65	44,42	62,13	55,52	29,58	1,91,65	55.60
1936-37	25,70	1,75,98	2,01,68	44,42	69,63	64,01	23,62	2,01,68	56.55
1937-38	25,64 (1)	1,86,14 (4,03)	2,11,78 (4,04)	44,42	79,90	60,24	27,22	2,11,78	58.70
1938-39	28,22 (. .)	1,82,36 (7,97)	2,10,58 (7,97)	44,42	66,88	67,10	32,18	2,10,58	52.85
1939-40	18,89 (8)	2,08,86 (11,07)	2,27,75 (11,15)	44,42	78,32	67,59	37,42	2,27,75	63.89
1940-41	17,15 (20)	2,41,62 (13,42)	2,58,77 (13,62)	44,42	1,29,97	35,81	48,57	2,58,77	67.39
1941-42	12,17 (23)	3,08,46 (20,25)	3,20,63 (20,48)	44,42	1,65,44	35,21	75,56	3,20,63	65.45
1941-42.									
Last Friday of									
April 1941 ..	13,48 (23)	2,67,12 (17,85)	2,80,60 (18,08)	44,42	1,08,80	36,06	91,32	2,80,60	54.60
May ..	12,79 (22)	2,72,97 (17,79)	2,85,76 (18,01)	44,42	1,13,80	36,23	91,31	2,85,76	55.37
June ..	14,17 (24)	2,76,93 (18,13)	2,91,10 (18,37)	44,42	1,18,80	36,57	91,31	2,91,10	56.07
July ..	19,17 (32)	2,73,01 (18,63)	2,92,18 (18,95)	44,42	1,21,65	37,65	88,40	2,92,18	56.84
August ..	16,44 (27)	2,76,59 (18,50)	2,93,03 (18,77)	44,42	1,31,63	38,49	78,49	2,93,03	60.08
September ..	10,64 (21)	2,86,12 (18,48)	2,96,76 (18,69)	44,42	1,36,03	39,21	76,50	2,96,76	61.01
October ..	13,94 (24)	2,93,45 (19,36)	3,07,39 (19,60)	44,42	1,55,67	38,84	68,46	3,07,39	65.09
November ..	11,72 (22)	3,07,42 (19,66)	3,19,14 (19,88)	44,42	1,80,65	37,60	56,47	3,19,14	70.52
December ..	12,12 (23)	3,35,60 (21,08)	3,47,72 (21,31)	44,42	2,27,62	34,18	41,50	3,47,72	78.24
January 1942 ..	9,77 (39)	3,56,41 (23,22)	3,66,18 (23,61)	44,42	2,48,62	31,64	41,50	3,66,18	80.03
February ..	9,34 (4)	3,79,68 (25,15)	3,89,02 (25,19)	44,42	2,73,02	29,48	41,50	3,89,02	81.75
March ..	10,99 (1)	4,10,07 (28,33)	4,21,06 (28,34)	44,42	2,12,85	27,53	1,36,26	4,21,06	61.10

Note :—Burma Figures shown in brackets below totals.

* Including Government of India one rupee notes from July 1940.

STATEMENT XXX.

NOTES IN CIRCULATION.

(Reference paragraph 79.)

(In lakhs of Rupees)

Last Friday of	Total Notes issued	1936-37			1937-38			1938-39		
		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	196,28	24,59	170,69	207,81	15,15	192,66	214,68	31,80	182,88	
May	196,71	30,78	165,93	207,21	16,93	190,28	215,46	35,23	180,23	
June	190,45	35,32	155,13	208,41	22,46	185,95	215,72	40,33	175,39	
July	201,62	41,00	160,62	211,50	32,81	178,75	213,33	41,80	171,53	
August	202,55	40,39	162,16	213,24	35,44	177,80	215,12	43,78	171,34	
September	203,22	38,76	164,46	213,85	34,08	179,77	212,53	36,86	175,67	
October	203,30	32,25	171,05	214,51	32,84	181,67	209,82	32,67	177,15	
November	202,27	27,44	174,83	214,90	34,98	179,92	210,34	31,43	178,91	
December	199,15	9,30	189,85	214,70	29,33	185,37	206,43	18,43	188,00	
January	204,20	11,64	192,56	213,54	30,26	183,28	203,24	14,33	188,91	
February	208,29	14,36	193,93	213,77	27,88	185,89	205,96	14,75	191,21	
March	208,00	13,65	194,35	214,04	27,92	186,12	207,23	18,13	189,10	
		1939-40			1940-41			1941-42		
April	207,22	18,50	188,72	252,66	13,04	239,62	280,60	13,48	267,12	
May	207,44	19,64	187,80	257,03	8,50	248,53	285,76	12,79	272,97	
June	210,78	26,15	184,63	255,96	9,02	246,94	291,10	14,17	276,93	
July	214,30	35,88	178,42	263,79	25,87	237,92	292,18	19,17	273,01	
August	216,78	37,89	178,89	260,17	28,68	231,49	293,03	16,44	276,59	
September	221,43	18,52	202,91	258,15	28,97	229,18	296,76	10,64	286,12	
October	228,80	18,50	210,30	257,16	28,49	228,67	307,39	13,94	293,45	
November	233,75	13,64	220,11	256,33	27,18	229,15	319,14	11,72	307,42	
December	254,48	18,56	235,92	255,19	13,94	241,25	347,72	12,12	335,60	
January	251,12	13,28	237,84	260,54	15,49	245,05	366,18	9,77	356,41	
February	254,56	15,01	239,55	266,96	17,49	249,47	389,02	9,34	379,68	
March	252,21	13,60	238,55	269,25	11,59	257,66	421,06	10,99	410,07	

STATEMENT XXXI.
RESERVE BANK OF INDIA—BANKING DEPARTMENT.
(Reference paragraph 80.)

				DEPOSITS			(In lakhs of Rupees.)								
Annual Average of Friday figures				Governments	Banks	Others	Total	Other Liabilities	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	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	24,80	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
1941-42	..	..	..	17,51	37,75	3,87	59,13	4,41	12,31	45,94	4,22	4	27	8,97	1,79
28 1941-42.															
Last Friday of															
April	..	..	..	14,00	28,41	6,28	48,69	4,87	13,59	28,73	11,00	5	95	7,85	1,39
May	..	..	..	20,10	29,54	3,60	53,24	5,00	12,92	40,30	5,50	..	..	7,87	1,65
June	..	..	..	12,30	30,35	3,06	45,71	5,64	14,30	37,06	15	..	..	8,44	1,40
July	..	..	..	26,60	30,60	3,36	60,56	1,51	19,30	43,18	10	..	30	8,00	1,19
August	..	..	..	14,07	45,17	5,11	64,35	1,40	10,57	45,14	5,01	..	44	7,63	1,05
September	..	..	..	15,77	49,15	2,92	67,84	1,52	10,80	52,55	5,51	..	45	8,98	1,07
October	..	..	..	31,61	50,81	4,42	86,84	2,47	14,09	75,41	..	..	19	8,44	1,18
November	..	..	..	17,08	47,31	4,30	68,69	2,53	11,89	59,83	..	..	7	8,16	1,27
December	..	..	..	17,01	33,05	4,28	56,14	4,33	12,30	47,15	..	39	..	8,83	1,80
January	..	..	..	29,46	40,06	2,07	71,59	6,21	9,97	54,77	7,57	13	..	13,37	1,99
February	..	..	..	15,05	41,12	3,01	59,18	8,59	9,50	33,03	20,40	3	15	9,96	4,70
March	..	..	..	19,44	42,03	2,25	63,72	7,90	11,13	33,29	17,50	1	39	12,18	5,12

STATEMENT XXXII.

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA.

(Reference paragraph 81.)

		I=India. B=Burma.		(In lakhs of Rupees)						
Average of Friday figures	Demand Liabilities	Time Liabilities	Cash	Balances with Reserve Bank	Excess of (d) over the statutory minimum	% of (c+d) to (a+b)	Advances	Bills Dis-counted	% of (f+g) to (a+b)	
										(a)	(b)	(c)	(d)	(e)	(f)	(g)
1939-40	.. I	1,32,57	1,01,02	6,71	{ 17,49	{ 8,39	{ 10.00	1,21,26	4,97	{ 53.31
	B	7,00	4,08	35				4,40	28	
1940-41	.. I	1,55,75	1,01,20	7,96	{ 36,40	{ 26,10	{ 16.66	1,17,83	3,71	{ 46.93
	B	8,11	3,75	42				4,45	15	
1941-42	.. I	2,02,00	1,04,00	9,28	36,22	24,05	14.87	1,16,03	4,85	39.50
1941-42	.. I	1,72,75	1,01,20	8,42	26,48	15,82	12.74	1,23,08	6,62	47.34
April	B	9,79	3,91	60				6,84	12	
May	.. I	1,75,72	1,02,26	8,38	26,21	15,38	12.44	1,25,23	6,34	47.33
	B	10,07	4,01	58				6,34	11	
June	.. I	1,82,20	1,02,87	9,17	27,99	16,82	13.04	1,23,42	5,51	45.23
	B	10,80	4,06	62				5,00	7	
July	.. I	1,86,35	1,04,11	8,57	29,09	17,69	12.97	1,20,68	4,95	43.25
	B	10,60	4,16	59				5,89	6	
August	.. I	1,95,30	1,03,72	8,59	36,15	24,31	14.96	1,15,38	4,37	40.04
	B	10,83	4,37	81				5,14	8	
September	.. I	2,04,55	1,02,70	8,81	46,21	33,93	17.90	1,10,97	3,83	37.35
	B	11,49	4,64	79				4,21	5	
October	.. I	2,11,96	1,04,29	9,69	47,39	34,71	13.05	1,07,60	3,41	35.10
	B	12,03	4,38	78				3,80	5	
November	.. I	2,20,75	1,07,78	9,56	46,35	33,17	17.02	1,04,42	4,34	33.11
	B	13,24	4,46	78				3,86	10	
December	.. I	2,16,72	1,08,32	9,92	34,97	21,97	13.81	1,13,60	5,83	36.74
	B	12,89	4,43	81				3,43	12	
January	.. I	2,17,02	1,06,78	10,06	35,00	22,01	13.92	1,18,24	5,58	38.24
	B	10,99	4,01	67				3,53	11	
February	.. I	2,18,85	1,03,48	10,09	38,78	25,77	15.15	1,15,61	4,35	37.22
March	.. I	2,21,78	1,00,38	10,08	40,03	26,93	15.55	1,14,16	3,06	36.39

STATEMENT XXXIII.

CLEARING HOUSE STATISTICS SINCE 1918-19.

(Reference paragraph 82.)

		(In lakhs of Rupees)								
		Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	TOTAL
1918-19	..	7,41,13	5,89,46	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	..	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	29,76,54
1921-22	..	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	20,24,90
1922-23	..	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	20,60,08
1923-24	..	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	18,03,01
1924-25	..	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	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	3,80,80	59,79	30,82	1,25,57	7,00	7,59	..	16,74,59
1928-29	..	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	19,81,10
1929-30	..	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	19,99,74
1930-31	..	8,60,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	17,30,65
1931-32	..	7,31,09	6,23,62	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	..	16,18,51
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	15,01	19,31,66
1937-38	..	9,66,03	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
1941-42	..	12,33,61	10,48,60	1,36,41	58,80	1,09,15*	29,59	26,71	41,35	26,84,22

* Figures from December 1941 not available.

STATEMENT XXXIV.

NUMBER AND AMOUNT OF CHEQUES CLEARED AT EACH CENTRE DURING 1941-42.

(Reference paragraph 82.)

Centro	1941										(Amount in lakhs of Rupees) 1942			Total
	April	May	June	July	August	September	October	November	December	January	February	March		
BOMBAY—														
Number ..	4,98,086	5,05,592	4,92,532	5,49,545	4,83,962	5,20,483	5,67,916	5,48,332	5,65,245	5,72,764	5,11,322	5,37,139	63,52,908	
Amount ..	80.43	78.75	80.49	83.71	80.76	80.45	87.88	83.48	1,00.67	99.78	89.18	1,03.02	10,48.60	
CALCUTTA—														
Number ..	5,38,448	5,42,966	5,28,394	6,14,216	5,58,312	5,04,086	5,58,858	5,96,561	5,57,258	5,63,768	4,71,260	4,45,448	65,39,575	
Amount ..	84.27	90.92	91.97	1,01.24	1,02.60	1,06.70	1,03.18	1,26.18	1,15.29	1,15.60	99.06	91.60	12,33.61	
CAWNPORE—														
Number ..	17,372	17,268	17,171	17,496	15,393	17,656	19,374	18,580	19,485	20,213	16,917	19,377	2,16,302	
Amount ..	1.39	2.09	1.95	2.16	2.33	2.14	2.45	2.47	2.64	3.30	3.18	3.49	29.59	
DELHI —														
Number ..	57,426	53,699	48,519	56,953	59,445	49,845	60,723	53,078	63,916	64,595	60,699	64,568	6,98,466	
Amount ..	2.91	2.75	2.59	2.98	3.01	2.73	3.56	3.51	4.28	4.17	3.91	4.95	41.35	
KARACHI—														
Number ..	49,618	50,575	46,500	51,766	48,973	49,617	51,933	50,813	42,083	51,445	47,637	48,992	5,90,002	
Amount ..	4.73	4.15	4.10	4.99	4.59	4.67	5.04	4.91	5.60	5.80	5.39	4.83	58.56	
LAHORE—														
Number ..	35,818	35,617	31,943	37,430	33,668	31,756	40,125	37,149	37,259	41,225	36,934	43,541	4,42,465	
Amount ..	1.87	1.85	2.73	2.12	1.82	1.82	2.30	1.97	2.29	2.89	2.26	2.79	26.71	
MADRAS—														
Number ..	1,34,625	1,23,403	1,13,484	1,36,077	1,30,670	1,28,022	1,33,909	1,24,578	1,22,810	1,26,330	1,11,458	1,10,718	14,96,084	
Amount ..	11.44	10.68	10.42	11.54	10.74	11.54	11.41	11.52	12.83	13.18	10.19	10.92	1,36.41	
*RANGOON—														
Number ..	87,956	83,677	80,280	83,862	78,090	81,631	87,047	85,380	..	..	..	..	6,67,923
Amount ..	14.75	14.16	14.38	13.73	12.70	11.81	12.65	14.97	..	..	..	..	1,09.15
TOTAL—														
Number ..	14,19,349	14,12,797	13,58,823	15,47,345	14,08,513	14,43,096	15,19,935	15,19,471	14,08,056	14,40,330	12,56,227	12,69,783	1,70,03,725	
Amount ..	2,01.79	2,05.35	2,08.63	2,22.47	2,18.55	2,21.86	2,33.47	2,49.01	2,43.60	2,44.72	2,13.17	2,21.60	26,84.22	

* Figures from December 1941 not available.

STATEMENT XXXV A.

REMITTANCES THROUGH THE RESERVE BANK OF INDIA.

Telegraphic Transfers issued and paid.

(Reference paragraph 83.)

(In lakhs of Rupees)

Centre	1939-40				1940-41				1941-42			
	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 ..	50,31	50,10	51,81	44,40	33,57	68,38	35,97	41,60	33,29	71,20	46,65	63,91
Calcutta ..	62,83	62,37	75,64	53,92	80,14	47,64	57,61	36,10	56,48	52,12	1,01,02	48,58
Cawnpore ..	6,63	3,46	1,49	10,40	4,78	8,12	2,31	4,26	6,23	8,65	4,35	12,23
Delhi ..	5,28	3,65	5,13	2,83	8,36	2,58	7,12	1,42	9,27	2,24	8,70	3,58
Karachi ..	7,30	8,60	8,46	8,89	7,42	7,52	5,76	8,21	6,64	7,82	7,16	11,41
Lahore ..	9,53	8,06	6,35	13,44	9,81	13,61	6,14	12,16	8,87	8,62	7,01	22,46
Madras ..	10,22	12,33	11,64	19,68	16,80	16,82	6,67	12,20	11,62	16,49	7,52	21,46
Rangoon ..	6,74	9,84	5,31	14,16	7,92	8,76	8,21	11,83	13,36	15,37	6,56	5,66
Total ..	1,52,84	1,52,59	1,66,32	1,67,21	1,62,53	1,62,33	1,31,04	1,27,96	1,86,60	1,82,67	1,69,52	1,89,21

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STATEMENT XXXV B.

REMITTANCES THROUGH THE IMPERIAL BANK OF INDIA.

Demand Drafts Purchased.

(Reference paragraph 83.)

(In Rupees)

	By Bengal Circle Offices		By Bombay Circle Offices		By Madras Circle Offices		Total	
	1940-41	1941-42	1940-41	1941-42	1940-41	1941-42	1940-41	1941-42
	Sent to offices in the Bengal Circle	52,45,26,400	61,57,81,600	8,11,92,000	10,54,78,900	1,90,97,000	2,35,30,200	62,53,95,400	74,17,96,700
Sent to offices in the Bombay Circle	16,55,65,000	17,35,39,600	30,66,66,500	42,72,86,200	4,91,72,500	5,71,88,900	52,14,64,000	65,79,61,700
Sent to offices in the Madras Circle	2,67,40,500	2,43,15,400	3,15,70,600	3,70,25,700	14,32,32,200	17,54,02,400	10,55,43,300	23,73,42,500
Total ..	71,68,11,900	81,42,36,600	41,84,29,100	52,97,90,800	21,21,61,700	25,59,71,500	134,23,42,700	163,70,99,900

STATEMENT XXXVI.

Remittances effected by the Reserve Bank of India, Imperial Bank of India and Treasury Agencies during the three half-years ended 31-3-41, 30-9-41 and 31-3-42.

(Reference paragraph 83.)

(In lakhs of Rupees)

	HALF-YEAR ENDED 31-3-41				HALF-YEAR ENDED 30-9-41*				HALF-YEAR ENDED 31-3-42*			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	amount	No.	amount	No.	amount	No.	amount	No.	amount	No.	amount
The General Public	17,855	39,76	2,95,732	40,52	15,115	24,81	2,80,362	32,18	15,874	29,39	2,94,299	39,67
Scheduled Banks :												
At par	5,938	130,48	1,067	7,15	6,136	133,13	2,278	8,50	5,875	132,72	2,013	9,13
At premium	3,015	10,36	5,351	3,00	2,474	7,21	10,432	4,60	3,500	14,49	11,405	5,75
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3c of the Remittance Facilities Scheme) ..	498	1,20	2,363	98	396	62	3,013	1,41	376	84	3,281	1,69
Co-operative Banks and Societies :												
At par	—	—	—	—	2	3	158	16	25	37	189	25
At premium	161	36	8,210	4,84	59	18	10,519	5,67	106	43	9,703	5,51
Local Funds at a premium (under para. 3E(1) (f) of the Remittance Facilities Scheme)	22	—	2,265	18	1	—	2,616	16	3	1	2,963	17
Other remittances at par	—	—	—	—	1,226	6,10	84,803	20,85	1,369	8,25	92,206	22,54
Government :												
Intra-Provincial at par	—	—	66,510	4,76	—	—	72,252	5,11	—	—	84,034	6,36
Extra-Provincial at premium ..	—	—	12,357	90	—	—	8,872	71	—	—	13,990	1,06
Total	27,489	191,16	3,94,735	71,36	25,403	172,08	4,75,305	79,35	27,194	186,50	5,14,773	92,13

* Excluding Burma.

STATEMENT XXXVII.

ENCASHMENT OF FOREIGN CIRCLE NOTES DURING 1941-42. (Reference paragraph 84.)

(In Rupees)

	Bombay	Calcutta	Cawnpore	Karachi	Lahore	Madras	Rangoon	Total
Bombay .. .. .	....	82,61,970	84,45,900	31,32,250	1,00,31,950	65,56,520	43,500	3,56,02,000
Calcutta	1,51,52,700	....	1,90,87,750	11,69,250	1,30,04,550	11,39,500	28,150	4,05,81,900
Cawnpore	59,69,350	55,45,910	....	6,97,000	93,22,050	1,19,500	1,300	1,89,55,610
Karachi	23,86,140	5,94,750	6,53,000	....	75,49,850	81,550	900	1,20,66,190
Lahore	1,90,29,650	49,96,020	69,64,870	31,22,500	....	2,58,050	6,350	2,53,67,440
Madras	1,27,28,970	58,09,350	14,69,350	5,97,000	22,48,700	....	5,000	2,28,58,870
Rangoon	4,68,220	6,96,650	2,32,000	41,650	3,23,000	2,93,750	....	19,99,180
Total	4,71,75,130	2,58,94,650	2,79,52,870	87,63,260	4,01,11,090	84,51,870	85,500	15,84,31,280

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