

## 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

1942-43

BOMBAY :  
THE TIMES OF INDIA PRESS  
1943

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## INTRODUCTORY

*General Features of the Year.*—The year 1942-43 witnessed for the most part an intensification of the tendencies already in evidence during previous years, of a growing strain on the economic apparatus of the world with further diversion of resources of manpower, materials and machinery to meet the mounting demands of a total and global war. With the limits of productive capacity already reached or within sight, the increasing pressure of heavy war expenditures constituted a serious threat to monetary and economic stability in many countries, and the regulation of inflationary forces became a major pre-occupation of Governments. The necessary restriction of private spending has been effected in two ways: indirectly, from the money side, through fiscal and financial measures, and directly, from the goods side, through physical or economic controls. As the additional receipts from higher taxation and voluntary borrowings have diminished, resort has been increasingly had to the expedients of forced loans and compulsory savings in the form of investment of excess profits in Government loans, additions to income and excess profits taxes towards post-war credits refundable after the war, other savings by small earners frozen for the duration of war, deposits with the Treasury of surplus funds accumulated by business concerns as a result of postponed repairs and replacements or reduction of stocks, and occasionally, payment of Government contractors in savings bonds. The technique of short-term borrowing has been refined through the development, in general, of direct contact between the Treasury and lending institutions, while a device extending the scope of short-term borrowing to include investors other than banks has been in use in the shape of the institution of tax-anticipation notes or tax reserve certificates for small as well as large tax-payers. Taxes on unearned capital appreciations have also sometimes been imposed.

During the year, Allied war production continued to mount up and was accompanied by a closer integration of war programmes. A Combined Production and Resources Board and a Combined Food Board were instituted in Washington in June 1942 to effect economy of shipping and joint purchases. Again, to save transportation and currency complications the basis of the Lend-Lease system first introduced in March 1941 was further broadened in July 1942 to include "Lend-Lease in Reverse."

Mindful of the sense of frustration and the financial and economic chaos that followed the last war, the Allied Nations continued to consider plans for post-war social and economic reconstruction on a national as well as international basis. Apart from further enunciations of the broad principles of long-term policy as embodied in the Anglo-Soviet Treaty of May 1942 and the Pacific Relations Conference held in November 1942, several Allied Technical Committees were busy planning provision for immediate post-war relief on a world-wide basis. In March 1943 President Roosevelt announced the holding of six United Nations' Conferences to consider various phases of post-war economic and financial problems. The first of these, *viz.*, the Food Conference composed of representatives of 44 countries met on the 18th May 1943 and recommended the creation of an international agricultural authority to secure collaboration on measures to increase production, distribution and consumption of food. Another of the proposed Conferences will consider post-war problems of currency and exchange stabilisation. Two draft schemes in this connection, *viz.*, the British Treasury plan (Keynes plan) and the United States Treasury plan, have been worked out.

The two plans recommend respectively the institution of an international clearing system and an international stabilisation fund, with a unit of account in gold, but they differ in the emphasis they place on the monetary role of gold, and the degree of monetary sovereignty to be vested by the participating national units in the new authority. Both the plans, however, have a fundamental similarity in their underlying aim, which is the promotion of steady expansion in the flow of international trade and consequent improvement in the standard of life of the participating countries.

2. *Wartime Finances.*—The Statement on the next page gives figures of revenue, total and defence expenditure and public debt from 1938-39 to 1942-43 in respect of the principal belligerent countries including the United Kingdom, the United States, the Dominions, India and Japan.

The figures show the magnitude of the financial effort entailed by the war in the several countries, the extent to which the increased expenditure is covered by corresponding increases in revenue and the rising relative levels of public debt. Between 1938-39 and 1942-43, total expenditure swelled to over nine-fold in the United States, about five-fold in the United Kingdom, seven-fold in Canada, between five and six-fold in Australia and three-fold in Japan, which had already been on a war footing since 1934-35. In the United Kingdom and the United States, defence expenditure in 1942-43 accounted for about 90 per cent. of the total expenditure and for about 75 to 80 per cent. in Canada and Japan. The comparatively low proportion of defence to total expenditure, before the war, in the Dominions and the United States is in striking contrast to the substantial percentage in the United Kingdom and India and partly explains the relatively large increase in their budgets since the war. That the limits of economic mobilisation for war are being reached is also apparent from the slowing down in the rate of increase of the defence expenditures. Interesting variations are revealed from country to country in the proportions of total expenditure met from revenue as also the progressively smaller proportion of total expenditure thus covered from year to year in different countries. Certain broad features of the technique of war finance during the present war, in contrast to the last war, are also revealed. More reliance is placed now on taxation than on borrowing. Thus in Great Britain by 1942 taxation represented 40 per cent. of the total expenditure against 21 per cent. by 1917. Again, with the increase in taxation during the war, the ratio of direct to indirect taxation has generally altered in favour of the former. Despite higher taxation, increased borrowing has everywhere been necessary to meet heavy budgetary deficits and the quality of such borrowing in many countries has improved since the last war, the loans being now derived to a relatively larger extent out of personal savings, particularly small savings, than bank credit. Thus the National Savings Movement in the United Kingdom has brought to the Exchequer £1,750 million as against only £200 million contributed by the small savers during the last war between 1914 and 1917. The insistence on cheap money policy has helped to ease the relative burden of debts on Governmental finances in contrast to the high and rising terms of borrowing during the last war. In Great Britain, the average rate of interest on the increasing debt during 1914-17, excluding floating debt, was 5 per cent., the corresponding rate for the period 1939-42 being only 2½ per cent. The average rate for the floating debt is about 1 per cent. now compared with 4½ per cent. during the last war. In general, the technique of war finance during the present war has been better designed to mop up excess purchasing power with the community and to curb tendencies towards inflation.

Country.	Years	Total Revenue	Defence Expenditure	Total Expenditure	Percentage Increase in £	Percentage of 2 to 4	Public Debt (year-end figures)
	1	2	3	4	5	6	7
United States (In millions of \$)	July-June						
	1938-39	5,165 <sup>a</sup>	1,206	8,707	—	59·3	40,440
	1939-40	5,387 <sup>a</sup>	1,657	8,998	+ 3	59·9	42,968
	1940-41	7,607 <sup>a</sup>	6,301	12,711	+ 41	59·8	48,961
	1941-42	12,799 <sup>a</sup>	26,011	32,397	+ 155	39·5	72,422
	1942-43 (Revised)	20,918 <sup>a</sup>	74,000	80,044	+ 147	26·1	110,000
a. Net revenue.							
United Kingdom (In millions of £)	April-March						
	1938-39	927	400 <sup>b</sup>	1,068	—	86·8	8,163
	1939-40	1,049	1,141 <sup>b</sup>	1,817	+ 70	57·7	8,932
	1940-41	1,408	3,220 <sup>b</sup>	3,884	+ 114	36·3	11,399
	1941-42	2,074	4,085 <sup>b</sup>	4,776	+ 23	43·4	14,070
	1942-43 (Revised)	2,810	4,900 <sup>b</sup>	5,667	+ 19	49·7	—

b. The figures are approximate estimates. 1938-39—Navy, Army, Ordnance and Air votes and Issues out of Defence Loans; 1939-40—Navy, Ordnance and Air votes and Issues out of Defence Loans and vote of credit; 1940-41, 1941-42 and 1942-43 (est.)—votes of credit. The Defence expenditure was entirely met from votes of credit from 1940-41 onwards though small amounts from votes of credit were presumably issued for Civil Services including the self-balancing Post Office Department. In respect of the last, the expenditure met out of votes of credit was £8·7 million in 1940-41, £5 million (est.) in 1941-42 and £6·7 million (est.) in 1942-43.

Canada (In millions of Canadian \$)	April-March						
	1938-39	499	34	574	—	86·9	3,638
	1939-40	535	235	804	+ 40	66·5	3,959
	1940-41	857	1,186 <sup>c</sup>	1,680	+ 109	51·0	4,737
	1941-42	1,462	2,479 <sup>d</sup>	3,027	+ 80	48·3	—
	1942-43 (Budget)	2,050	3,330 <sup>e</sup>	3,900	+ 29	52·6	—

c. Includes \$77·9 million for expansion of industry.

d. Includes \$243·7 million for expansion of industry, and also a revenue of \$36·7 million from the War Supplies Ltd.

e. The 1942-43 estimates are highly tentative. The figures for 'Direct War expenditure' represent the total Departmental Estimates. The 'Gift' to U.K. is as provided in the War Appropriation (U.K. Financing) Act, 1942.

Country	Years	Total Revenue	Defence Expenditure	Total Expenditure	Percentage Increase in £	Percentage of 2 to 4	Public Debt (year-end figures)
		1	2	3	4	5	6
Australia (In millions of Australian £)	July-June						
	1938-39	95	14	99	—	96.0	1,295
	1939-40	112	55	140	+ 41	80.0	1,341
	1940-41	151	170	256	+ 83	59.0	1,426
	1941-42	210	320	421	+ 65	49.9	—
	1942-43 <sup>f</sup> (Budget)	250 <sup>g</sup>	440	550	+ 31	45.5	—

f. The expenditure does not include supplies from the U.S. on Lend-Lease terms but includes a substantial sum for the provision of supplies, services, etc. to U.S. forces in Australia under "Reciprocal Aid."

g. Excludes £27.17 million and £0.6 million to be applied as grants to States for income-tax reimbursement, and entertainment tax reimbursement respectively.

South Africa <sup>†</sup> (In millions of South African £)	April-March						
	1939-40	45.5	3.80	71.3	—	63.8	291
	1940-41	62.9	60.00	128.2	+ 80	49.1	336
	1941-42	79.5	72.00	131.5	+ 3	60.5	381
	1942-43 (Budget)	94.5	96.00	135.9	+ 19	60.6	426

† Including expenditure on Capital Account.

India* (In millions of Rs.)	April-March						
	1938-39	845	462	852	—	99.2	12,058*
	1939-40	946	495	946	+ 11	100.0	12,039*
	1940-41	1,077	736	1,142	+ 21	94.3	12,477*
	1941-42	1,346	1,039	1,473	+ 29	91.4	12,092*
	1942-43 <sup>†</sup> (Revised)	1,788	2,380	3,225	+ 119	55.4	14,053*
1943-44 <sup>†</sup> (Budget)	2,194	1,997	2,764	— 14	79.4	14,390*	

\* The figures of public debt represent the total interest-bearing obligations. † Including expenditure on Capital Account.

Japan <sup>†</sup> (In millions of Yen)	1938-39	1,814	6,097	8,084	—	22.4	17,837
	1939-40	2,247	6,468	8,952	+ 11	25.1	23,481
	1940-41	3,168	6,764	10,034	+ 12	31.6	30,895
	1941-42	3,868	15,730	20,253	+ 102	19.1	41,677
	1942-43	5,767	18,079	24,311	+ 20	23.7	45,333 (June)

† The figures of total revenue represent tax receipts only, while those of expenditure include expenditure on Capital Account.

3. *Currency Circulation and Wholesale Prices.*—The Statement on the next page 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 6a indicates the measure of correspondence or divergence of the relative trends of note circulation, bank deposits and wholesale prices in these countries.

The indices largely reflect the incidence of the operations of public finance which have been briefly noticed in the last paragraph on the monetary circulations and price levels of different countries. The largest increase in note circulation has occurred in Canada where the index rose from 275 in the last quarter of 1941 to 391 in the corresponding quarter of 1942. India, Australia and the United States follow Canada at some distance in the degree of increase of note circulation by the last quarter of 1942, which ranges roughly between 160 to 200 per cent. over the pre-war level. The United Kingdom and South Africa show a comparatively smaller increase, which reflects the relatively greater success of anti-inflationary measures as well as the comparatively moderate magnitude of the burden of war finance in the latter country. Demand deposits have generally shown a smaller rise than note circulation except in the case of the United Kingdom. Wholesale prices have risen most in India, and least in the United States, Canada, Australia and South Africa, where they are generally higher by one-third as compared with the pre-war level. In the United Kingdom, wholesale prices increased appreciably more than note circulation till about the first quarter of 1941, but latterly the rise in them has been restrained relatively to the increase in monetary circulation.

In Canada and the United States as also in other countries to a degree the expansion of currency and credit was accompanied for some time by corresponding increases in production, but a state of full employment of resources has now been more or less attained and the inflationary impact of monetary expansion on the price and economic structure is prevented, with varying degrees of success, by financial and economic controls.

4. *The United States.*—The production index of the Federal Reserve Board which had averaged 123 in 1940 and 156 in 1941 increased to an average of 180 in 1942 and touched 191 in November, which represented a rise since September 1939 of 77 points. The index of durable goods production was up in the same period by over 150 per cent. while factory pay-rolls also showed a rise of nearly 150 per cent. This illustrates the measure of the economic effort of the United States which by 1942 was principally devoted to war. While war costs represented at the highest one-sixth of the current national income, in 1918-19, in 1942 defence expenditure at \$55 million was about 47 per cent. of national income, while it is estimated to rise to two-thirds of a higher national income in 1943. Under the provisions of the Lend-Lease Act, which was renewed for a further period of one year in March 1943, the total expenditure up to the 31st March 1943 amounted to \$11,102 million since the passage of the Act in March 1941 and the Lend-Lease needs for 1943-44 are estimated at \$8,481 million. To meet shortages of skilled man-power and strategic materials the War Production Board announced the suspension, limitation, conversion and regulation of a number of consumers' goods industries including automobiles, construction, metals, etc. The process of industrial concentration was pushed further and gold mines were to cease operations with effect from the 8th October 1942.

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

(July 1939=100)

		1939		1940				1941				1942			1943	
		III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I
INDIA .. ..	N	102	122	132	135	131	129	136	148	152	167	204	246	273	311	360
	D	101	103	105	106	115	125	129	135	149	165	167	185	224	253	273
	P	105	129	125	117	116	121	120	131	150	154	154	169	185	218	258
UNITED KINGDOM..	N	103	105	104	110	119	118	123	130	141	147	157	162	173	187	189*
	D	101	108	110	112	122	136	138	146	156	173	164	166	175	187	189*
	P	102	119	130	136	143	149	152	154	156	158	161	163	163	163†	..
CANADA .. ..	N	110	134	126	142	182	201	208	224	247	275	290	309	342	391	..
	D	104	122	113	119	131	141	149	154	151	172	174	176	207	217	..
	P	103	111	114	113	114	116	117	122	126	129	130	131	132	133	..
S. AFRICA ..	N	103	106	105	112	121	118	120	129	139	147	152	162	183*	197	205
	D	100	104	106	112	120	130	135	146	155	163	168	172*	..	..	..
	P	100	106	111	113	114	117	119	122	126	130	133	136	..	..	..
AUSTRALIA ..	N	103	113	111	121	138	143	140	149	158	175	192	219	241	262	280
	D	100	109	119	118	120	130	138	135	136	149	161	166	170	193	208
	P	100	104	108	112	114	115	111	111	117	119	121	127*	..	..	..
UNITED STATES	N	102	107	108	112	118	127	133	144	156	168	187	200	224	258	277
	D	103	107	110	115	120	127	132	138	140	138	143	146	152*	..	..
	P	102	105	104	104	104	106	108	112	119	120	128	131	132	133*	..

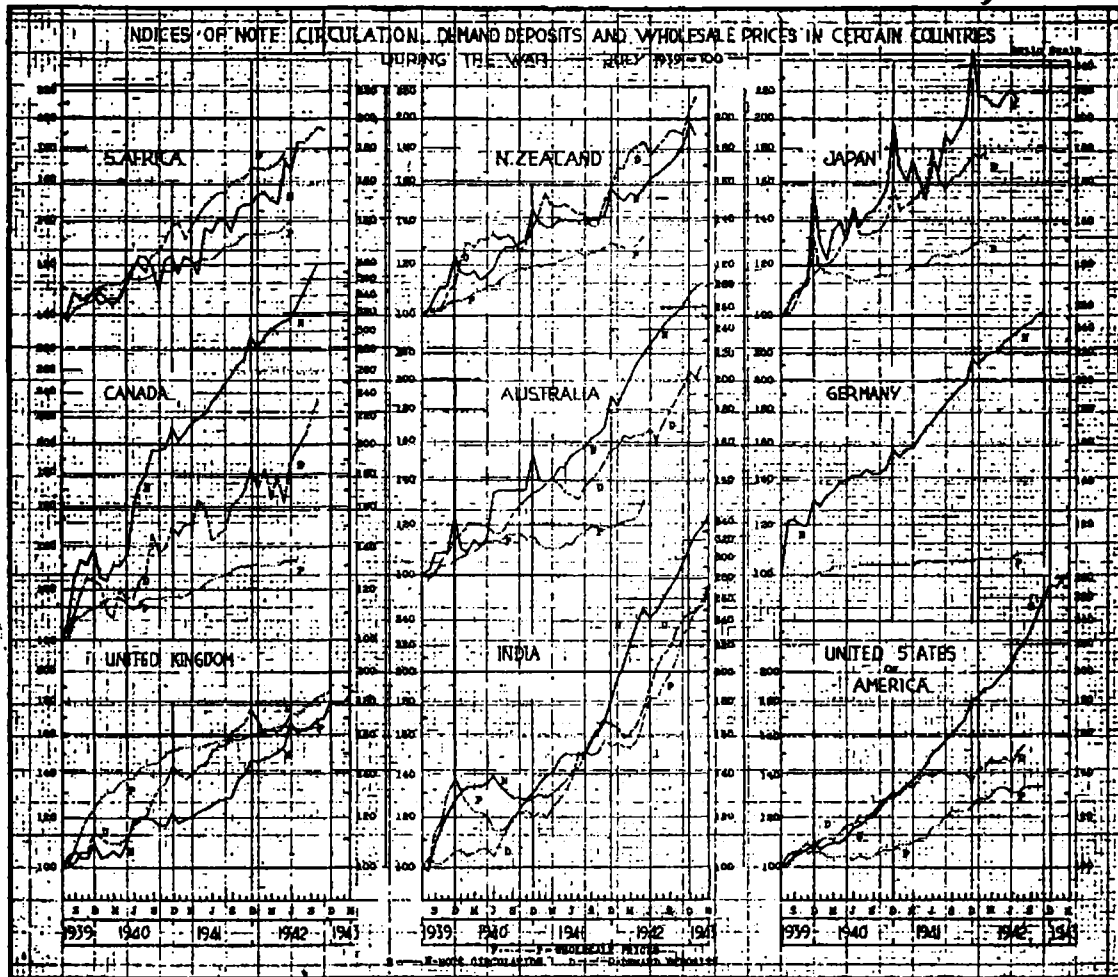
† For the first month of the quarter only.

\* For two months of the quarter only.

N—Note circulation.

D—Demand Deposits.

P—Wholesale Prices.



Pursuant to the Seven Point Anti-inflation Programme as announced on the 27th April 1942, ceilings were fixed for manufacturers', wholesalers' and retail prices and services in May under the General Maximum Price Regulation. This had the effect of temporarily checking the upward trend in prices which was in evidence since the country's entry into the war. In view, however, of the increasing national money income, which for 1942 was placed at the record figure of \$117 billion and the free purchasing power or inflationary gap estimated at \$17 billion and a renewed rise in the price-level, an Anti-inflation Bill was passed on the 2nd October following the President's Labour Day message to the Congress on the 7th September 1942, empowering the President to stabilise prices, wages and salaries at the levels prevailing about the 15th September. The President immediately issued the necessary executive orders for giving effect to the provisions of the Act and appointed a Director of Economic Stabilisation to enforce the stabilisation policy. Also the Revenue Act of 1942 passed on the 21st October provided for additional taxation estimated to yield \$8.6 billion on a full year basis, including a new 5 per cent. Victory Tax on individuals. The question of inflation, however, remains a major problem and the pressure on prices is severe.

5. *The United Kingdom.*—During 1942 the process of mobilisation of Britain's economic resources for war was completed, all available manpower was absorbed in the defence services or war industry, while civilian supplies were cut to a minimum. The output of war materials in 1942 increased by 50 per cent. over 1941. The intensive development of agriculture, besides an extension in the arable area in the country from nearly 13 million acres in 1939 to about 18 million acres in 1942, appreciably reduced the dependence on imports of food. The United Kingdom's war economy is more compact and stabilised than that of the United States as a result of a fuller measure of economic and financial control evolved over a period of more than three years. The controls of production and trade have been working mainly along three lines, *viz.*, (1) complete regulation of overseas trade and shipping, (2) geographical concentration of industries as well as concentration of retail trade and (3) restriction of unessential production. The measure of financial strain on the economy is given by the amount of daily Government expenditure which rose to the prodigious figure of £15 million in March 1943 compared with an average of £12.5 million in 1942 and £5 million only in March 1940. Heavy wartime taxation coupled with nation-wide savings campaigns, extensive rationing and control of prices including stabilisation of cost of living through subsidies have, however, kept inflationary tendencies within bounds. Subsidies towards the stabilisation of cost of living were being given by the end of 1942-43 at the rate of £180 million a year. The standardisation of consumers' goods facilitated price control which was also assisted by additional restrictions on eatables, foodstuffs and clothing, and by rationing of gas, coal, oil, electricity, coke, etc., etc. The Coal Mining Undertaking Control Order came into force on the 11th July and the Minister of Fuel and Power took control of all the pits in Britain. For the first time since the outbreak of war there was a check to the expansion of new capital issues, the total of which fell from £1,509.8 million in 1941 to £1,167.2 million in 1942 of which non-official issues declined from £12.3 to £10.1 million.

Problems of post-war reconstruction and social security continued to engage the attention of official and non-official bodies. Three important official documents were published during the year under review. The Reports of the Scott and Uthwatt Committees issued in August and September respectively dealt with the development



of Britain's countryside and the proper utilisation of land in the rural areas, while Sir William Beveridge's Social Security Plan, published in December, proposed a co-ordinated programme to guarantee freedom from want to every man, woman and child in Britain through a single scheme of state social insurance at an estimated cost rising from £697 million in 1943 to £858 million by 1965. Leading trade and industrial organisations also issued reports on problems of trade and trade policy after the war. The British Premier announced on the 21st March 1943, a Four-Year Reconstruction Plan covering extension of the National Insurance Scheme, National Health Service, liberalisation of education and rehabilitation of agriculture.

6. *Other Empire Countries.*—During 1942 one half of Canada's production was devoted to war purposes, and seventy per cent. of her war output was going to the United Nations, which is a measure of the tremendous strain imposed on Canada's economy by her contribution to the Allied economic war effort. Canadian productive capacity was expected to reach its peak early in 1943. Agricultural production also touched new record levels during 1942, the value of field crops being estimated at \$1,180 million which was \$500 million higher than in 1941. Exports including war supplies were valued at \$2,385 million compared with \$1,641 million in 1941. The Canadian national income rose from a figure of \$4,200 million in 1938 to an estimated annual rate of \$7,900 million in 1942-43. Total public expenditure including expenditure on United Kingdom account, during 1942-43, substantially exceeded the budget estimate and was expected to reach \$4,500 million, with tax revenues at \$2,225 million. The earlier effects of monetary expansion in Canada on prices and costs were cushioned by the increase in production brought about by the absorption of much unemployed labour and resources, and it was only about the end of 1941 that purchasing power began out-running the supply of goods, despite heavy increases in taxation. A sweeping Government regulation of commodities and prices was accordingly adopted in the form of a ceiling over the prices of all goods, rents and a number of important services, while the stabilisation of costs and wages was also closely related to this policy. During 1942, stringent and direct controls over civilian consumption and supplies were elaborated, coupon rationing was extended, and the programme of rationalisation and standardisation of industrial output, designed to reduce costs in order to reduce subsidies, was carried much further. In December 1942, an interesting stage in price control was reached with the announcement that direct subsidies would be paid on food items, starting with milk, oranges, tea and coffee, in order to reduce the cost of living.

The transformation of Australia's economy to a war basis was earnestly undertaken only with the entry of Japan into the war, and the speed and consequent strain of the transition has been correspondingly greater. In February 1942, the Government announced an economic plan, the principal features of which were pegging of wages which were to be adjusted for changes in the cost of living, pegging of profits, control of interest rates by the Commonwealth Bank, pegging of prices, prohibition of share sales or the investment of capital except with Government permission and for obvious war purposes, prohibition of speculation in commodities such as forward dealing in food stuffs, etc. The strength of the expansive forces of war finance is, however, indicated by the fact that out of the estimated war expenditure of £A.440 million for 1942-43 (revised to £A.560 million) £A.140 million is to be met from revenue, and £A.300 million must be provided by loans and savings, against £A.120 million only obtained from public loans in 1941-42. This renders an expansion of central bank credit inevitable: the Commonwealth Bank's holding of Government

and other securities increased from an average of £A.105·6 million in 1941 to £A.245·3 million by November 1942 or by 132 per cent. Also, the compulsory deposit of the commercial banks' surplus investible funds with the Commonwealth Bank under the Wartime Banking Control Regulations has not checked the expansion of credit due largely to deficit borrowing. Meanwhile, the Government's 'austerity' campaign, partly necessitated by a severe cut in imports, was steadily pursued and coupon rationing extended to tea, sugar, clothing and footwear. The Government also initiated a large-scale programme for the manufacture of utility goods.

The economy of the Union of South Africa reflects comparatively less unfavourable effects of war than of other belligerent countries. Gold, the mainstay of the Union's economy, has received a decisive stimulus from war and with the rise in its price the Union has been able to accumulate a creditor balance of international payments which is reflected in the increase in the gold holdings of the Reserve Bank from £29·7 million at the end of 1939 to £68 million as on April 30, 1943. The favourable balance of payments has, besides, been utilised to repatriate Union Government sterling debt amounting to £30 million in 1941 and £40 million in 1942-43. More important perhaps is the shift of Union securities, and in particular, of gold shares, from British to South African ownership which has brought about a probable reversion of the percentages of the capital in the Rand industry held in the United Kingdom and in the Union, at 60 per cent. and 30 per cent. respectively, before the war. The state of the international balance of payments also had expansionary effects in the sphere of currency and credit and fresh banking legislation was enacted early in 1942 as a safeguard against unsound expansion. Meanwhile, the reduction of imports led to shortages in various lines and to an extension of the field of direct controls.

7. *Germany.*—Germany's war economy was drastically reorganised during 1942 and a closer co-ordination between the army's demands and factory production was effected by the setting up in April of a powerful "Rustungsrat" or Armaments Council by the new Minister for Armaments and Weapons. Shortages of labour, transport, food supply and feeding stuffs presented difficult problems and were met by drastic new decrees, conscripting manpower and reducing rations. Under the 'austerity' decrees of the German Ministry of Economic Warfare all non-essential business and enterprises were to close down including superfluous catering establishments, hotels, amusement places and bars, civilian production and services being reduced to the absolute minimum. It is estimated that to encourage food production and stabilise the cost of living subsidies at the rate of RM.1,000 million per year were being granted to farmers.

Germany's exploitation of the agricultural and industrial resources of occupied countries was intensified during the year. According to the data available to the United States Office of War Information, occupation costs are estimated at about £2 milliards in all. Germany has made a drive for the financial penetration of conquered countries, German banks, financiers and industrialists having acquired controlling interests in banks, insurance companies and industrial concerns there.

8. *Japan.*—Wartime developments in Japan bear the totalitarian stamp and follow in the main the pattern of the Nazi war economy in the ruthless regimentation of the country's manpower and material resources and the exploitation of countries of the 'Greater East Asia.' Japan has borne the cumulative strain of war economy

since the Manchuria 'incident' in 1931 and her civilian standards of living have been steadily on the decline. The scope of rationing has been steadily extended to cover most essential articles. The year under review witnessed a further extension of bureaucratic controls of Japanese industry to stimulate war output, and it was proposed at the end of December to amalgamate four of Japan's leading banks, including the Mitsui, one of the biggest industrial finance houses. About the same time the Tokyo Stock Exchange registered an all-round decline and the Tokyo and Osaka exchanges had to be closed. The price of the Tokyo Stock Exchange New Issue—Japanese Stock Traders' Barometer Shares—fell to the lowest for years and despite rigid market control and semi-official support stocks continued to decline.

The Japanese occupied countries have been made 'partners' in the so-called co-prosperity scheme and placed under the Japanese Greater East Asiatic Ministry. It is proposed to concentrate all heavy industries in Japan and lighter ones in the satellite countries, all being integrated to the Imperial war effort. An Official Council for the Reorganisation of the Greater Eastern Asia has been formed under the Japanese Prime Minister and Special Raw Materials Boards are set up under the Council for working up particular schemes such as the exploitation of chromium and manganese in Malaya and the Philippines and the development of bauxite, tin and nickel in the Netherlands East Indies. A Five-Year Plan has been drawn up for the production of 1,125,000 *piculs* of raw cotton in the Philippines, being about 30 per cent. of the annual total requirements of the Japanese cotton industry. Finance for these various schemes of exploitation is to be provided by the newly formed Bank for the Development of the South Sea Territories with a capital of 100 million Yen. The basis of financial organisation in Japanese occupied East Asia is the military Yen and a number of currency alliances between Japan and the occupied countries are formed on the lines of the German clearing system.

9. *Burma*.—According to available reports Burma under Japanese occupation appears to be passing through a period of economic distress as a result of disorganisation of the country's normal life owing to loss of overseas markets and commandeering of transport and supplies including rice, salt, petrol and bamboos by the Japanese. Thus 40 per cent. of the railways are reported to have been taken over by military authorities while a further 20 per cent. are out of commission. Owing to lack of shipping and transport facilities urban areas in the country suffered from food shortage despite a surplus of 2 to 3 million tons of rice which could not be marketed. In order to place the Burmese currency on the same footing as in other parts of the Japanese occupied territory it was announced from Tokyo that new currency regulations would be introduced in Burma with effect from the 15th March 1943. Following the Japanese occupation of Burma the Government of that country set up their headquarters at the Indian capital and have been busy with problems of the evacuation and rehabilitation of refugees and post-war reconstruction.

10. *India*.—The table on page 12 summarises some important statistics bearing on the economic and financial developments in the country since the outbreak of war.

The violent jolt given by the Japanese aggression to the Indian war effort rapidly transformed the country into an arsenal for the Eastern and Middle East theatres of war, and led to a wider application of Governmental controls. The American Technical (Grady) Mission visited India in April and made recommendations for stepping up the war production programmes in the country

wherever necessary through supply of essential war materials under the Lend-Lease Act, and in June the constitution of a War Resources Committee of the Viceroy's Executive Council was announced. The Eastern Group Supply Council referred to in the last year's Report having fulfilled its objectives was disbanded in April 1943. An index to the progressive integration of industry to war needs is provided by the growing volume of war contracts which increased to Rs.256.6 crores in 1942-43 from Rs.184 crores in 1941-42 and Rs.78.7 crores in 1940-41, and totalled Rs.548 crores since the outbreak of war to the end of the year under review. Purchases from small scale industries are estimated at about Rs.10 crores in 1942-43 compared with about Rs.5 crores in 1941-42. While fuller employment and higher earnings resulting from active industrial conditions and rising commodity values reflected the apparently beneficial effects of war on the Indian economy, soaring price levels and costs of living, frequent shortages of foodstuffs and cloth resulting partly from bottlenecks in transport and partly from the emergence of profiteering, speculation, over-buying and black markets were evidence of the economic disturbance caused by the growing draft on material resources, which affected also the course of trade in bullion and stock markets.

Above all, the food situation gave cause for concern from time to time particularly in the deficit areas and provinces and engaged the constant attention of the Central and Provincial Governments. The problem of food would appear to be not solely one of inadequate production but also of maldistribution and to some extent of insufficient co-ordination of Governmental action. The measures taken by the Central Government in connection with the food situation included the issue of a Food Grains Control Order on the 21st May providing for the licensing by provincial governments of wholesale dealers in certain foodgrains; the creation of a Central Food Advisory Council at the end of June as recommended by the Food Production Conference held in April; the grant of high priority by railways to food consignments from August onwards and imports of wheat from Australia. The Provinces also adopted measures such as the provision of cheap grain shops, banning of exports and freezing of stocks and penalisation of hoarding and profiteering. Some confusion, however, resulted from lack of a united policy for the whole country and in December a Food Department was constituted at the Centre with the object of centralising the activities in regard to purchase, movement and distribution of food grains. In order to promote a free flow of wheat to primary markets, wholesale prices of this commodity were de-controlled on the 25th January 1943. A provision for an estimated outlay of Rs.75 crores on the purchase of food grains has been included in the budget of the Central Government for the next year. Rationing of food grains is also being introduced in the larger cities.

Greater emphasis continued to be laid on the reduction of areas under commercial crops like cotton and jute and the regulation of their distribution and prices, and considerable progress was made in reducing the cultivation of cotton, particularly of short stapled varieties, the acreage and yield of which for 1942-43 was lower by 22 per cent. and 26 per cent. respectively than in the previous year. Towards the end of the year, when the prices of the new Indian Cotton Contract showed what appeared to be an abrupt speculative rise a warning was administered to the cotton trade by the Finance Member, and after the close of the year trading in both the new and current crop forward contracts and option contracts was stopped with a view to eliminating the speculative elements in the trade, while general delivery contracts continue to be permitted.

	1939-40				1941-42				1942-43			
	II	I	II	III	IV	I	II	III	IV			
<b>I. PRICE INDICES</b> (Quarter-end figures)												
1. All Primary Commodities (19th August 1939=100) .. .. .	111.9	126.0	135.9	137.3	140.6	156.3	163.3	177.0	218.0			
2. Manufactured Articles (19th August 1939=100) .. .. .	116.5	146.7	167.3	163.8	165.2	167.4	182.3	222.2	227.9			
3. General Index (19th August 1939=100) .. .. .	112.9	130.2	142.2	140.8	145.6	158.6	167.3	186.0	220.1			
4. Exports (1927-28=100) .. .. .	61	68	87	92	89	95	99	111	120			
5. Imports (,, ,, ,, ) .. .. .	66	96	107	108	117	130	132	120	135			
6. Fixed Yield Government Securities (August 1939=100) .. .. .	86.7	99.9	100.5	97.9	93.0	95.8	99.1	99.3	99.4			
7. Preference shares (August 1939=100) .. .. .	95.8	114.5	118.2	116.5	105.2	103.0	107.9	111.1	115.2			
8. Variable Yield Securities (August 1939=100) .. .. .	122.4	132.8	156.1	149.8	140.0	143.2	154.9	165.0	184.1			
<b>II. FINANCIAL STATISTICS</b> (In crores of rupees).												
1. Notes in circulation excluding Burma Notes (Quarter-end figures) ..	186.1	259.6	256.7	304.2	375.0	439.2	498.1	580.6	635.7			
2. Absorption (+) or Return (-) of notes and rupees* .. .. .	+12.7	+17.4	+6.6	+54.5	+81.1	+63.4	+50.2	+100.3	+92.9			
3. Cheque clearings .. .. .	469.4	575.3	632.1	684.1	677.2	572.4	576.1	736.5	888.0			
4. Scheduled Banks' Demand Liabilities (Quarterly averages) .. .. .	133.2	176.9	194.4	216.5	219.2	243.4	294.3	331.6	359.0			
5. Scheduled Banks' Time Liabilities (Quarterly averages) .. .. .	101.8	102.1	103.5	106.8	103.5	95.9	98.8	105.9	117.7			
6. Scheduled Cash and balances with the Reserve Bank (Quarterly averages)	28.5	36.1	46.3	53.1	48.2	60.1	76.0	74.0	64.6			
7. Bullion :—												
(1) Gold-rupees per Tola. Spot. Bombay (quarter-end) .. .. .	41.2.6	42.3.3	42.2.6‡	47.2.0	52.0.0	50.15.0	57.12.0	66.4.0	71.6.0			
(2) Silver-rupees per 100 Tolas. Spot. Bombay (quarter-end) .. .. .	59.10.0	63.1.0	62.11.0‡	69.9.0	85.6.0	84.11.0	90.4.0	100.8.0	111.6.0			

\* Includes Burma upto March 1942.

‡ Closing quotations on 10th Sept.

Item	Source
1, 2 & 3	(1) Economic Resources Board.
4 & 5	(1) Monthly Survey of Business Conditions.
6, 7 & 8	(1) Capital.

Owing to the diversion of a part of the loom capacity to defence requirements, curtailment of imports and a rise in exports together with speculative additions to stocks leading to abnormally high prices, the per capita consumption of cotton piece-goods is estimated to have declined to about 12 yards in 1942-43 as compared with 17·94 yards in 1938-39 and 16·03 yards in 1940-41. Early in June 1943, the Central Government initiated in consultation with industrial interests a comprehensive scheme of control of cotton yarn and cloth prices and production and a Textile Control Board has been set up to advise Government in the newly created Department of Industries and Civil Supplies in this connection.

To enable small jute growers to hold their produce with a view to securing better prices, the Government of Bengal instituted a fund of Rs.2·5 crores including a loan of Rs.2 crores from the Central Government for making advances to cultivators. The area under jute was fixed for 1943 at 50 per cent. of the area registered in 1940 as amended in 1941. A Sugar Control Order issued in April 1942 provided for the appointment of a Sugar Controller for India with powers to fix ex-factory prices, to register dealers and to control the distribution of the commodity from factories to markets. With a view to ensuring equitable distribution to all consuming countries a scheme of block purchase of Indian tea by His Majesty's Government under which all private exports were to be prohibited after making sufficient provision for home consumption, was announced in September 1942. To meet the shortage of rubber resulting from the loss of Malaya, Dutch East Indies and Burma a Tyre Rationing Order was issued on the 15th June and the Government of India announced in the beginning of November the establishment of a Rubber Production Board to ensure maximum production in consultation with producers' organisations. In view of the growing defence requirements of leather an order empowering the Controller of leather and tanning industries to supervise production was issued in October. Other control measures to conserve supplies of scarce vital materials dealt with hoarding of non-ferrous metals, transfer, movement and stocks of iron and steel, production of aluminium goods, rates and prices of sulphuric acid, etc., etc. Mention may also be made of the various control orders relating to the use of paper including newsprint.

The subject of post-war reconstruction continued to engage some attention on the part of the Government of India as well as certain Provincial governments. In order to improve and strengthen the Governmental machinery to deal with post-war reconstruction problems, a Reconstruction Committee of the Viceroy's Executive Council with a permanent secretariat was constituted to co-ordinate and sanction various plans. A few provinces such as the C.P. & Berar and Bombay set up Reconstruction Funds, while the Rural Development and Peasant Welfare Funds in the Punjab are also based on the idea of conserving resources for less prosperous and more propitious times.

The total population of India (excluding Burma) as finally ascertained in the decennial census taken in March 1941 is placed at 388,997,955 including 93,189,233 for States and Agencies as against 338,170,632 and 81,310,845 respectively in 1931, thus showing an increase of 50,827,323 or about 15 per cent. over the last census as a result of a high birth rate and a falling death rate particularly among infants. Two of the salient features of the census are an increase of 81 per cent. in the present small scale of urbanisation and of 70 per cent. in the existing low level of literacy in the country.

## II. PRICES AND TRADE

11. *Price movements in India and certain other countries.*—Statement I gives indices of wholesale prices and costs of living (1929=100) in India and some important foreign countries. Statement II shows the trends of wholesale prices since the beginning of the war (19th August 1939=100) separately in respect of main classes and important groups of industrial articles, as compiled in the Office of the Economic Adviser to the Government of India. It is not possible in the highly abnormal conditions of today to get an accurate idea of the movements of prices from time to time in a country or to make satisfactory comparisons of the relative movements of price levels in different countries. Apart from the development of black markets in varying degrees from one country to another and from commodity to commodity within a country and the great diversity of local prices arising from the disruption of economic unity, which vitiate index numbers based on selected official quotations, the greatly altered weights of commodities in current production and consumption with the extension of rationing and other controls, also detract from their value as measures of changes in price levels. In the absence of any better guide, they merely serve as rough and general reflectors of market trends, more or less imperfect according to circumstances.

In general, the rise in the costs of living appears to have been less marked than in wholesale prices in all countries, owing to the comparative stability of certain elements in the former. The increase in both has, however, been more or less appreciable in the United Kingdom, the United States and Canada, since the war; though recently they appear to have remained more or less stationary with the exception of cost of living in the United States the index for which rose from 93 in April to 98 in November 1942. The rise in prices in these countries has been generally smaller during this war in spite of the relatively greater pressure of inflationary forces than during the last war: against an increase of 64·0 per cent. in wholesale prices in the United Kingdom between August 1939 and December 1942, the increase between July 1914 and December 1917 was 125·5 per cent., the corresponding figures of increase in the cost of living during this and the last war being 27·4 per cent. and 85 per cent.

In India, the index of wholesale prices declined after the initial spurt up to December 1939 and reached that level, which was almost equal to the average level of prices in 1929, again in June 1941; thereafter, for eight or nine months to the beginning of the year under review the upward trend was restrained. During 1942-43, however, a steep ascent in prices started which still continues. The Calcutta (Indian Trade Journal) index number of wholesale prices on the basis of which some comparison is possible with the last war, registered a rise of 78·3 per cent. during 1942-43 against 24·4 per cent. in 1941-42, and 23 per cent. from August 1939 to March 1941; the corresponding rate of increase in prices in 1917-18 was 19·7 against 15·4 in 1916-17 and 23 from July 1914 to March 1916. It will also be noticed that the rise in prices was more marked during the second half of the year when prices moved up by 37·4 per cent. as against 29·4 per cent. in the first half.

The general index of prices prepared in the Office of the Economic Adviser advanced from 146 in April 1942 to 220 in March 1943, showing a rise of 50·7 per cent. The rise was, however, differently distributed over the various groups: food and tobacco moved up by 107 points in the second half of the year and 138 during the whole year; raw materials showed a comparatively small rise of only

10 points so that the measure of increase in the indices of primary commodities was 77 points. The prices of manufactured articles had moved up faster than those of primary commodities till the end of 1941-42; during the year under review, although their index appreciated by 63 points as compared with 33 points in the previous year, the advance was less marked than in primary commodities. The largest single increase under industrial articles occurred in the case of cotton manufactures, which recorded a rise of 247 points from 195 to 442, followed by a rise of 83 points in steel. In controlled articles such as sugar, kerosene and petrol the rise was comparatively small, although much higher prices than those recorded are reported to be ruling in the black markets.

The rise in prices during the war which became particularly marked during the year under review, may be alternatively described as an outcome of the growing shortage of purchasable goods in relation to increasing money demand, or of the increasing pressure of rising money incomes reflected in the expanding monetary circulation, on a diminishing flow of goods for civilian use. The rise appears to be restrained on the one hand, by the retarded turnover of the increased money circulation, and accentuated, on the other, by difficulties of transport and distribution and artificial shortages induced by speculation and hoarding, which have led to discrepant price movements.

12. *Trends in International Trade.*—The temporary stabilisation of the bounds of the major trading blocks—Continental Europe, the Far Eastern area, the Americas and the ramified British Empire, led to more intensive blockade and inter-blockade measures and confined international trade to water-tight compartments. Within the main divisions, trade subserved the requirements of war and essential civilian supplies. There was a fundamental shift in the basis of trade policy from the peacetime bias towards maximising exports and creating export surpluses to minimising the draft on domestic resources through exports and encouraging the flow of essential imports by every possible means. The grant of liberal credit facilities as evidenced by the accumulation of sterling assets of Empire countries and German clearing claims and epitomised in the principle of lend-lease so widely extended during the year, made finance a subsidiary aspect of trade. The great paucity of statistical information in regard to private foreign trade, apart from Government war transactions, renders it extremely difficult to give a full account of the year's trade, while the steep rise in prices makes comparison with earlier years more difficult. The latest figures are, besides, provisional.

13. *Trade in the present and in the last war: Value and Balance of Trade.*—The table below carries forward by another year the comparison of the trade in merchandise of India (excluding Burma, on a post-separation basis) during the war years and the pre-war quinquennium with the figures for the corresponding years of the last war, though the significance of such comparison diminishes as the pre-war base recedes, in view of the vastly different pattern of developments during the present war:

	(In crores of rupees)							
	1938-39	1940-41	1941-42	1942-43	1913-14	1915-16	1916-17	1917-18
Exports (including re-exports) ..	169	199	253	194	249	197	245	243
Imports .. ..	152	157	173	110	183	132	150	150
Total .. ..	321	356	426	304	432	329	395	393
Balance of Trade ..	+17	+42	+80	+84	+66	+65	+95	+93



In the third full year of the present war the value of India's foreign sea-borne trade witnessed a recession, which was much more severe in respect of imports than of exports and the balance of trade improved to a small extent in consequence. In 1917-18, on the other hand, the balance of trade declined somewhat as a result of a slight decrease in exports while imports remained stable.

Statement III shows the value of imports, exports and re-exports as well as balance of trade, month by month, during the last two years while the table above summarises the annual results for some years past. The cessation of trade with Burma during the year under review with exports from, and imports into, India averaging Rs. 13.42 crores and Rs. 29.82 crores respectively for the three years immediately preceding, was partly responsible for the large drop in India's sea-borne trade during the year. Imports declined by 36 per cent. from Rs. 173.01 crores to Rs. 110.34 crores while exports fell by 22 per cent. from Rs. 252.91 crores to Rs. 194.55 crores, the excess of exports over imports increasing from Rs. 79.90 to Rs. 84.21 crores.

14. *Quantum and Prices.*—Comparative indices for the quantum and price level of imports and exports in respect of the last four years and the corresponding period of last war are given below :—

	(Original base 1927-28=100 shifted to 1938-39=100)			1913-14=100		
	1940-41	1941-42	1942-43	1915-16	1916-17	1917-18
<b>IMPORTS</b>						
Quantum .. ..	81.3	74.2	37.6	57.3	49.3	40.8
<i>Increase or decrease per cent</i> .. ..	-20.3	- 8.7	-19.3	-23.6	-14.0	-17.2
Price level .. ..	126.7	153.4	192.9	126.0	170.0	211.0
<i>Increase or decrease per cent</i> .. ..	+19.1	+21.1	+25.7	+24.7	+34.9	+24.1
<b>EXPORTS</b>						
Quantum .. ..	88.1	93.4	62.5	77.8	86.4	78.7
<i>Increase or decrease per cent</i> .. ..	-15.7	+ 6.0	-33.7	+ 8.5	+11.1	- 8.9
Price level .. ..	130.3	155.9	184.6	103.0	117.0	125.0
<i>Increase or decrease per cent</i> .. ..	+ 8.8	+19.6	+18.4	+ 1.0	+13.6	+ 6.8

The fall of 36 per cent. in the value of imports during the year was made up of a fall by nearly one-half in the quantum of imports and an increase of one-quarter in their price level. In the result, the price-level was practically doubled as compared with 1938-39 and the quantum was reduced to three-tenths. In respect of exports the quantum declined during the year by one-third to five-eighths of the pre-war level, while prices rose further to a level about 85 per cent. above the average of 1938-39. The trends in 1917-18 were similar in direction though different in degree, the decline in the quantum of trade having been smaller than now.

15. *Direction of Trade.*—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 for the three years 1940-41 to 1942-43 and compares them with the prewar year 1938-39 :—

### DIRECTION OF TRADE

(In lakhs of rupees)

	1938-39			1940-41			1941-42			1942-43		
	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)
<b>I. British Empire.</b>												
1. United Kingdom ..	46,49	55,51	+ 9,02	35,94	64,93	+28,99	36,59	76,85	+40,26	29,53	57,34	+27,81
<i>Percentage</i> ..	30.5	34.1	..	22.8	34.7	..	21.1	32.3	..	26.7	30.6	..
2. Burma ..	24,35	10,03	- 14,32	28,62	16,23	-12,39	29,47	11,74	-17,73	1,46	33	- 1,13
3. Ceylon ..	1,18	5,09	+ 3,91	2,19	7,31	+ 5,12	3,41	9,76	+ 6,35	4,38	14,45	+10,07
4. Australia ..	2,41	2,97	+ 56	2,48	7,34	+ 4,86	4,96	12,32	+ 7,37	3,34	16,13	+12,79
5. Canada ..	91	2,14	+ 1,23	2,97	3,17	+ 20	6,73	6,47	- 26	5,54	3,78	- 1,76
6. South Africa ..	35	1,49	+ 1,14	78	3,03	+ 2,25	1,24	6,88	+ 4,64	2,25	10,49	+ 8,24
7. Other countries.	12,87	8,14	- 4,73	16,93	14,60	- 2,33	23,24	25,93	+ 2,69	14,82	23,34	+ 8,52
<b>Total British Empire ..</b>	<b>88,56</b>	<b>85,37</b>	<b>- 3,19</b>	<b>89,91</b>	<b>1,16,61</b>	<b>+26,17</b>	<b>105,63</b>	<b>148,95</b>	<b>+43,32</b>	<b>61,32</b>	<b>125,86</b>	<b>+64,54</b>
<i>Percentage Total Trade</i> ..	58.1	52.4	..	57.3	62.4	..	61.0	62.7	..	55.5	67.1	..
<b>II. Foreign Countries.</b>												
1. United States ..	9,78	13,88	+ 4,10	27,01	25,90	- 1,11	34,61	46,59	+11,98	19,01	27,79	+ 8,78
<i>Percentage</i> ..	6.4	8.5	..	17.2	13.8	..	20.0	19.5	..	17.2	14.8	..
2. Japan ..	15,41	14,59	- 82	21,54	9,00	-12,54	11,78	4,59	- 7,19	2,84	..	- 2,84
3. Egypt ..	2,19	1,23	- 96	2,75	2,87	+ 12	4,69	5,98	+ 1,29	8,12	3,67	- 4,45
4. Iran ..	3,49	78	- 2,71	3,40	57	- 2,83	6,04	1,34	- 4,70	17,81	4,26	-13,55
5. Other Foreign Countries ..	36,39	47,72	+ 11,33	15,76	32,52	+ 16,76	16,56	31,47	+14,91	19,16	30,28	+11,12
<b>Total Foreign Countries ..</b>	<b>63,77</b>	<b>77,42</b>	<b>+ 13,65</b>	<b>67,06</b>	<b>70,29</b>	<b>+ 3,23</b>	<b>67,64</b>	<b>88,63</b>	<b>+20,99</b>	<b>49,13</b>	<b>61,74</b>	<b>+12,61</b>
<b>Total Trade ..</b>	<b>1,52,33</b>	<b>162,79</b>	<b>+ 10,46</b>	<b>156,97</b>	<b>186,90</b>	<b>+ 29,93</b>	<b>173,27</b>	<b>237,58</b>	<b>+ 64,31</b>	<b>110,45</b>	<b>187,60</b>	<b>+ 77,15</b>

There were interesting changes in the direction of the considerably reduced amount of trade during the year. The decline of Rs. 23.09 crores in exports to the countries of the British Empire was more than accounted for by the decline of Rs. 19½ crores in exports to the United Kingdom, Rs. 2.69 crores in exports to Canada and the practical disappearance of exports to Burma; exports to other Empire countries bordering the Indian Ocean, on the other hand, were either maintained or increased to an appreciable extent, particularly to Ceylon, Australia and South Africa. As a result, the relative share of the Empire countries in India's exports (excluding re-exports) increased from 62.7 to 67.1 per cent. Imports from the Empire countries declined more than in proportion to the considerable fall in total imports and their percentage share of the total declined from 61.0 per cent. to 55.5 per cent. in 1942-43. Most of the absolute reduction in imports from the Empire and the whole of the relative fall is explained by the shutting off of the substantial import trade of Rs. 29½ crores in 1941-42 from Burma. Imports from Ceylon and South Africa actually increased. The relative share of the United Kingdom in the import trade also advanced from the lowest recorded percentage of 21.1 during 1941-42 to 26.7 in 1942-43. The balance of trade (excluding re-exports) in respect of the British Empire increased substantially from 43.32 crores to Rs. 64.54 crores.

Corresponding to the increase in the Empire's share of Indian exports there was a decline in the share of foreign countries from 27.3 to 22.9 per cent. which was entirely accounted for by the relative recession in the percentage of exports to the United States. For the rest, exports to countries of the Middle East, like Turkey, Syria, Arabia and Iran experienced substantial improvement offset by decline in exports to Latin America, the Pacific area and other distant countries. The increase of the relative importance of foreign countries as sources of supply of Indian imports was again due to larger imports from countries surrounding the Indian Ocean particularly Egypt and the Middle East countries, the share of the United States having been reduced from 20 to 17.2 per cent. Altogether the balance of trade in respect of foreign countries declined from Rs. 20.99 to Rs. 12.61 crores as a result of a greater absolute fall in exports to, than in imports from, these countries.

A general feature of the trends in the direction of trade disclosed by the above review is the comparative decline of long-distance traffic, which reflects alike the acute shortage of shipping and the increased risks connected with long ocean transport during the year.

16. *Composition of Trade.*—The following table shows the changes in the composition of India's imports and exports according to main commodity groups during the last three years and compares these with the pre-war year 1938-39 :—

	1938-39		1940-41		1941-42		1942-43	
	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age
IMPORTS								
Foodstuffs .. ..	24.00	15.7	23.81	15.2	27.84	16.1	8	7.3
Raw Materials ..	33.18	21.7	42.10	26.8	50.05	28.8	52	47.3
Manufactured articles .. ..	92.70	60.8	89.51	57.0	93.68	54.1	49	44.5
EXPORTS (including Re-exports)								
Foodstuffs .. ..	39.43	23.3	42.39	21.3	60.14	23.8	49	25.1
Raw Materials ..	76.28	45.1	68.33	34.4	73.10	28.9	45	23.1
Manufactured articles .. ..	50.72	30.0	85.83	43.1	114.96	45.5	98	50.3

The above figures reflect the broad character of some of the changes in the country's economy that are taking place during the war as well as the effect on trade of the scarcity of freight and other factors, though the exclusion of the important trade on Government account detracts from the value of the figures. The outstanding facts on the import side are the severe drop in foodstuffs presumably largely accounted for by the disappearance of the former imports of rice from Burma and the heavy decline in the value of imports of manufactured articles despite the sharp rise in prices; the value of imports of raw materials, on the other hand, increased absolutely and their percentage advanced to the unprecedented level of nearly one-half of the total. In respect of exports, the proportion of foodstuffs and manufactured articles increased further and reached one-quarter and one-half respectively, while raw materials continued their downward course.

17. *Imports and Exports.*—The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India during the last three years and compares these with the pre-war year 1938-39.

(In lakhs of rupees)

	1938-39	1940-41	1941-42	1942-43	Increase (+) or decrease (-) over 1941-42
<b>IMPORTS</b>					
Grain, pulse and flour .. .. .	13,76	14,35	15,02	31	— 14,71
Sugar .. .. .	46	36	1,08	2	— 1,06
Oils, vegetable, mineral and animal ..	15,62	21,03	21,85	27,78	+ 5,93
Cotton, raw and waste .. .. .	8,51	9,43	15,31	15,12	+ 8
Wool, raw .. .. .	62	2,79	2,77	2,05	+ 18
Chemicals, drugs and medicines ..	5,62	8,07	8,76	6,39	— 2,37
Dyes and colours .. .. .	4,06	6,37	6,96	5,42	— 1,54
Machinery .. .. .	19,72	11,83	13,73	10,53	— 3,20
Cotton (yarns and manufactures) ..	14,15	11,35	6,79	1,37	— 5,42
<b>EXPORTS (including Re-exports)</b>					
Grain, pulse and flour .. .. .	7,80	6,02	10,70	7,12	— 3,58
Tea .. .. .	23,29	27,79	39,60	31,68	— 7,92
Oils, vegetable, mineral and animal ..	1,06	2,46	2,68	1,44	— 1,24
Seeds .. .. .	15,10	10,06	10,57	10,57	..
Cotton, raw and waste .. .. .	24,82	24,60	17,00	5,58	— 12,32
Jute .. .. .	13,40	7,85	10,42	9,01	— 1,41
Hides and skins, tanned or dressed and Leather .. .. .	5,28	5,99	6,03	4,82	— 1,21
Metals .. .. .	2,07	5,27	4,23	1,90	— 2,33
Cotton (yarn and manufactures) ..	7,57	17,52	38,00	46,96	+ 8,86
Jute manufactures .. .. .	26,26	45,38	53,90	36,38	— 17,52

The severest fall in imports occurred in respect of grain, pulse and flour, while cotton yarn and manufactures and machinery also shared in the decline. Imports of raw cotton and raw wool increased somewhat, while the principal improvement occurred under oils, mineral and others. The Government of India, in consultation with other consuming countries, announced on the 24th March 1943 the institution of control over the imports of Egyptian, Sudanese and East African cotton, the supplies of which were short against continued heavy demand.

The exports of tea from India on private account were prohibited with effect from the 15th September following a scheme of block purchase of Indian tea by His Majesty's Government (*vide* para 10). Private exports of tea against past contracts were, however, to cease from the 30th December. With a view to conserving the supplies for civilian consumption in the country, the Government of India announced their decision to regulate with effect from the 1st July 1942 the export of cotton piece-goods under a quota scheme based on the exports during the official year 1941-42 when India shipped about 600 million yards. Exports of cotton piece-goods, however, rose by Rs.8.86 crores to the record figure of Rs.46.86 crores in 1942-43.

18. *Trade Agreements.*—The International Sugar Agreement of 1939 under which India had undertaken to prohibit the exports of sugar by sea to any country other than Burma was due to expire on the 31st August 1942. In view of the altered conditions created by the war, the demand for sugar in the Middle East countries as also in Great Britain and the cessation of imports from Java, the Government of India decided to terminate the agreement with effect from 1st September 1942.

### III. BULLION

19. *Production of Gold.*—The estimated world production of gold in 1942 was 36 million ounces as compared with 39.5 million ounces in 1941 and 40.5 million ounces in 1940. The British Empire contributed 22.5 million ounces or 62.5 per cent. of the total world production in 1942. In contrast with the rising trend of gold output during the 'thirties, under the stimulus of low production costs and high gold prices resulting from currency devaluation, the general trend of production is on the decline in most of the countries as will be seen from the following comparative statement for the three years ended December 1942.

COUNTRY	(In thousand ounces)		
	1942	1941	1940
India .. .. .	260	286	289
United States .. .. .	3,700	5,780	6,003
South Africa .. .. .	14,121	14,386	14,047
All countries .. .. .	36,000	39,500	40,500
PERCENTAGE SHARE OF WORLD PRODUCTION :			
British Empire .. .. .	62.5	60.5	49.2
South Africa .. .. .	39.2	36.0	34.7

The decline in production has resulted from the diversion of man-power, plant and other resources from the production of gold in some of the producing countries like Canada, Australia and the United States, to other war purposes as well as the

increased costs of production. The fall has been particularly severe in the United States where the majority of gold mines have been closed down, while production in South Africa has been more or less maintained.

The United States Treasury's Stock of gold was estimated to be \$22,744 million (649·83 million ozs.) at the end of 1942 compared with \$22,737 million (649·63 million ozs.) at the close of 1941. The increase of \$7 million only in 1942 compares with an average annual addition to the Treasury's stock of about \$2,000 million during the quinquennium ended 1941. The country now holds on behalf of itself and others nearly two-thirds of the world's gold stock, actually owning about 60 per cent. of the world total. Gold held under earmark at the Federal Reserve Banks for foreign accounts stood at \$2,632·1 million at the end of October 1942 compared with \$2,045·6 million a year before.

The estimated production of gold in India in 1942 amounted to 260,387 fine ounces valued at Rs.3,72,88,285 as compared with 285,929 fine ounces valued at Rs.3,31,31,783 in 1941. Owing to a steep rise in the price of gold in India, the value of Indian gold output in 1942 was higher though its quantity was lower, as compared with the previous year. The total production of gold in India during the ten years ended 1942 was 3,113,000 ounces or one per cent. of the total world production (excluding U.S.S.R.) of 307,832,000 ounces during the same period.

20. *Price of Gold.*—The highest, lowest and average prices of gold in London and Bombay during the last five years are given below :

Year	PRICE OF GOLD IN LONDON PER FINE OUNCE			PRICE OF GOLD IN BOMBAY PER TOLA		
	Highest	Lowest	Average	Highest	Lowest	Average
	£ s. d.	£ s. d.	£ s. d.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39 .. ..	7 10 5	6 19 3½	7 4 3	37 10 6	34 12 3	36 4 2
1939-40 .. ..	8 8 0	7 8 4	7 18 4	43 8 0	36 9 0	39 14 7
1940-41 .. ..	8 8 0	8 8 0	8 8 0	48 8 0	40 2 6	42 7 11
1941-42 .. ..	8 8 0	8 8 0	8 8 0	58 4 0	41 11 0	44 10 10
1942-43 .. ..	8 8 0	8 8 0	8 8 0	72 0 0	44 12 0	57 1 1

The price of gold in the United Kingdom and in the United States remained unchanged at 168sh. (with sovereigns at 39sh. 3d.) and \$35 per fine ounce respectively. In India the price touched new high levels. The average price of gold which stood at Rs.44-10-10 in 1941-42 advanced sharply to Rs.57-1-1 in 1942-43 while the spread between the highest and the lowest prices widened further from Rs.16-9-0 to Rs.27-4-0 during the year under review. While prices of bullion in the London and New York markets remained controlled, India continued to have a relatively free market; the Indian market, however, remained isolated from outside influences through wartime restrictions on the imports and exports of gold which continued to be in force.

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. Statement V shows weekly movements of prices, spot as well as forward, and stocks in the Bombay bullion market during the year in regard to both gold and silver. Bullion prices during the year continued to be dominated by an increasing investment and speculative demand in the face of insufficient supplies and touched successive record levels. The internal demand for hoarding and speculative purposes kept the price of gold well over export parity throughout the year. Early in April, there was a relapse in the price of gold, as a result of the liquidation of their holdings by the Madras and local dealers, from the previous year's closing level of Rs.52-0 to Rs.44-12-0 on the 18th, being the lowest quotation for the year. Recovery came soon though for the next month or so prices followed an uncertain and hesitant course and then assumed a steady upward trend. As against a range of Rs.7-12-0 in April between the highest and lowest quotations, the maximum monthly price variation during the succeeding six months was Rs.2-10-0 only (in June 1942). The market remained closed for regular business for the greater part of the three months of August, September and October but the trend continued to be definitely bullish and the price rose from Rs.53-15-0 on the 26th August to Rs.58-8-0 on the reopening of the market on the 8th September and reached Rs.61-10-0 by the end of October. On the 8th November as a result of the customary keen demand for the precious metals prior to *Divali*, the price of ready gold reached a record high level of Rs.72. A reaction set in at this stage and during the next four months prices fluctuated within comparatively narrow limits hardly rising beyond Rs.67. In March, a sharp upturn occurred in sympathy with the firmness in silver and commodity markets and rising general prices and stock values, and after some irregular fluctuations the spot rate closed for the year at Rs.71-6-0 as compared with the closing rate of Rs.52 on the 31st March last year.

Sovereigns continued to be quoted at a premium over gold throughout the year. The record price of Rs.51-6-0 was touched in March, representing an increase of Rs.8-14-0 over the highest price reached in the previous year on the 12th March 1942.

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 during the year to 2,436,817 tolas and 105,969 tolas respectively from 2,985,832 and 151,108 tolas in 1941-42. The quantity of raw gold received for refining at the Bombay Mint was also lower at 866,668 tolas as against 954,459 tolas in 1941-42.

22. *Production of Silver.*—The estimated world production of silver in 1942 was lower at 248 million ounces as compared with 266 million ounces in 1941. The total holdings of the United States Treasury at the end of 1942 were estimated at 3,343 million ounces of which 63.4 million were acquired during the year as compared with 143.8 million in 1941. This was by far the smallest annual acquisition since the inauguration of the Silver Purchase Programme by the Treasury in 1934. The production of silver in India for the year ended December 1942 amounted to 22,466 ounces valued at Rs.48,451 as compared with 22,929 ounces of the value of Rs.41,597 in the preceding year.

23. *Price of Silver.*—In the table below are given the highest, lowest and average prices of silver in Bombay, London and New York during the five years ended 1942-43.

Year	PRICE IN BOMBAY PER 100 TOLAS			PRICE IN LONDON PER STANDARD OUNCE			PRICE IN NEW YORK PER FINE OUNCE		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. u. p.	Rs. a. p.	Rs. a. p.	d.	d.	d.	Cents.	Cents.	Cents.
1938-39	53 1 6	48 2 0	51 4 0	21½	18-9/16	19-9/16	42½	42½	42½
1939-40	66 4 0	44 7 6	55 8 9	23½	18-1/16	20-13/16	42½	34½	37 ¼
1940-41	64 13 0	54 10 0	62 0 10	23½	20½	22-13/16	35½	34½	34½
1941-42	96 8 0	62 0 0	66 12 6	23½	23-5/16	23-7/16	35½	34½	34½
1942-43	116 8 0	75 4 0	92 12 11	23½	23-7/16	23½	44½	35½	40½

The average price of silver during the year was Rs.92-12-11 in Bombay, 23½d. in London and 40½ cents in New York. The spread of Rs.41-4-0 between the highest and lowest prices in Bombay during the year under review surpassed the record spread of Rs.34-8-0 in 1941-42.

Statement VI shows the highest, lowest and average prices of silver in Bombay, London and New York, and the stocks in Bombay, for each month during 1942-43. The London silver market remained featureless during the year. With a view to conserving supplies of the metal, restrictions were placed on silver-smiths prohibiting fresh manufactures after the 31st July. But for the first two days of the year when both the spot and forward rates stood at 23 7/8d. following the liquidation of some open bull contracts, both the positions remained unaltered throughout the year at 23½d. Sales of Indian silver in London, which had been made since the beginning of the war at rates not lower than the American acquisition rate for imported silver, were stopped with the rise in that rate on the 31st August, although official sales continued almost daily at 23½d. The demand for industrial and coinage purposes was thus largely met from British official stocks. In view of the possible depletion of these stocks, it was sought to replenish them by supplies from the United States on a Lend-Lease basis, and a request for 3,250,000 ozs. was reported to have been made. The United Kingdom also proposed to purchase a further amount of 1,750,000 ozs. from Canada.

In the United States, the outstanding developments in regard to silver during the year were associated mainly with the increasing strategic use of silver. Exports of silver to Europe were banned with effect from the 6th May to prevent the leakage of the metal to Axis countries. The Treasury's buying rate which had been maintained at 35 cents since the 10th July 1939 was raised to 45 cents on the 31st August 1942, as a result of discussions between the Governments of the United States and Mexico, so as to permit the Mexican Government to levy a special emergency tax and provide larger returns to the Mexican silver industry for stimulating production. The New York "Official" quotation which was steady at 35½ cents since November 1941 consequently advanced to 44½ cents on the 1st September at which level it continued unchanged till the end of the year. The Treasury also decided on the 31st August to lend-lease its entire stock of non-monetary silver amounting to 1,350 million ounces or 40,000 tons out of a total of 3,280 million ounces. This was followed by the announcement on the 15th December that silver would be made available to the Allies for currency purposes on the understanding that it would be returned after the war.



Speculative trading in the Indian silver market was restrained and the upward tendency in prices held till about August on account of the availability of supplies from the Reserve Bank. The ready price of silver which had closed at Rs.85-6-0 in the previous year rose to Rs.87-8-0 on the 7th April and after irregular variations receded to Rs.75-4-0 on the 18th, being the lowest price during the year. Thereafter the price followed a steady upward trend, with minor fluctuations for the next four or five months; the premium in the spot rate over the forward rate which was as high as Rs.5-8-0 in April also narrowed down considerably to 11 annas by August. During the period of internal political disturbances upto October an orgy of speculative activity developed particularly after the suspension of sales by the Reserve Bank from the 8th September and the rate for spot silver rose to Rs.91 by the 10th of the month. No open business was transacted in the market till November but private sales in small lots for ready delivery continued at steadily rising prices. Thus spot silver shot up to Rs.116-8-0 on the 8th November being the highest price since May 1918 exceeding the theoretical melting point for silver coin of eleven-twelfths fineness by Rs.7-6-0; the price receded to Rs.95-8-0 by the 17th December partly on account of encouraging war news and partly on reports of the decision of the United States to Lend-Lease silver to the United Nations to supplement their stocks for coinage purposes. The undertone of the market, however, remained steady owing to a persistent rise in upcountry demand. In January, continued speculation regarding the possibility of Government intervention to control silver prices restrained the upward tendency in prices which re-started in February. The rate tended to rise gradually owing to considerable buying by option dealers and touched Rs.112-10-0 on the 12th March, closing after a reaction at Rs.111-6-0 on the 31st March.

The annual emergency surcharge of 20 per cent. on the import tariff levied in the budget for 1942-43 was continued during 1943-44. As a result the duty on imports of silver into India remained at the enhanced rate of Rs.8-7-0 per 100 tolas as compared with Rs.7-0-6 previously in operation.

24. *Assaying and Refining of Silver.*—The quantity of silver received from the public for melting and assaying amounted during the year to 7,256,269 tolas in the Bombay Mint and 2,324,966 tolas in the Calcutta Mint as compared with 17,659,901 tolas and 25 tolas respectively in 1941-42. The quantity received for refining at the Bombay Mint increased to 7,950,853 tolas from 2,153,467 tolas in the preceding year.

#### IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

25. *Purchases of Sterling and Remittances.*—Statement VII shows the net purchases of sterling by the Reserve Bank month by month during 1942-43. With an increase in the favourable balance of trade owing largely to a considerable decline in imports, the Reserve Bank made record net purchases of sterling amounting to £91,672,023 at an average rate of 1sh. 6d. as compared with £73,319,614 at the same average rate during 1941-42. With the exception of April, the monthly purchases of sterling by the Reserve Bank during the first half of the year were, as usual, on a moderate scale and were the lowest at £2,145 in September. Against the total purchases during the first half of the year at £28·09 million, acquisitions during the second half aggregated £63·58 million. Again the maximum amount of quarterly

purchases was in the last quarter and the highest monthly acquisition since the Bank started its operations in 1935-36 was in March 1943 at £17.78 million. The total net amount of sterling purchased by the Reserve Bank from the 1st September 1939 to the end of the year under review aggregated £286.80 million. During the year the Bank sold sterling amounting to £3,958,389 at an average rate of 1sh. 5 $\frac{1}{2}$ d. as compared with £1,092,172 at the same average rate during 1941-42. To the net purchases of sterling should be added payments in sterling amounting to £232.74 million received from His Majesty's Government during 1942-43 and £428.25 million since September 1939. In the table below are given 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,	
Sept. 1939—March 1940 .. .. .	86 crores
April 1940—March 1941 .. .. .	76 "
April 1941—March 1942 .. .. .	98 "
April 1942—March 1943 .. .. .	127 "
3. Sterling payments by His Majesty's Government .. .. .	571
	1,022
1. Sterling amounts utilized for repatriation schemes (upto the end of March 1943) ..	380
2. Other Sterling commitments .. .. .	131
3. Sterling holdings of the Reserve Bank at the end of March 1943 .. .. .	511
	1,022

The total sterling holdings of the Reserve Bank of India stood at Rs.511 crores at the end of 1942-43 compared with Rs.284 crores at the end of 1941-42.

The Budget for 1942-43 estimated a net refund by the Secretary of State of £164 million as against £53 million in 1941-42. Owing to the funding of the Railway Annuities and the acquisition of Railway Debenture Stocks, the net refunds for 1942-43 are expected to fall somewhat short of the forecast. The requirements of the Secretary of State and the High Commissioner for India and Burma including £0.73 million on account of Burma stood at £36.73 million compared with £24.96 million in 1941-42.

26. *Exchange.*—The Bombay rates for Telegraphic Transfers on London for each month of the year under review are given in Statement VIII. The sterling exchange market was steady throughout the year and the sellers' quotation for ready Telegraphic Transfers for merchant business which had risen from 1sh. 5 $\frac{1}{8}$ d. on the 25th September 1941 to 1sh. 5 $\frac{1}{2}$ d. remained unaltered at that level till the end of the year. For inter-bank business, however, sellers of spot Telegraphic Transfers on London quoted at 1sh. 5 $\frac{2}{3}$ d. and buyers at 1sh. 6d. In the New York market, the sterling-dollar rate which was stationary at 4.0375 cents since the 7th April 1942 slipped back on the 2nd February 1943 to 4.03 cents at which level it continued unchanged till the close 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 1942-43.

27. *Developments in Exchange Control.*—The control over transactions in foreign exchange in India continued to be exercised by the Exchange Control Department of the Reserve Bank of India. Payments and remittances were as before allowed freely to countries within the sterling area but the same system of control through the medium of banks authorised to deal in foreign exchange was maintained for transactions with countries outside the sterling area. During the course of the year the sterling area was extended by the inclusion of Madagascar and its dependencies on the 28th December 1942. Exchange transactions were also allowed freely with French Somaliland and Reunion after these territories had declared for the Free French though they have not actually been admitted to the sterling area.

28. *Restrictions on the Import of Currency Notes.*—In September 1942 the Government of India issued a notification prohibiting the import into India of any currency or bank notes other than those of the Reserve Bank of India and the Government of India as had not been expressly issued for circulation elsewhere than in India, Ceylon rupee notes, Iranian rials and Afghanis except with the permission of the Central Government or the Reserve Bank of India. The issue of this notification was found necessary in order to control the import of Burma notes, as the previous notification permitted entry of any Government of India or Reserve Bank of India notes. Details as to the methods of encashment of Burma notes are given in a subsequent section (*vide* paragraph 75).

Under the powers granted to it under the Central Government notification the Reserve Bank issued a general permission allowing the import of Bank of England notes up to £10 per head, Chinese dollars up to 500 dollars per head and the notes of other countries without limit provided they were declared on a specified form to the Customs on arrival. The currency and bank notes of enemy territories, and Reserve Bank of India and Government of India notes issued for circulation outside India were excluded from this general permission. As the regulations of the U.S.S.R. prohibited both the import into and export from Soviet territories of rouble notes, the Reserve Bank later issued an order prohibiting the import or export of rouble notes. Banks and money changers were permitted to purchase foreign currency notes covered by Reserve Bank notifications provided the holder presented the Customs form showing that they had been declared on arrival in the country. The purchase of foreign currency notes from persons not holding Customs forms was prohibited. The Reserve Bank of India issued special licences in cases where satisfactory explanations were given as to how the notes came into the possession of the holder and the reasons for the absence of the Customs declaration form.

Owing to the large exodus of Indian nationals from Ceylon in April and May 1942 owing to Japanese air attacks on the Island the Government of India made arrangements for the purchase of Ceylon currency notes at all offices of the Reserve Bank of India, and at treasuries and branches of the Imperial Bank of India. This measure was introduced to assist Indian evacuees in changing their Ceylon notes and although the arrangement is still in operation it is not being used to any appreciable extent owing to the return of more normal conditions in Ceylon.

In order to assist members of His Majesty's Forces and travellers to obtain reasonable rupee rates for foreign notes brought into India the Reserve Bank under special arrangements continued to purchase the following currency notes at the rates set out.

Bank of England notes .. .. .	Rs.13-2-0 per £.
U. S. dollars .. .. .	Rs.327 per 100 dollars
West African notes .. .. .	Rs.13-2-0 per £.
Egyptian pounds .. .. .	Rs.13-2-0 per £.
Ceylon notes at $\frac{1}{2}$ per cent. discount with a minimum of us.8.	

St. Settlement dollars Rs.155 per 100 dollars. (Only purchased in exceptional cases from *bona fide* evacuees who left Malaya prior to its occupation)

29. *Export Control*.—Exports to countries outside the sterling area with the exception of Arabia, Iran, Afghanistan and Tibet were in terms of the Government of India notification No.F(65)F.41 of 31st May 1941, only permitted provided the shipper made a declaration at the time of shipment as to the method of finance employed, and the name of the bank through whom payment for the goods had been or was to be received. Under instructions issued by the Reserve Bank of India shipping documents in all cases had to be forwarded to the foreign importer through a bank authorised to deal in foreign exchange in India for the realisation of proceeds. In addition payment for exports could only be made by certain approved methods. These methods varied according to the classification of the importing country, *i.e.*, whether it was a Registered Account country, a Special Account country, etc. Declarations by exporters are made to the Customs on a special form at the time of shipment and are forwarded by the latter to the nearest office of the Reserve Bank of India. Duplicate declarations are handed to the bank named therein by shippers with the shipping documents. The forms are then certified by the bank and forwarded to the Reserve Bank who match them with the originals received from Customs. Triplicate copies of the declaration forms are later submitted to the Reserve Bank by the banks when advice has been received from their overseas correspondents that payment for the goods has been made with details of the amounts of foreign exchange received. This system worked satisfactorily throughout the year. Although it was possible for shippers to evade the regulations by shipping goods against a declaration to Customs on the approved form and then despatching the shipping documents direct to foreign buyers, in few instances did evasion take place. The cases that occurred were detected when the duplicate copy of the form was not received by the Reserve Bank from the designated bank within the three weeks allowed for delivery and immediate action was taken to ensure that the foreign exchange value of the goods was surrendered. The bulk of exports from India to countries outside the sterling area was financed under bank credits and foreign exchange payments were regularly received within the stipulated period of six months. In a few cases the proceeds of goods shipped on consignment for sale in the United States were not received within six months as laid down in the Reserve Bank regulations and extensions of time limits were allowed when reason for the delay was clearly not the fault of the shipper.

The despatch of parcels from India to places outside the sterling area was subject to a similar system of Export Control so as to ensure that the foreign exchange proceeds of the goods were returned to this country. Under Post Office regulations

no parcel was accepted for transmission unless accompanied by a certificate from an authorised dealer in foreign exchange to the effect that the value of the parcel was below Rs.50 and had no exchange value or that arrangements had been made for the return to India of the foreign exchange proceeds. These certificates were forwarded by the Post Offices to the Reserve Bank of India who also received the corresponding duplicate copies from the banks. When foreign exchange proceeds of the goods were received the bank advised the Reserve Bank on a triplicate form. Considerable quantities of pearls and semi-precious stones were despatched from India to the New York market during the course of the year and through this system of parcel certificates an appreciable amount of U.S. dollar exchange was realised.

For shipments to China a special arrangement was introduced. Under this the exporter's declaration form to Customs had to be countersigned by a bank to the effect that payment had actually been received from China through the medium of an approved bank or that an irrevocable letter of credit had been opened before export was allowed. The export of goods for sale on consignment was not permitted. The reason for this was that the Chinese Stabilisation Board only grant import licences for goods for which they have allotted foreign exchange. The certificate from a bank in India that a credit had been opened or that payment had been received meant that the Stabilisation Board had allotted exchange and it followed that the import of the goods into China would be permitted. The system established was therefore advantageous both to India and to China as in the case of the former it ensured that foreign exchange would be received in payment for its exports while in the case of the latter it meant that the available air transport could not be utilised for consignments of unessential goods as the export of goods unlicensed by the Board would be automatically prohibited by India.

30. *Methods of Export Finance.*—Three graphs are given on pages 29a and 29b showing the different methods used to finance exports to countries outside the sterling area, to which the Reserve Bank of India Export Control applies, from April 1941 to March 1943. The graphs represent the percentage of the total exports financed by the different methods shown. As these are percentage graphs they are not directly affected by the volume of exports which varied considerably through the year owing to the closure for a certain period of Calcutta and Madras ports on account of enemy action.

*Graph 1*—This covers exports to the United States and its dependencies and Switzerland. As exports to Switzerland at the present time are practically non-existent this graph really represents shipments to the United States only. The proportion of goods financed direct through bills drawn in U. S. dollars compared to those financed in rupees or by sterling bills on London remain approximately the same as in the previous year. The sharp fall in the percentage of U.S. dollar bills and the rise in sterling bills in September was due to proportionately large shipments of tea which are mainly financed by bills on London drawn under sterling credits.

*Graph 2*—This covers shipments to countries with whom Special Payment Agreements have been concluded, Canada and Newfoundland. Trade with the former is almost entirely financed by sterling bills on London though occasionally sterling bills are drawn on the country of destination (method 4) prescribing for payment to be made in sterling from a Special Account. Exports financed in rupees (method 2) comprise shipments to Portuguese East Africa from India financed in rupees provided through the accounts in India of branches of banks in Portuguese

East Africa and certain tea shipments to Canada financed in rupee bills. The rise towards the end of the year in bills drawn in sterling on London was mainly due to increased jute shipments to South America financed by this method.

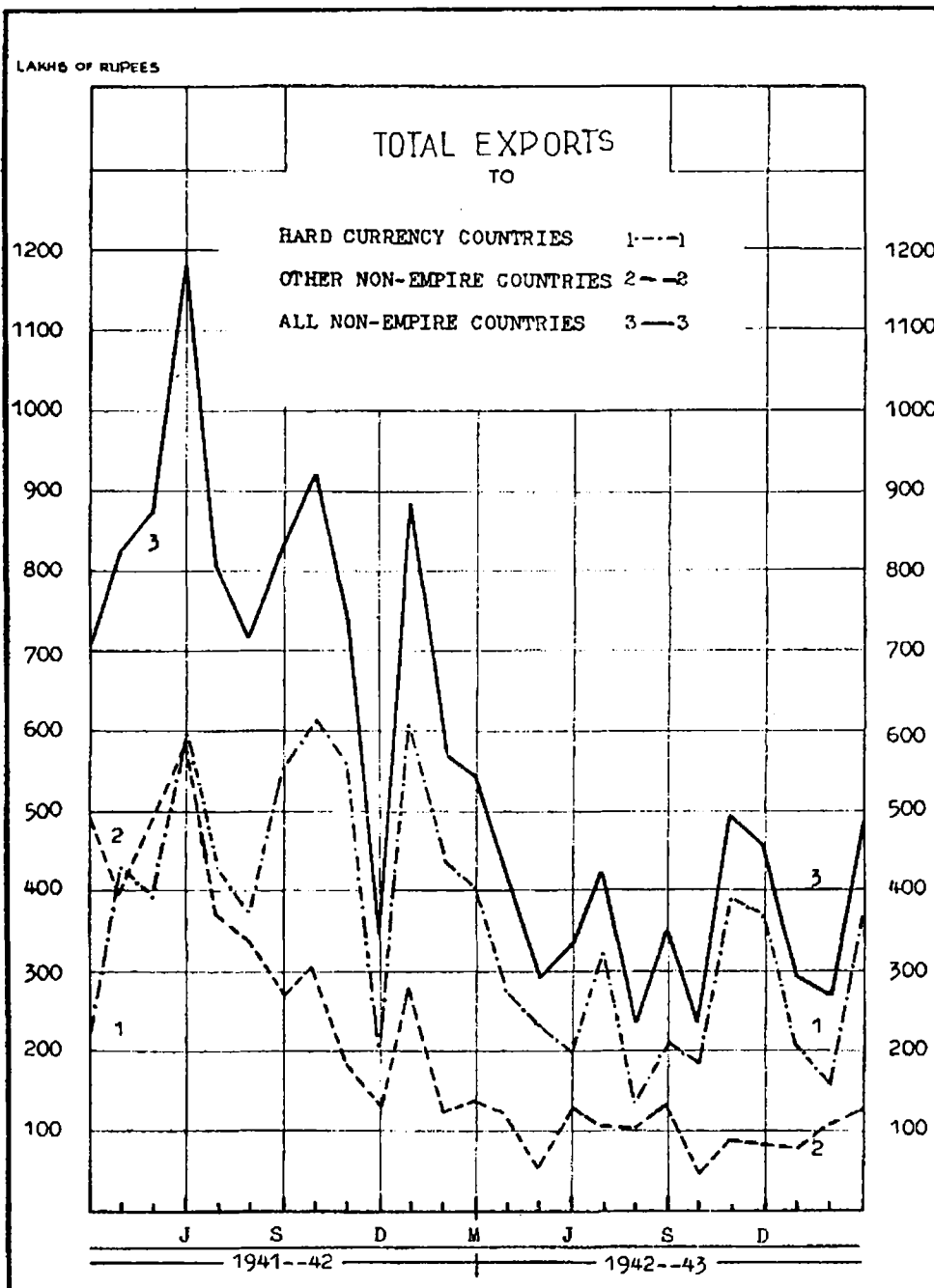
*Graph 3*—The variations between methods 1 and 3 in this graph are mainly due to variations from month to month in the proportion of shipments made to the United States which are mainly financed in U.S. dollars and to South American countries which are financed entirely in sterling.

31. *Freezing Orders.*—At the beginning of 1942 the Government of India issued a series of notifications under the Defence of India Rule 92C freezing the accounts of persons and firms resident in the following territories which had been occupied by the Japanese—

1. Hongkong,
2. Malaya,
3. British possessions in Borneo and
4. Netherlands East Indies.

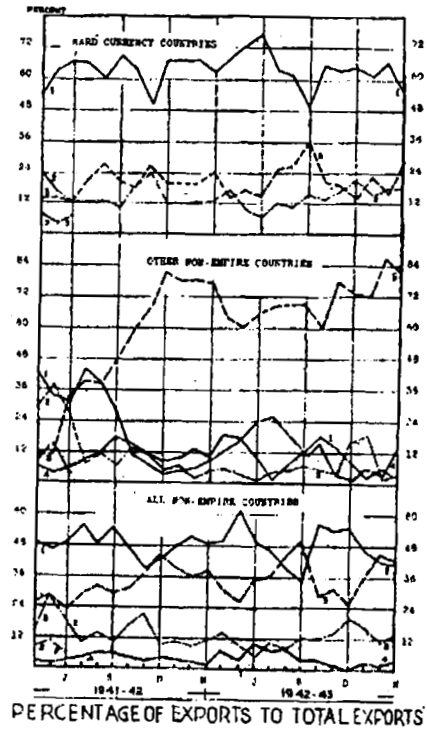
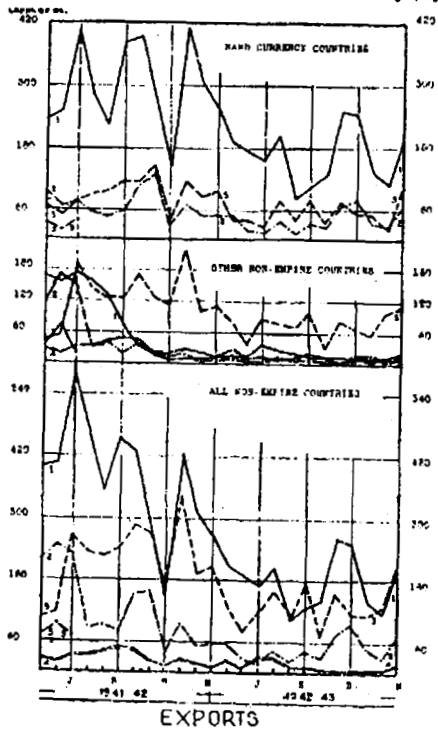
No transactions were allowed on any such accounts except with the prior approval of the Reserve Bank of India. The Reserve Bank permitted the payment of cheques which had been drawn and were in the possession of holders for value in India prior to the issue of the freezing orders. Permission was also given for payment of pre-zero cheques which reached India after the date of the freezing order provided the Reserve Bank of India was satisfied there was no question of any payment to enemy or enemy sources involved. Normal credits in respect of interest on securities, rents or debts due to persons resident in territories covered by the freezing orders were allowed and similarly debits for standing charges such as insurance premiums, support of relatives, subscriptions, etc., were also permitted. Otherwise all transactions were prohibited. Banks were required to make a quarterly return to the Reserve Bank of India of frozen accounts held in their books, with details of transactions that had been permitted during the quarter. The object of these freezing orders was to prevent the enemy obtaining funds in India or any foreign exchange through the medium of cheques which had been drawn on their accounts in India by residents in enemy occupied territories either under duress or with the object of obtaining local currency.

32. *China.*—A freezing order had been issued covering the accounts of all persons resident in China on the 30th July 1941 and this continued in force during the past year. The object of the freezing order was originally to assist the Chinese Government in the control of the foreign exchange assets and transactions of their own nationals in sterling area currencies. In that respect it was different from the freezing orders later issued to control the accounts in India of residents in Hongkong and Malaya as these were designed to prevent the enemy obtaining control of rupee funds of British and Indian residents there. However on the outbreak of war with Japan and the seizure by that country of the foreign settlements in Shanghai the accounts of residents in parts of China under Japanese occupation were placed in the same category as those in other enemy occupied territories. The accounts of persons in Free China remained frozen but the freezing order was administered in respect of these accounts with the original objective of assisting China to conserve her foreign exchange.



## METHODS OF FINANCE OF INDIA'S EXPORT TRADE

1 ——— 1. BILLS DRAWN ON REMITTANCES RECEIVED IN CURRENCY OF COUNTRY OF ORIGIN. 2 ——— 2. BILLS DRAWN ON REMITTANCES RECEIVED IN RUPEES.  
 3 ——— 3. BILLS DRAWN IN STERLING OF LONDON. 4 ——— 4. BILLS DRAWN IN STERLING OF THE COUNTRY OF DESTINATION.  
 5 ——— 5. COUNTRY METHOD.





The arrangement made with China for the external control of exchange was that all payments due to China and due by China were to be made through the medium of the accounts of certain approved banks. Originally these banks consisted of the four official Chinese Government banks—

1. Bank of China,
2. Farmers Bank of China,
3. Central Bank of China and
4. Bank of Communications,

and the banks of the United Nations operating in China. After the outbreak of the Japanese war the branches of all banks in Occupied China were frozen and they ceased to be regarded as approved banks. The approved banks were then reduced to the offices of the four Chinese banks situated in Free China and the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China who opened branch offices in Chungking during the year. Transfers to and from the accounts of approved Chinese banks were only allowed in accordance with the arrangements applicable to the accounts of Special Account countries, i.e., the rupee funds of the banks were available for payments to residents in the sterling area or to other approved Chinese banks and payments to the accounts were limited to approved payments by residents in the sterling area. Transfers between frozen Chinese accounts and those of approved banks were not permitted.

The accounts of the Chinese National Government and of all Chinese Government organisations were specially exempted from the freezing order and were treated as ordinary non-resident accounts.

The sale of foreign exchange in China was controlled by the Chinese Stabilisation Board with the exception of Government transactions and remittances from China through the medium of approved banks could only be made with the sanction of the Board. In order to assist the Board in obtaining control of all foreign exchange due to Chinese residents a Customs Order was issued in India prohibiting the clearance of any goods imported from China unless a certificate from a bank was furnished that payment for the goods had been or would be made to the account of an approved Chinese bank. During the year the Stabilisation Board permitted the sale of a moderate amount of rupee exchange for private imports into China but the bulk of the trade that took place between India and China was on Government account representing purchases by the official Chinese Government organisations in India. Imports from China were confined to purchases by British and American official organisations of silk, bristles, tin and tungsten which were brought into India by air. There was a large increase in the Chinese population in India during the year owing to the arrival of evacuees from Burma and Malaya and the Chinese banks found it necessary to open several branches in India to deal with official Government business and to meet the needs of their nationals. Attempts were made to open trade routes through Tibet and Sinkiang as an alternative to the overworked air transport system and steps had to be taken to see that the Reserve Bank regulations regarding exports to China were applied to consignments by these routes as well as by the regular air service.

33. *Non-Resident Accounts.*—Under the old system governing the conduct of operations of non-resident accounts credits could only be made with the prior approval of the Reserve Bank but debits provided they were to accounts of persons resident in the same country or to persons in the sterling area were allowed without restriction. It was found that this led to a certain leakage of foreign exchange as non-residents who were not permitted to transfer funds outside the sterling area were drawing cheques and selling them to persons in their country of residence who had payments to make in India. A new system was therefore, established whereby no debits were to be made to non-resident accounts without the prior approval of the Reserve Bank of India. Special arrangements were made with banks to allow regular payments for approved objects to be effected without special reference and permission was also given for the crediting of dividends or interest. In view of the lack of banking facilities available in Iran, Afghanistan and Saudi Arabia for the finance of trade operations, the same restrictions were not imposed on operations on the accounts of residents in these countries and credits and debits to such accounts were allowed under certain conditions without special approval from the Reserve Bank of India in each case.

34. *Import Control.*—Under the system established in co-operation with the Government of India the Reserve Bank only permits the sale of foreign exchange in payment of imports from outside the sterling area provided the importer is in possession of an import licence certifying that he is authorised to purchase foreign exchange. As foreign exchange is automatically granted to importers holding Exchange Control copies of import licences it follows that the amount of foreign exchange allocated against imports is determined by the Commerce Department of the Government of India through the issue of import licences by the Chief Controller of Imports and the Import Trade Controllers and not by the Reserve Bank of India. The duties of the latter are confined to seeing that amounts in excess of those stated in licences are not remitted against imports and that all remittances in payment of imports are covered by Exchange Control copies of import licences. Although the basis of the import licensing system was the availability of foreign exchange and the freedom with which licences were granted for imports from different countries varied with the supplies of the particular currency the deterioration in the shipping situation after the entry of Japan into the war made the supply of shipping space an overriding consideration in the issue of licences.

During the course of the year there was a steady fall in the amount of U.S. dollars provided in payment of imports. This was partly due to a reduction in the volume of goods imported for civilian consumption but was mainly due to imports such as oil, machinery, steel, etc., which formerly required large dollar disbursements, coming forward under lend-lease procedure. For goods which have been supplied by the United States under lend-lease, importers in India merely pay the Government of India direct in rupees on arrival in this country and no transaction in foreign exchange takes place.

35. *Frustrated Cargoes.*—Another result of the occupation of the East Indies by the Japanese was the arrival in India of cargoes from the United States and other foreign countries destined originally for Hongkong, Malaya and Dutch East Indies. In cases where the goods were in the ownership of persons or banks resident in enemy occupied territories payment for the cargoes when sold in India was made to frozen

accounts in the names of the owners. In cases of shipments from the United States where the ownership of the goods still remained in the hands of the American bank or merchant, remittance of U.S. dollars was permitted but where payment for the goods had already been made out of the resources of the sterling area by direct remittances from Malaya and Hongkong or under letters of credit opened by banks there, the proceeds of distressed cargoes were credited to the rupee accounts of the banks in Malaya or Hongkong in whom the ownership of the goods rested.

## V. PUBLIC FINANCE

### A. BUDGETS

36. *General.*—The finances of the Central Government during the year continued to be increasingly dominated by the heavy defence expenditure under revenue as well as capital heads and larger expenditure on civil services incidental to the war. There were resultant increases in both direct and indirect taxation, particularly in the latter and the deficit to be covered by borrowings was the largest so far. There were considerable additions to both the floating and the permanent rupee debt of the country partly owing to the further repatriation of the sterling debt. With the practical extinction of this debt and the accumulation of large sterling balances which probably more than offset the private British investments in India, India has within a brief period completed the transition from a debtor to a creditor country.

#### CENTRAL GOVERNMENT :

37. *Finance Accounts, 1941-42.*—The year closed with revenue at Rs.134·57 crores and expenditure at Rs.147·26 crores, showing increases of Rs.4·95 crores and Rs.37 lakhs respectively as compared with the revised estimates. The revised deficit of Rs.17·27 crores accordingly declined to Rs.12·69 crores, and a net addition to debt of Rs.9·69 crores resulted after making allowance for the usual annual provision of Rs.3 crores for the reduction of debt. The improvement in revenue receipts was fairly widely distributed over various heads such as Customs (Rs.1,89 lakhs), Central Excise duties (Rs.85 lakhs), Income Tax (Rs.63 lakhs), Railways' contribution (Rs.1,05 lakhs) and Posts and Telegraphs (Rs.22 lakhs). The total increase of Rs.37 lakhs in expenditure occurred as a result of a rise of Rs.1·48 crores under defence counterbalanced by savings aggregating Rs.1·11 crores under civil estimates. Tax revenue since 1938-39 increased by Rs.23·53 crores from Rs.72·34 crores during that year to Rs.95·87 crores in 1941-42. On the other hand defence expenditure during the period rose by Rs.57·75 crores from Rs.46·18 to Rs.103·93 crores. Additions to debt during the three years since 1939-40 on account of the budgetary deficits amounted to Rs.19·22 crores.

38. *Revised Estimates, 1942-43.*—The revised estimates for the year placed receipts and expenditure on revenue account at Rs.178·76 crores and Rs.273·42 crores respectively compared with the budget estimates of Rs.152 crores and

Rs.187·06 crores. The improvement of Rs.26·76 crores in revenue was much more than neutralised by an increase of Rs.86·36 crores in expenditure resulting in a revenue deficit of Rs.94·66 crores against the budgeted Rs.35·07 crores. The increase in receipts (*vide* table in the following paragraph) was accounted for by a rise of Rs.6·26 crores (from Rs.42 to Rs.48·26 crores) under Income Tax, and Rs.7·75 crores (from Rs.21·99 to Rs.29·74 crores) under Corporation Tax, Rs.2·20 crores under Currency and Mint, Rs.1·50 crores under Salt and Rs.1·35 crores under Posts and Telegraphs. The contribution to general revenues by Railways remained unaltered at Rs.20·13 crores. Total collections under Excess Profits Tax increased by Rs.7 crores to Rs.26 crores. The relatively large increase under Currency and Mint accrued mainly on account of a rise in the surplus profits of the Reserve Bank to Rs.3·24 crores from Rs.2·47 crores and also through a higher credit to revenue out of the profits from mintage of small coin. The only head of revenue which showed a decline was Customs, the receipts from which are placed at Rs.31 crores against the original estimate of Rs.35·35 crores in consequence of a further decline in imports. On the expenditure side, there was a considerable increase under civil estimates from Rs.54·06 crores to Rs.83·67 crores as a result of higher provision for civil defence, air raid precautions and refugees from Burma. The defence expenditure on revenue account was placed at Rs.189·75 crores against the original provision of Rs.133 crores. Including Rs.49·14 crores on capital account, the total defence expenditure during the year would amount to Rs.238·89 crores. The huge rise in defence expenditure is mainly accounted for by a rise under India's War Measures, including joint war measures, from Rs.81·30 crores to Rs.135·96 crores, necessitated by the large expansion in all the three arms of the defence services, *viz.*, the Army, Navy and Air Force. Under this head allowance is made for receipts amounting to Rs.7·50 crores on account of Lend-Lease supplies utilised by the public, Provincial Governments, Railways and the Posts and Telegraphs Department. During the year new problems arose regarding the appropriate allocation of expenditure under the new conditions of the enormous increase in the Supply Department's activities and the development of Reciprocal Lend-Lease following the arrival of the United States Air Forces in India as well as the allocation of the capital expenditure on supply measures under the terms of the existing Financial Settlement between the United Kingdom and India, and a revision of the Financial Settlement was proposed by His Majesty's Government. As a result of the discussions on the subject which took place in London between His Majesty's Government and the Indian Finance Member, however, it was decided to adjust all outstanding questions within the framework of the existing Settlement. As regards the capital expenditure on supply measures financed in the first instance by His Majesty's Government, it is proposed that India should provide one half the capital cost and should then own all the assets already created or to be created. Similarly pending the determination of the maximum Air Forces necessary to India's defence, half of the total estimated capital and recurring costs in regard to the various schemes of expansion of the Air Forces in India is to be met by the country. The total capital cost thus determined and to be debited to India amounts to Rs.49·14 crores.

39. *Budget Estimates, 1943-44.*—The following table compares the budget estimates of revenue and expenditure with the revised and budget estimates for 1942-43 and the accounts of 1941-42, gives an analysis of defence expenditure

on both revenue and capital account and shows the recoverable war expenditure from the British Government.

Particulars	(In crores of rupees)			
	1941-42 Accounts	1942-43		1943-44 Budget Estimates
		Budget Estimates	Revised Estimates	
<b>Revenue</b> .. .. .	134.57	152.00	178.76	219.40
Tax revenue .. .. .	95.87	112.32	121.14	154.26
<b>Expenditure</b> .. .. .	147.26	187.06	273.42	259.59
(a) Civil Estimates .. .. .	43.33	54.06	83.67	76.78
(b) Defence Expenditure .. .. .	103.93	133.00	189.75	182.81
(1) Basic Normal Budget .. .. .	36.77	36.77	36.77	36.77
(2) Rise in prices .. .. .	4.39	6.52	8.61	10.62
(3) War Measures (Net) .. .. .	54.44	81.30	135.96	127.01
(4) Non-effective charges (Net) .. .. .	8.33	8.41	8.41	8.41
<b>Deficit on revenue account</b> .. .. .	12.69	35.07	94.66	40.19
<b>Defence Expenditure on Capital Account</b> .. .. .	....	....	49.14	16.85
(1) Air Force—Aerodromes .. .. .	....	....	18.37	2.62
(2) Capital outlay on Industrial Expansion .. .. .	....	....	12.00	4.00
(3) Reciprocal Aid—Aerodromes .. .. .	....	....	12.75	2.85
(4) Now construction for the R.I.N. .. .. .	....	....	4.72	3.28
(5) Capital outlay on Tele-communication scheme .. .. .	....	....	1.30	4.20
<b>Recoverable War Expenditure from the British Government</b> .. .. .	194.00	....	337.00	346.00

The budget estimates placed the total expenditure at Rs.259.59 crores and the total receipts at Rs.199.30 crores on the basis of existing taxation, the prospective deficit of Rs.60.29 crores being intended to be met to the extent of Rs.20.10 crores by additional direct and indirect taxation and the rest by borrowing.

It will be noticed that the budget estimates of defence expenditure on revenue account are placed lower at Rs.182.81 crores than the revised estimates at Rs.189.75 crores in 1942-43. The item of India's War Measures under which the principal reduction in defence expenditure occurs, allows for a heavier receipt of Rs.15 crores on account of Lend-Lease supplies. The aggregate defence expenditure from 1939-40 to 1943-44 (budget) amounts to Rs.599.64 crores on revenue account, and Rs.665.63 crores in all, i.e., including an expenditure of Rs.65.99 crores on capital account.

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

Heads of Revenue	1941-42 Accounts	1942-43		1943-44 Budget	Increase (+) Decrease (-) in 1943-44 over revised estimates for 1942-43
		Budget	Revised		
Customs .. .. .	37.89	35.35	31.00	30.00	- 1.00
Central Excise Duties .. .. .	13.15	12.65	12.68	25.42	+12.74
Corporation Tax .. .. .	11.66	21.90	20.74	42.80	+13.06
(Excess Profits Tax) .. .. .	(7.02)	(15.60)	(22.40)	(33.80)	(+11.40)
Taxes on Income other than Corporation Tax .. .. .	32.40	42.00	48.26	59.20	+10.94
(Excess Profits Tax) .. .. .	(1.67)	(3.40)	(3.60)	(6.20)	(+ 2.60)
Currency and Mint .. .. .	3.40	3.26	5.46	5.13	- 0.33
(Profits of the Reserve Bank) .. .. .	(2.45)	(2.47)	(3.24)	(3.24)	(+ 0.00)
Railways' Contribution .. .. .	20.17	20.13	20.13	27.10	+ 6.97
Posts and Telegraphs .. .. .	3.41	4.23	5.58	8.36	+ 2.78

The following table giving the proportion of total taxes on income to the total tax revenue brings out the striking increase in relative reliance on direct taxation during the war:—

Year	Total Tax Revenue		Total Taxes on Income	Percentage of (2) to (1)
	(1)		(2)	
	Rs. crores		Rs. crores	
1939-40 .. .. .	81.85		19.37	24
1940-41 .. .. .	79.66		25.93	33
1941-42 .. .. .	103.26		44.06	43
1942-43 (Budget) .. .. .	120.69		63.99	53
1942-43 (Revised) .. .. .	132.04		78.00	59
1943-44 (Budget) .. .. .	166.36		102.00	61

The revised estimate of receipts from Income Tax and Corporation Tax for 1942-43 is Rs.78 crores as compared with the budget estimate of Rs.63.99 crores, and the receipts for 1943-44 are estimated at Rs.102 crores. The increase is accounted for by the higher estimate of collections of Excess Profits Tax which are placed at Rs.40 crores as compared with the revised estimate of Rs.26 crores for 1942-43, and by the increases in the rates of Income Tax, Super Tax and Corporation Tax. The measures for additional direct taxation, which are expected to yield an extra revenue of Rs.7 crores, include (a) an increase in the central surcharge on Income Tax from 9 pies to 10 pies in the rupee on the slab of income between Rs.5,000 to Rs.10,000, from 14 to 16 pies in the rupee on the next slab up to Rs.15,000 and from 15 to 20 pies in the rupee on incomes above Rs.15,000, the effect of these changes being to impose a surcharge amounting uniformly to 66 $\frac{2}{3}$  per cent. over the existing basic rates of tax; (b) a uniform increase of  $\frac{1}{2}$  anna in the surcharge on Super Tax on slabs of income between Rs.25,000 and Rs.3 $\frac{1}{2}$  lakhs; (c) an increase in the Corporation Tax from 1 $\frac{1}{2}$  to 2 annas in the rupee. As the limits of possible increase in direct taxation are approached, an increase in indirect taxation particularly through selective excise taxes is made. The indirect taxation measures estimated to bring in an additional revenue of Rs.13.10 crores are (1) a central excise duty on tobacco ranging from 1 anna to Rs.1-2-0 on every lb. in the case of unmanufactured tobacco and 2 annas to Rs.6 per hundred rupees in the case of manufactured tobacco, expected to yield Rs.10.50 crores; (2) a new excise duty on the vegetable fat known as *Vanaspatti*, estimated to bring an additional Rs.1.40 crores at Rs.7 per cwt., but reduced under the Finance Act of March 1943 to Rs.5 per cwt.; (3) increases in postal and telephone rates: (a) in inland letter rate for each tola after the first tola from  $\frac{1}{2}$  anna to 1 anna; (b) in inland parcel rate for the first forty tolas from As.4 to As.6 and (c) in the existing surcharge on the telephone rentals from  $\frac{1}{4}$ th to  $\frac{1}{3}$ rd, the total proceeds from the increased charges under these heads being placed at Rs.1.20 crores. The contribution from Railways to general revenues in pursuance of the revised arrangements (*vide* paragraph 40) is expected to be higher at Rs.27.10 crores. The higher receipts under Posts and Telegraphs are expected mainly as a result of the taking over by Government of the systems belonging to telephone companies at Bombay, Calcutta and Madras, which would yield Rs.1.13 crores. The total cost of the Tele-communications Development scheme is estimated at Rs.16.24 crores of which Rs.6.87 crores has been provided for in the capital programme for 1943-44, the War Department contributing Rs.5.5 crores.

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

	(In crores of rupees)			
	1941-42 Accounts	1942-43 Budget	Revised estimates	1943-44 Budget estimates
<b>Receipts and Expenditure.</b>				
Gross traffic receipts .. .. .	135.17	130.27	149.25	150.00
Total working expenses .. .. .	79.55	75.53	86.52	83.14
A. Net traffic receipts .. .. .	55.62	54.74	62.73	61.86
B. Net miscellaneous receipts .. .. .	0.90	1.50	1.71	2.17
Net revenue (A+B) .. .. .	56.52	56.30	64.44	64.03
Interest charges .. .. .	28.44	28.35	28.16	27.99
Surplus .. .. .	28.08	27.95	36.28	36.04
Contribution to General Revenues ..	20.17	20.13	20.13	27.10
Contribution to Railway Reserve Fund ..	....	....	0.07	8.94
Repayment of the loans from the Depreciation Fund .. .. .	7.91	7.82	22.38*	....
Total expenditure charged to Capital ...	0.84	23.50	15.61	13.00
Total expenditure charged to Depreciation Fund.. .. .	5.35	7.00	5.01	11.00
<b>Capital at charge at the end of the year</b>	<b>754.73</b>	<b>781.46</b>	<b>770.24</b>	<b>783.24</b>
<b>Depreciation Reserve Fund .. .. .</b>	<b>36.60</b>	<b>51.24</b>	<b>51.84</b>	<b>82.19</b>
Net accretions during the year .. .. .	7.33	5.68	7.97	1.84
Closing balance .. .. .	51.84†	64.74‡	82.10¶	81.03

\* Includes 6.30 crores transferred from the Railway Reserve Fund

† Including a temporary loan of Rs. 7.91 crores repaid

‡ " " " " 7.82 " "

¶ " " " " 22.38 " "

The continued improvement in goods and passenger traffic since the war has led to a steady increase in railway earnings with larger contributions to general revenues and to a strengthening of the Railways' reserve position. The revised estimates of total traffic receipts for 1942-43 are higher than the budget estimates by Rs.18.98 crores, the improvement resulting, partly from the withdrawal of reduced concession and special rates and fares. Of the net surplus amounting to Rs.36.28 crores for 1942-43 the general revenues will receive the budgeted contribution of Rs.20.13 crores, or Rs.2.36 crores over and above the Railways' aggregate liability to general revenues of Rs.17.77 crores and Rs.16.08 crores will be paid towards the outstanding liability to the Depreciation Fund, the balance of Rs.7 lakhs only going to the Railway Reserve.

No additions to fares and freights for 1943-44 have been made. The net surplus for the year is estimated at Rs.36.04 crores of which the strategic lines are expected to contribute, for the first time in the history of the railways,

a profit of Rs.29 lakhs ; of the estimated surplus the general revenues receive Rs.27·10 crores according to a new arrangement in supersession of the 1924 Convention and Rs.8·94 crores will be transferred to the Railway Reserve.

The Convention of 1924 separating Railway finance from the general budget was intended to free the latter from the fluctuations of uneven railway earnings and at the same time to enable the railways to carry on a continuous policy based on the necessity of making a definite return to general revenues. In actual operation the Convention was found to be inelastic and failed in certain important respects. In lean years the railways had to raid their own reserves to pay the fixed contribution, while in the period of wartime boom the Convention made it necessary to introduce a moratorium from time to time in order to secure an extra share of the railway surplus for the general revenues of the State. The Convention had the effect of shifting the incidence of economic instability from the general to railway revenues without by any means reducing its extent or the general magnitude of the problem presented by the fluctuating railway receipts in relation to the aggregate financial position. The Central Assembly therefore adopted on the 2nd March 1943 a resolution proposed by Government recommending certain changes as an interim wartime arrangement in the Convention of 1924, to the effect that from the 1st April 1943 so much of the Convention as provide for the contribution and allocation of surpluses to general revenues should cease to be in force ; for the year 1943-44, the surplus on commercial lines should be utilised to repay any outstanding loan taken from the Depreciation Fund and thereafter be divided between the general revenues and the Railway reserves in the proportion of three to one, the loss, if any, on strategic lines being recovered from general revenues ; and for subsequent years and until a new Convention was adopted by the Assembly the allocation of the surpluses on commercial lines between the Railway reserves and general revenues should be decided each year on a consideration of the needs of the Railways and general revenues.

41. *Provincial Budgets.*—Statement IX shows receipts and expenditure on revenue account of the Provinces for the years 1941-42, 1942-43 and 1943-44. The combined results for all Provinces are summarised below :—

					(In lakhs of rupees)			
					Accounts	Budget	Revised	Budget
					1941-42	Estimates	Estimates	Estimates
						1942-43		1943-44
Revenue	..	..	..	..	1,07,41	1,04,15	1,17,51	1,16,65
Expenditure	..	..	..	..	1,03,48	1,04,67	1,18,55	1,17,15
Total surpluses	..	..	..	..	4,52	78	1,47	1,36
Total deficits	..	..	..	..	50	1,30	2,51	1,86
Total net surpluses (+) or deficits (-)					+3,93	-52	-1,04	-50

As a result mainly of increased receipts under the provincial share of Income Tax, land revenue, excise and forests, the combined provincial accounts for 1941-42 disclosed a comparatively large surplus of Rs.3,93 lakhs against the anticipated Rs.42 lakhs. Most of the Provinces shared in the improved results, Bombay, Madras and the Punjab had substantial surpluses of Rs.1,61, Rs.88 and Rs.64 lakhs respectively, while Bengal's actual deficit was only Rs.56 lakhs against the estimated



Rs.1,03 lakhs. Rising agricultural prices and consequent improvement in the purchasing power of the ryot, larger war orders for small scale industries and increasing utilisation of provincial resources like forests reflected themselves during 1942-43 in an appreciable rise in receipts, which were placed at Rs.117.51 crores revised as against Rs.104.15 crores in the budget estimates for that year. On the other hand, expenditure rose on account of additional police and civil defence measures, extra outlays to finance food supply and distribution schemes and "grow more food" campaigns as well as on account of the grants of dearness allowances. Thus aggregate expenditure of the Provinces on revenue account increased from Rs.104.67 crores in the budget to Rs.118.55 crores in the revised estimates and the revised deficit was placed at Rs.1,04 lakhs against Rs.52 lakhs. The deficits of Bengal and Sind were increased mainly on account of extensive damage and distress caused by floods.

The budget estimates for 1943-44 show deficits in five Provinces amounting in all to Rs.1,86 lakhs of which Rs.1,53 lakhs is accounted for by Bengal; five other Provinces show surpluses aggregating Rs.1,36 lakhs. The total estimated revenue for all Provinces discloses a fall of about Rs.86 lakhs compared to the revised estimates for 1942-43 in spite of an anticipated improvement in the provincial share of Income Tax receipts from the Centre from Rs.10.90 crores to Rs.12.10 crores. No important fresh measures of taxation have been introduced in the Provinces although two Provinces *viz.* Bengal and Sind have provided for increases in the rates of taxation on entertainments and on the sale of electrical energy, and Sind proposes to enhance the stamp duties on transfer of property. Madras has abolished land revenue concessions of the value of Rs.70 lakhs in a full year first made during the depression of 1932-33. A feature of interest on the expenditure side is the provision of funds for post-war reconstruction in certain provinces like Bombay, the United Provinces, and the Central Provinces and Berar. The post-war reconstruction fund in Bombay which was started in 1942-43 with an initial amount of Rs.22.40 lakhs will total Rs.82.93 lakhs at the end of 1943-44. In the U.P. the Revenue Reserve Fund for post-war reconstruction will have a balance of about Rs.1,30 lakhs at the end of 1943-44.

42. *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 and April 1942. Further particulars of the payments in respect of each Province will be found in Statement X.

						(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	..	..	..	..	..	7.30	1.95	3.03	12.37
1942-43	..	..	..	..	..	10.89	1.40	2.75†	15.04
1943-44 (budget estimate)	..	..	..	..	..	12.10	1.45	2.75	16.30

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

† Excluding a grant of Rs. 1 lakh to Coorg

The progressive increase in the share of income-tax accruing to Provinces noticed in the last Report continued during the year, the receipts for 1942-43 estimated in the budget at Rs. 8.37 crores being revised to Rs.10.89 crores. The receipts for 1943-44 are estimated at Rs.12.10 crores on the basis that the sum to be retained by the Centre out of the Provincial moiety will be maintained at Rs.4½ crores in terms of the direction, dated the 7th April 1943, issued by the Governor-General under clause (ii) of the proviso to sub-section (2) of Section 138 of the Government of India Act, 1935, according to which the second period of five years prescribed by paragraph 7 of the Government of India (Distribution of Revenues) Order 1936, which would have ordinarily started with 1942-43, shall be extended by another year. The increase in the provincial share of income-tax results from the continued increase in the divisible pool of income-tax which is estimated at Rs.33.19 crores for 1943-44 as compared with Rs.30.10 crores and Rs.25.75 crores respectively in the revised and budget estimates of 1942-43, and is calculated as follows :—

	(In lakhs of rupees)		
	1942-43 Budget	1942-43 Revised	1943-44 Budget
Total taxes on income other than Corporation tax, including Central Surcharge .. .. .	28,73	34,36	38,20
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioner's Provinces	2,52	3,82	4,62
Share of cost collection .. .. .	46	44	39
Divisible Net Proceeds of Income-tax .. .. .	25,75	30,10	33,19
Deduct Amount retained by the Central Government	17,38	19,55	21,09
Amount payable to Provinces .. .. .	8,37	10,55	12,10
Add Previous year's arrears .. .. .	....	85	....
Total ..	8,37	10,90	12,10

On the other hand, the share of jute export duty assigned to the jute producing Provinces was placed at Rs.1.45 crores for 1943-44 against Rs.1.40 crores in 1942-43 and Rs.1.95 crores in 1941-42. The total amount payable under the Niemeyer Award as subventions to Provinces is placed at Rs.2.75 crores for 1943-44 as in the previous year. No special grant is provided for Coorg, as was provided in 1942-43.

## B. PUBLIC DEBT

### (a) GOVERNMENT BALANCES AND SHORT TERM BORROWING

#### CENTRAL GOVERNMENT :

43. *Balances.*—Statement XI 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 1942-43. The average month-end balances of the Central Government with the Reserve Bank were lower at Rs.12.10 crores in 1942-43 as against Rs.15.77 crores in the previous year. Except at the end of August, September and October the balances remained at a comparatively high level and they reached Rs.25.88 crores, the highest for the year, at the close of February 1943, as against Rs.58.68 crores in the same month in 1941-42.

44. *Treasury Bills.*—Particulars of the weekly transactions in the Central Government treasury bills are given in Statement XII. The increasing extent of short-term borrowing during the year is reflected in the progressive rise in the amount of treasury bills outstanding from week to week. The total amount of treasury bills outstanding at the end of 1942-43 was Rs.264·70 crores, representing an increase of Rs.127·72 crores over the end of 1941-42, as against an anticipated increase of Rs.29·5 crores in the budget for 1942-43. Among the factors responsible for this marked increase in the treasury bill debt may be mentioned (1) the further deterioration in the revenue position (2) the need to provide for the defence capital expenditure (3) the financial operations connected with the funding of the railway annuities and the acquisition of railway debentures. The budget statement for 1943-44, however, envisages a substantial reduction in treasury bill outstandings by Rs.57 crores. The total sales to the public of treasury bills including intermediates amounted to Rs. 371·93 crores in 1942-43 as compared with Rs.118·60 crores in 1941-42. In June when intermediates ceased to be sold the tender limit was successively raised from Rs.2 crores where it had remained since the beginning of the year to Rs.3 crores on the 2nd, Rs.4 crores on the 9th, Rs.6 crores on the 16th and Rs.8 crores on the 23rd. It was reduced to Rs.6 crores from the 4th August and was kept unchanged until the 14th October when it was again raised to Rs.8 crores. The tender limit was further increased to Rs.10 crores on the 10th November and was lowered again to Rs.6 crores on the 15th December after the sale of intermediates had been resumed from the 9th December. On the 16th February 1943, the offer was raised to Rs.8 crores and remained at that level for the rest of the year. In the result, the amount of treasury bills outstanding with the public at the end of the financial year swelled to Rs.123·98 crores from Rs.27·78 crores only at the end of 1941-42.

The money market continued to be easy throughout the year and applications consequently were well above the amounts offered. On two occasions, however, namely the 22nd December and the 5th January, applications fell below the tender limits, while no tenders were invited during the intervening week ending the 29th December. The total amount tendered in 1942-43 excluding intermediates was Rs.527·44 crores against an offer of Rs.317 crores as compared with Rs.140·27 crores against an offer of Rs.81 crores in 1941-42. The average rate of discount of accepted tenders which stood at Rs.1-2-11 per cent. at the beginning of April moved up by the end of the month to Rs.1-5-0 per cent., being the highest rate for the year as compared with Rs.1-2-9 per cent. at the end of 1941-42. Thereafter, with the advent of the slack season the rate tended to decline, and was Re.0-6-6 per cent., the lowest for the year, on the 4th September as compared with Re.0-6-0 per cent. on the 29th August 1941. With the approach of the busy season in October the rate began to move up and closed at Rs.1-1-10 per cent. for the year. The spread between the highest and the lowest rate widened during the year to Re.0-14-6 per cent. from Re.0-12-9 per cent. in 1941-42. The rate of discount on intermediates ranged between Rs.1-2-0 and Rs.1-4-0 per cent. during the first two months of the year and remained at Re.1-0-0 per cent. from the resumption of sales in the 2nd week of December to the end of the year.

The amount of Central Government treasury bills sold in favour of the Issue Department of the Reserve Bank of India during the year was Rs.496·42 crores compared with Rs.291·48 crores in 1941-42, the total amount of bills held in the Issue Department at the close of 1942-43 being Rs.116·63 crores against Rs.88·47 crores at the end of the preceding year. As the Statement shows, the total out-

standings increased between the 1st and 8th January by Rs. 73·06 crores mainly as a result of additional issues of *ad hoc* bills of the face value of Rs.72·20 crores in connection with the repayment of the balance of the 3½ per cent. Sterling Stock on the 5th January 1943.

A modification in the method of payment for accepted tenders was introduced with effect from the 29th July 1942 by which, in lieu of payment in cash against allotment, a successful tenderer was permitted to offer such treasury bills in his possession as matured between the day on which the result was published and the day preceding the next publication.

45. *Yield on Treasury Bills.*—The following table shows the average true yield per cent. per annum on Central Government treasury bills during each month of 1942-43 and 1941-42 :

Month	1942-43		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 .. .. .	13,40,00	1·23	7,75,50	0·81
May .. .. .	26,78,00	1·23	15,45,50	0·79
June .. .. .	21,00,00	0·88	13,51,50	0·82
July .. .. .	39,81,75	0·62	8,30,50	0·85
August .. .. .	24,18,25	0·47	5,00,00	0·53
September .. .. .	24,00,00	0·52	8,00,00	0·56
October .. .. .	36,00,00	0·62	12,10,00	0·64
November .. .. .	38,00,00	0·71	11,14,75	0·76
December .. .. .	31,85,25	1·00	9,27,00	0·94
January .. .. .	39,06,25	1·06	8,53,75	0·97
February .. .. .	41,89,75	1·08	9,03,75	0·99
March .. .. .	35,93,50	1·11	10,47,75	1·13
<b>TOTAL .. .. .</b>	<b>371,92,75</b>	<b>0·87</b>	<b>118,60,00</b>	<b>0·72</b>

The monthly average yield was higher during the first quarter of 1942-43 than in the corresponding period of the previous year, but fell below the corresponding monthly averages of the previous year during the succeeding five months from July to November. The lowest monthly yield for the year was reached in August 1942, viz. 0·47 per cent. compared with 0·53 per cent. during the corresponding month in 1941-42. The yield steadily rose from September and passed the previous year's average in December, being slightly lower again than in the preceding year in March. The highest and lowest weekly yields worked out at 1·29 per cent. on the 24th April 1942 and 0·41 per cent. on the 4th September respectively compared with 1·15 per cent. on the 20th March 1942 and 0·38 per cent. on the 29th August 1941.

46. *Ways and Means Advances.*—The monthly borrowings of the Central Government from the Reserve Bank of India are shown in Statement XIII. The advances taken by Government during the first quarter of the year were considerably higher at Rs.57·5 crores against Rs.15 crores and Rs.15·5 crores during the corresponding periods of 1941-42 and 1940-41. There were no borrowings in July. During

the succeeding four months the borrowings were again on a comparatively heavy scale, the total being Rs.77 crores. Thereafter Government had recourse to borrowing only twice, in January 1943 for Rs.23 crores and in March for a smaller amount of Rs.4.5 crores. The total borrowings of the year amounted to Rs.162 crores as against Rs.97 crores in the previous year. No advances were outstanding at the end of the year.

#### PROVINCIAL GOVERNMENTS :

47. *Balances and Ways and Means Advances.*—The Provincial Governments' balances stood generally higher than in 1941-42 and averaged Rs.8.13 crores as compared with Rs.5.92 crores during the previous year.

All the Provinces, with the exception of Bombay and the N.W.F.P., had recourse to ways and means advances from the Bank during the year. The total amount of borrowing during the year was Rs.10.57 crores as against Rs.6.26 crores in 1941-42, only Rs.2 lakhs remaining outstanding on this account at the end of the year. The advances to the Government of Burma from the Bank during the year totalled Rs.7.90 crores of which Rs.7.85 crores was repaid, leaving an outstanding of Rs.5 lakhs only at the close of the year.

48. *Treasury Bills.*—The sales of Provincial Governments' treasury bills during 1942-43 are shown in Statement XIV. As many as five Provinces entered the short-term market in 1942-43 as against three in the previous year; the total sales during the year were, however, lower at Rs.4.35 crores as compared with Rs.8.15 crores in 1941-42. The outstandings at the end of the year amounted to Rs.80 lakhs against Rs.1 crore at the end of the preceding year. Applications against tenders were well above the amounts offered and reflected the continued popularity of the Provincial government treasury bills in the market. It will, however, be seen that there has been a substantial reduction in the total annual sales of Provincial treasury bills during the war period from the peak level of Rs.11.80 crores in 1939-40. The average yield on the Provincial bills during the year worked out slightly lower at 0.82 per cent. compared with 0.85 per cent. in 1941-42 and 0.91 per cent. in 1940-41. The yield on weekly offers of the Provincial bills remained higher than on the Central Government bills, except on one occasion on the 11th December when Madras secured its requirements at the average rate of Rs.0.15-1 per cent. as compared with Rs.1.0-5 per cent. for the Central Government bills.

#### (b) LONG TERM DEBT AND OTHER BORROWING

49. *Government of India Loans.*—The loan programme of the Central Government during 1942-43 formed part of the Indian Defence Savings Movement as first announced on the 4th June 1940. It included the issue of the 3 per cent. Loan 1951-54 (The Third Defence Loan), Ten-Year Defence Savings Certificates, Three-Year Interest-Free Bonds and facility for opening Indian Post Office Defence Savings Bank account bearing interest at  $2\frac{1}{2}$  per cent. per annum. Besides, there continued to be on offer Government loans consisting of rupee counterparts of the repatriated sterling stocks or re-issues of existing loans into which some of these counterparts were converted.

The issue of the 3 per cent. Loan 1951-54 (The Third Defence Loan) was announced on the 4th July 1942. The new loan was in the form of a re-issue of the 3 per cent. 1951-54 Loan, first issued in 1935, and was on tap from the 8th July 1942. Securities of the Three-Year Interest-Free Bonds, however, purchased during the intervening period between the closing of the Second Defence Loan, 1949-52 and the opening date of the Third Defence Loan, 1951-54, *i.e.*, between the 14th February 1942 and the 7th July 1942 were made eligible for conversion into the present issue. As the interest on the loan for the first full half-year was payable on the 15th September 1942, the opening price of the loan from the 8th to the 11th July was fixed at Rs.100-10-8, increasing thereafter by 8 pias per cent. weekly, approximating to the net weekly interest accruing. The total subscriptions to this loan upto the end of March 1943 amounted to Rs.40,26,58,300 including Rs.57,100 tendered for conversion in the form of Three-Year Interest-Free Defence Bonds.

On the 1st October 1942, Government announced a further issue of the existing 3 per cent. Loan 1963-65, with a view to assisting in the arrangement for the funding of their liabilities in respect of railway annuities (*vide para. 52*). The issue price was fixed at Rs.95 for every Rs.100 nominal. The list of subscriptions was opened on the 3rd October and closed on the 15th October 1942. Subscriptions from the public amounted to Rs.3,41,47,200 and the balance of Rs.11,58,52,800 was taken up by the Reserve Bank of India against cancellation of an equivalent amount of *ad hoc* treasury bills from its holding.

In addition to the subscriptions to the Defence Loans, there was a steady investment of new money, especially by institutional investors, in Government loans through the machinery created and developed in connection with the repatriation of the country's sterling debt. The total investments in the counterparts thus created including extensions of the existing issues amounted to Rs.131.24 crores at the end of 1942-43 as compared with Rs.83.10 crores at the end of the previous year and Rs.61.27 crores at the end of 1940-41. The amounts invested in each of these loans as on the 31st March during the last three years are given below :—

		(In crores of rupees)		
		1941	1942	1943
3 % Paper	.. .. .	2.89	3.39	3.97
3½% „	.. .. .	9.38	17.26	55.73
5 % 1942-47	.. .. .	7.45	0.29	....
4½% 1950-55	.. .. .	18.72	8.08	8.08
4½% 1958-68	.. .. .	7.27	5.84	5.84
4 % 1948-53	.. .. .	6.36	4.72	5.02
3½% 1954-59	.. .. .	3.96	12.24	12.32
3 % 1949-52	.. .. .	5.24	7.28	7.48
3 % 1951-54	.. .. .	....	10.95	16.79
3 % 1963-65	.. .. .	....	13.05	16.01
<b>Total</b>	<b>..</b>	<b>61.27</b>	<b>83.10</b>	<b>131.24</b>

The total receipts from the various Defence Loans and sales of rupee counterparts of sterling loans up to the 31st March 1943 amounted to Rs.301·50 crores as detailed below :—

		(In lakhs of rupees)			
At the end of		1940-41	1941-42	1942-43	Total
1	Three per cent. Six-Year Defence Bonds :—				
	(a) First Series .. .. .	71	..	..	71
	(b) Second Series .. .. .	44,43	..	..	44,43
2.	Three per cent. Second Defence Loan 1940-52 .. .. .	3,47	55,69	..	59,16
3.	Three-Year Interest-Free Bonds .. ..	2,33	34	39	3,06
4.	Defence Savings Certificates .. ..	2,41	2,81	2,01	7,23
5.	Post Office Defence Savings Bank .. ..	..	11	29	40
6.	Three per cent. Loan 1951-64 (Third Defence Loan) .. .. .	..	..	40,27	40,27
7.	Rupee Counterparts (net investments) ..	61,27	21,83	48,14	131,24
8.	Three per cent. Loan 1963-65 (Special Issue) .. .. .	..	..	15,00	15,00
<b>Total ..</b>		<b>114,62</b>	<b>80,78</b>	<b>106,10</b>	<b>301,50</b>

50. *Repayment of Loans.*—As announced in March 1942 by the Secretary of State for India and the Government of India, the unsurrendered portion of the repatriated 5 per cent. Indian Sterling Stock 1942-47 amounting to £243,750 and the 5 per cent. Rupee Loan 1942-47 amounting to Rs.29,39,200 issued as counterparts of the former fell due for repayment on the 15th June 1942 (the first optional date), and were repaid.

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

		(In lakhs of rupees)		
		1941-42	1942-43	1943-44
		Accounts	Revised	Budget
1.	Sinking Fund Provision for Rupee Loans of the Central Government .. .. .	95·04	95·04	95·04
2.	Railway Sinking Funds .. .. .	28·67	..	..
3.	A part of the Capital portion of Railway Annuities.	1,78·29	2,04·96	2,04·96
<b>Total ..</b>		<b>3,00·00</b>	<b>3,00·00</b>	<b>3,00·00</b>

52. *Repatriation of Sterling Debt.*—Out of a total sterling debt of £356·05 million, or £276 million exclusive of railway stocks, debentures and annuities outstanding at the end of 1936-37, £200·85 million had been repaid by the end of 1941-42 leaving a balance of £155·20 million. Of the total amount, £188·26 million was repaid under the various schemes of repatriation announced from time to time or through open market purchases, with the large acquisitions of sterling by India.

In further pursuance of their policy of repatriating the sterling debt, the Government of India were able, during the year, to effect the repatriation of another £119 million of sterling debt made up mainly of repayments of the 3½ per cent. non-terminable Sterling Stock as announced in the previous year, the funding of Railway annuities and the purchase of Railway Debenture Stocks. From the outstanding amount of the 3½ per cent. Sterling Stock, £56·21 million including stock of the face value of £2·37 million held in India was redeemed from the 5th January 1943 to 31st March 1943 in accordance with the notice of repayment given on the 25th December 1941. Rupee counterparts of the face value of Rs.67·63 crores were created in the

form of extensions of the existing 3½ per cent. undated Rupee Paper, and were held on Government account. Of the amount of rupee finance required aggregating Rs. 77·2 crores, Rs. 72·2 crores was provided through *ad hoc* treasury bills issued to the Reserve Bank, and the remaining Rs. 5 crores was met from Government balances. The open market purchases during the year accounted for £10·48 million including (i) £8·55 million in respect of the 3½ per cent. Sterling Stock and (ii) £1·93 million in respect of Railway Debenture Stocks. These purchases together with stray lots of the vested stocks amounting to £4·89 million acquired during the year were financed from Government balances. With the completion of these operations the balance of sterling stock outstanding at the end of March 1943 which fell beyond the scope of the vesting orders and which had not been surrendered in exercise of the option given to the holders or which had not yet been redeemed owing to non-presentation of claims, amounted to £13·16 million only made up of £8·20 million of dated and £4·96 million of undated stock.

With the completion of the repatriation of sterling loans, dated and undated, Government took advantage of the large sterling balances available with the Reserve Bank to fund their outside sterling obligations in respect of Railway annuities and to repatriate Railway Debenture Stocks, the total amount involved in these two operations being £47·26 million. In regard to the annuities an agreement was entered into between His Majesty's Government and the Government of India at the end of September 1942 in terms of which the former undertook to provide the latter with the annual sums required for payment to the annuitants until the termination of the annuities in return for an immediate lump sum capital payment by the Government of India of £30,054,250. As the aggregate amount of the annuity payments to be made after the 1st October 1942 would amount to £34,114,654 the payment by the Government of India represents in effect an investment at 2½ per cent. realizable by varying instalments over a period. In giving effect to this arrangement, in the first instance, *ad hoc* treasury bills for Rs. 30 crores were created and held in the Issue Department in place of the bulk of the sterling paid out, the balance of Rs. 10 crores being met by ways and means advances. Against this temporary debt, the Bank was reimbursed by Government to the extent of Rs. 15 crores, being the proceeds of the special issue of the 1963-65 Loan (*vide* para. 49). As regards the Railway Debenture Stocks, the British Treasury issued on the 16th January 1943 a Vesting Order requiring all residents in the United Kingdom to surrender their holdings of the specified Railway Debenture Stocks at prices fixed on the basis of the market quotations as on the date of the Vesting Order plus an allowance for the delay in examining the documents surrendered for repayment. It was also announced that the first payment subject to good delivery by the 19th February 1943 would be made on the 12th March 1943. The Government of India also issued a similar Order under the Defence of India Rules requiring residents in British India to surrender their holdings of these stocks at prices equivalent to the amounts fixed in the United Kingdom Vesting Order converted into rupees at 1sh. 6d. Out of a total of £20·2 million of the nominal value of stocks outstanding on the 15th January 1943, £16·2 million were acquired under the United Kingdom Vesting Order and £511,250 under the Indian Vesting Order by the 12th March 1943, at a total cost of Rs. 22·03 crores. The requisite rupee finance was provided to the extent of Rs. 11·96 crores by the issue of *ad hoc* treasury bills and Rs. 5 crores by the issue of rupee coin to the Bank, the remaining Rs. 5·07 crores being met from Government balances. The total value of the stock acquired, by the end of 1942-43 including £576,250 under the Indian



Order, amounted to £18·58 million, and the total cost was Rs. 24·51 crores. The details of the acquisitions are given below :—

Name of the debenture stock	Nominal value of stock outstanding on 15-1-1943	Nominal value of stock surrendered upto 31-3-1943.			Acquisition price for £100 (Nominal)	Acquisition value of total stock surrendered upto 31-3-1943			
		U.K.		India		U.K.		India	Total
		Rs.	Rs.	Rs.		£	s.	d.	Rs.
Bengal and N. W. Rly. 5% special	3,25,33,333	3,14,66,667	..	102	17	11	3,23,77,880	..	3,23,77,880
B. N. Rly. 4%	2,50,13,333	2,25,33,333	11,00,333	102	2	10	2,30,15,922	11,73,080	2,41,89,013
Burma Rly. 3%	1,63,14,000	1,50,00,000	4,33,333	88	6	10	1,32,51,253	3,82,809	1,36,34,062
E. I. Rly. 4½% Irredeemable.	1,89,22,000	1,70,00,000	42,257	112	8	8	1,87,31,167	47,522	1,92,06,689
E. I. Rly. 3% New Debenture.	10,10,76,667	8,71,33,333	40,91,733	92	12	1	8,06,80,007	43,44,853	8,50,24,860
E. Bengal 4% Irredeemable.	45,22,213	42,00,000	..	104	8	0	43,54,800	..	43,54,800
G. I. P. Rly. 4% Irredeemable.	8,54,00,333	3,27,33,333	1,53,333	104	8	0	3,41,73,600	1,00,080	3,42,73,680
S. I. R. 4½% Perpetual	55,11,333	50,00,000	..	112	8	8	56,21,667	..	56,21,667
S. I. R. 4% Registered	2,89,80,973	2,50,00,000	12,53,333	102	2	10	2,55,35,417	12,80,162	2,68,15,579
<b>Total</b>	<b>28,89,62,185</b>	<b>24,00,60,666</b>	<b>76,83,332</b>	<b>..</b>	<b>23,77,80,812</b>	<b>73,48,401</b>	<b>24,51,29,367</b>		

Simultaneously with the announcement of the acquisition of the above stocks, the Secretary of State for India gave the requisite one year's notice, as in the case of the 3½ per cent. non-terminable Sterling Stock, for the redemption of the remaining three 3½ per cent. Debenture Stocks of the East Indian Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway, on the 4th February 1944. The total nominal value of these stocks outstanding amounts to £11·1 million. The Government of India have also decided to liquidate as soon as convenient the Chatfield Debt of one quarter of £34 million, being India's share of the estimated pre-war capital cost of modernising the Indian army.

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

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 " " "	17·09	16·54	22·05	22·79
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	80·07
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	..
1942-43 1. Open Market purchases	10·48	10·40	14·00	11·40
2. First compulsory scheme of the 8th February 1941 (including special arrangement)	1·45	1·13	2·02	1·29
3. Second compulsory scheme of the 24th December 1941 (including special arrangement)	5·22	4·31	6·12	2·30
4. Redemption of 3½% sterling stock 1931 or after	56·21	56·21	74·95	67·63
5. Funding of Railway Annuities	27·06	30·05	40·07	..
6. Repatriation of Railway Debenture Stock	18·58	18·38	24·51	..
<b>Total</b>	<b>307·26</b>	<b>305·29</b>	<b>408·08</b>	<b>234·97</b>

Thus by the end of the year under review, sterling debt of the aggregate nominal value of £307·26 million had been repatriated at a total cost of Rs. 408·08 crores. In view of the rate at which sterling continues to accumulate with the Reserve Bank, the Government have under consideration a scheme for making advance provision for the requisite sterling remittance wherewith to meet future payments in respect of their liabilities on account of sterling pensions, family pensions and provident funds. The liability in respect of these remittances is estimated at over £6 million a year and its discharge would absorb a considerable amount of sterling.

53. *The Composition of Total Rupee and Sterling Debt Since 1913-14.*—Statement XV 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 as at the end of each financial year thereafter. The terminable part of the funded debt in the Statement is classified according to period of maturity.

The total public debt of India on the 31st March 1943 amounted to Rs. 1,265·86 crores of which sterling obligations accounted for Rs. 57·41 crores. The aggregate rupee debt increased during the year by Rs. 267·45 crores from Rs. 941·00 crores to Rs. 1,208·45 crores. Of this, Rs. 35·32 crores is accounted for by an increase in the amount of securities held by Government themselves from Rs. 25·20 crores at the end of 1941-42 to Rs. 60·52 crores at the end of 1942-43. For the rest, treasury bill outstandings increased from Rs. 136·98 crores at the end of 1941-42 to Rs. 264·70 crores and undated loans went up from Rs. 164·18 crores to Rs. 245·50 crores. The latter increase of Rs. 81·32 crores resulted mainly from the creation of rupee counterparts of the repatriated 3½ per cent. Sterling Stock. The increase of Rs. 498·49 crores in the rupee debt during the war reflects the results of the revenue deficits, capital expenditure and repatriation of sterling debt.

The sterling debt further declined by Rs. 153·29 crores during the year, of which the undated loans accounted for a reduction of Rs. 111·87 crores.

54. *Conversion of Government Promissory Notes into Stock Certificates and Subsidiary General Ledger Accounts.*—A scheme for the conversion of Government promissory notes into stock certificates without charge, was announced on the 20th February 1942 as a measure of protection to the investing public. The total amount so converted from the 1st March 1942 when the scheme became effective to the end of the year under review came to Rs. 182·28 crores including Rs. 162·59 crores during 1942-43. Also, for re-conversion of the stock certificates into promissory notes the levy of the usual fee was waived and the total amount re-converted into promissory notes came to Rs. 20·47 crores of which Rs. 19·80 crores was re-converted in 1942-43. The facility of holding securities in public debt offices in the form of a special ledger account, known as the Subsidiary General Ledger Account, was extended to institutional holders such as scheduled banks, provincial co-operative banks and insurance companies. The arrangements for payment of interest on holdings in this account are the same as in the case of stock certificates, and transfers are allowed from one account to another within the same public debt office for amounts of Rs. 25,000 and multiples thereof free of charge. The account holder is also entitled to have the whole or part of the balance at the credit of his account re-converted into G. P. notes on payment of the usual fees for renewal of such notes. As a result of these facilities there has been a shift in the relative importance of the different

forms in which the total rupee debt is held by the public as will be noticed from the table below :

As on	Percentage to total Rupee debt			
	G. P. Notes	Stock Certificates	S.G.L. A/c.	Misc. (i.e., G. P. Notes & Stock held in London)
1-3-1942	53.69	15.40	30.57	0.34
31-3-1943	25.60	31.28	42.85	0.27

55. *Post Office Five Year Cash Certificates, Ten Year Defence Savings Certificates, Post Office Savings Bank Deposits and Defence Savings Bank Deposits.*—Statement XVI 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 1940. Statement XVII gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941. The total receipts and withdrawals respectively on account of these various types of savings during the year amounted to Rs. 28.33 crores and Rs. 31.85 crores the corresponding figures for 1941-42 being Rs. 28.80 crores and Rs. 42.87 crores. There had been a deterioration in receipts and heavy withdrawals during the closing months of 1941-42; during the year under review receipts showed an improvement particularly during the latter half, while withdrawals were reduced.

The yield on the Post Office Five Year Cash Certificates during 1942-43 remained unchanged at  $2\frac{1}{2}$  per cent. free of income tax. Sales which had touched a low level of Rs. 12 lakhs in March 1942 improved thereafter and were particularly higher during the latter half of 1942-43. Total sales during the year, however, were slightly lower at Rs. 3.76 crores as compared with Rs. 3.97 crores in 1941-42. Monthly encashments also declined from May onwards and were particularly lower during the last four months of the year at Rs. 2.01 crores as against Rs. 5.24 crores during the corresponding period of 1941-42. This mainly accounted for a decline of Rs. 3.74 crores in the total encashments from Rs. 11.94 crores to Rs. 8.20 crores in 1942-43. The total subscriptions to the Ten Year Defence Savings Certificates and the withdrawals during the year amounted to Rs. 2.02 crores and Rs. 81 lakhs respectively compared with Rs. 2.81 crores and Rs. 75 lakhs in 1941-42. The total net investments in these since their introduction in June 1940 amounted to Rs. 5.56 crores. By a notification dated the 8th February 1943, scheduled banks have been permitted to purchase Defence Savings Certificates on behalf of their clients including minors without any indemnity clause in such applications for purchase. The yield on the Defence Savings Certificates for a complete period of 10 years continued to be  $3\frac{1}{2}$  per cent. (C. I.) free of income tax.

The rate of interest on Post Office Savings Bank Deposits remained unchanged at  $1\frac{1}{2}$  per cent. and that on the Defence Savings Deposits at  $2\frac{1}{2}$  per cent., free of income tax. The total amount of new deposits in the Post Office Savings Bank was slightly higher at Rs. 22.26 crores as compared with Rs. 21.91 crores in 1941-42. The receipts which amounted to Rs. 10.10 crores in the first half of 1942-43 rose to Rs. 12.16 crores during the second-half, the corresponding figures for the previous year being Rs. 11.76 crores and Rs. 10.15 crores. There was a marked improvement in receipts during the last two months of the year with monthly receipts at Rs. 2.25 crores in February and Rs. 3.18 crores in March, these together accounting for nearly a

quarter of the total receipts during the year. With the exception of April 1943, the monthly withdrawals in 1942-43, were lower than in 1941-42 and the total withdrawals accordingly declined from Rs. 30·18 crores in 1941-42 to Rs. 22·84 crores in 1942-43. By a notification dated the 3rd August 1942, the acceptance of cheques in savings bank transactions was permitted. Another notification dated the 25th January 1943 raised the annual limit of net deposits for each account-holder from Rs. 750 to Rs. 1,500 with effect from the 1st February 1943, while women were allowed to open accounts through their agents by a circular dated the 5th April 1943. Deposits in the Defence Savings Banks during the year amounted to Rs. 29 lakhs compared with Rs. 11 lakhs during the previous year, the rate of receipts showing an improvement during the last quarter.

56. *Provincial Loans.*—On the 15th September 1942, four Provincial Governments, *viz.*, Bombay, the Punjab, Madras and the Central Provinces and Berar notified simultaneously the flotation of 3 per cent. medium-dated loans of the aggregate value of Rs. 7½ crores repayable at par on the 18th September 1955. Of this, Bombay issued Rs. 3,50 lakhs at Rs. 98-8, the Punjab Rs. 2,50 lakhs at Rs. 97, Madras Rs. 1,25 lakhs at Rs. 97-8 and the Central Provinces and Berar Rs. 50 lakhs at Rs. 97 per cent. The object of the loans was to make advance payment of a part of the Provinces' consolidated debt to the Central Government as under the Niemeyer Award. The lists were open for subscription for one day only, *i.e.*, the 18th September. The Bombay loan was over-subscribed while the other three loans were fully subscribed after the transfer of options from the Bombay loan and a call on the underwriters for the balance.

57. *Consolidated Debt Position of Provinces.*—Statement XVIII shows the consolidated debt position of the British Indian Provinces at the end of the year under review. The total permanent debt of the Provinces rose from Rs. 23·04 crores in 1941-42 to Rs. 27·74 crores in 1942-43 in consequence of the loans floated during the year.

The total of debt owed to the Central Government showed a further decline of Rs. 6·88 crores from Rs. 118·49 crores in 1941-42 to Rs. 111·61 crores in 1942-43 mainly as a result of the advance payments amounting to Rs. 773·5 lakhs made by the Provinces (*vide para 56*) in respect of their liabilities on account of their consolidated debt to the Centre.

## VI. CAPITAL MARKETS, MONEY AND BANKING

58. *Government Securities Market.*—Statement XIX gives the highest and lowest prices touched by representative rupee securities of the Government of India during 1942-43 while Statement XX shows the highest, lowest and average prices during each month of the year.

The steadier trend of the gilt-edged market noticed towards the close of 1941-42 following the fixation by Government of minimum prices, continued through the year under review except for a temporary set-back during the last week of December when Calcutta had sporadic enemy air-raids. A feature of the market during the earlier part of the year was the sustained investment inquiry from insurance and trust companies. 3½ per cent. undated Paper which had closed at Rs. 88-1-0 on the 31st March 1942 rose to Rs. 91-1-0 by the end of May. The rates for Indian Port Trust and Municipal loans which had been depressed by fears of damage by

enemy action also tended to improve on the announcement on the 6th June of the decision of the Central and Provincial Governments acting together to stand behind these securities. The issue of the Third Defence Loan 1951-54 had a favourable effect on market sentiment, and 3½ per cent. undated Paper rose from Rs.90-14-0 on the eve of the new issue to Rs.92 on the 4th July when the loan was announced and to Rs.93 on the 21st July. In August, owing to developments in the internal political situation, a quieter tone prevailed and business done was on a restricted scale. At this stage, with a view to protecting holders of Government securities from the inconvenience arising from unnecessary fluctuations in market prices, which were generally well above the official minimum prices fixed, the Government of India by an order under the Defence of India Rules, issued on the 2nd September, revised the minimum prices for Central as well as Provincial Government Securities fixed in March 1942. The table below shows the revised prices together with the previous day's closing quotations and the original minimum prices fixed by Government.

CENTRAL GOVERNMENT LOANS	Minimum price	Minimum price	Closing quota-
	fixed by Govt.	revised by	tion on the 1st
	on 2nd March 1942	Govt. on 2nd September 1942	September 1942
	Rs. a. p.	Rs. a. p.	Rs. a. p.
3½% Rupee Paper (Non-terminable)	87 0 0	90 0 0	93 0 0
3% Rupee Paper (Non-terminable) .. .. .	75 0 0	77 0 0	79 12 0
4% 1943 .. .. .	101 12 0	101 0 0	102 4 0
5% 1945-55 .. .. .	104 0 0	107 0 0	108 15 0
3% 1946 .. .. .	97 4 0	101 0 0	102 1 0
3½% 1947-50 .. .. .	97 4 0	101 8 0	102 8 0
2½% 1948-52 .. .. .	93 0 0	97 0 0	98 13 0
4½% 1948-53 .. .. .	102 0 0	104 8 0	106 4 0
3% 1949-52 .. .. .	95 0 0	98 8 0	100 0 0
4½% 1950-55 .. .. .	106 0 0	107 8 0	109 12 0
3% 1951-54 .. .. .	94 0 0	97 8 0	99 14 0
3½% 1954-59 .. .. .	98 0 0	100 0 0	102 11 0
4½% 1959-60 .. .. .	107 8 0	109 8 0	112 12 0
4% 1960-70 .. .. .	103 0 0	106 8 0	108 14 0
3% 1963-65 .. .. .	88 8 0	91 0 0	93 8 0
4½% 1958-68 .. .. .	108 0 0	109 8 0	113 0 0

PROVINCIAL GOVERNMENT LOANS	Minimum price	Minimum price	Closing quota-
	fixed by Govt.	revised by	tion on the
	on 14th March 1942	Govt. on the 2nd September 1942	1st September 1942
	Rs. a. p.	Rs. a. p.	Rs. a. p.
5% U. P. 1944 .. .. .	103 0 0	104 0 0	104 6 0
4% Punjab 1948 .. .. .	101 0 0	103 8 0	104 12 0
3% Punjab 1949 .. .. .	94 0 0	98 0 0	99 10 0
3% Punjab 1952 .. .. .	93 0 0	96 0 0	98 10 0
3% U. P. 1952 .. .. .	93 0 0	96 0 0	98 10 0
3% Madras 1952 .. .. .	93 0 0	96 0 0	98 10 0
3% C. P. 1952 .. .. .	93 0 0	96 0 0	98 10 0
3% Assam 1952 .. .. .	93 0 0	96 0 0	95 10 0
3% N. W. F. P. 1952 .. .. .	93 0 0	96 0 0	96 10 0
3% Madras 1953 .. .. .	93 0 0	96 0 0	98 10 0
3% Punjab 1958 .. .. .	89 0 0	92 0 0	94 0 0
3% Madras 1959 .. .. .	89 0 0	92 0 0	94 8 0
3% U. P. 1961-66 .. .. .	86 0 0	88 0 0	92 12 0
3% C. P. 1949 .. .. .	94 0 0	98 0 0	99 10 0

It will be seen that the revised minima are in most cases higher than those fixed in March 1942. On the 28th November three securities, viz., the 4 per cent. loan 1943, the 5 per cent. loan 1945-55 and the 5 per cent. U.P. loan 1944 were removed from the list in order to avoid periodical revision of their minimum prices as these securities are short-dated and their prices would in the ordinary course gradually decline towards par with the approach of the date of maturity. The revision of minimum prices stimulated the market and prices resumed their upward trend. 3½ per cent. undated Paper rose to Rs.94 on the 15th September and remained steady round that level until the 18th December when a temporary decline occurred and the price touched Rs.93-8-0 on the 28th December. It recovered to Rs.94 by the beginning of January and continued at that level for the rest of the year. The terminable section followed the trend of Rupee Paper, the closing prices of most of the securities showing gains ranging from Rs.3 to Rs.7 as compared to the previous year's closing prices.

The Economic Adviser's index number of the prices of Government securities steadily advanced from 109·8 in March 1942 to 116·3 in November receding to 116·1 in March 1943. *Capital's* index of Government securities advanced from 93·0 to 99·4 between March 1942 and March 1943. Prices had, however, not yet reached the average level of 1941-42.

The table below gives the average face and market values of the rupee securities of the Government of India for each of the seven years 1936-37 to 1942-43.

TOTAL (FUNDED) RUPEE DEBT

(In crores of rupees)

Year	Face Value	Market Value	Percentage of
(1)	(2)	(3)	(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	96·6
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
1942-43 .. .. .	663·84	660·10	99·44

59. *Industrial Share Market.*—Following the withdrawal on the 27th March 1942 by the authorities of the Bombay Stock Exchange of the minimum prices fixed in December 1941 for 28 shares on the forward list, prices in the Bombay industrial share market assumed a downward trend, Tata Deferreds dropping from Rs.1,525 on the 25th March to Rs.1,210 on the 7th April. The announcement on the 8th April of the Government scheme for insuring factories against war risks had a favourable effect and prices showed a fair improvement which was further assisted by the removal in May of the restrictions on jobbing in shares on a cash

basis, and, later, by the decision of the authorities to permit forward trading subject to the condition that the purchases made for forward delivery were to be taken up or liquidated on the due date and could not be carried forward. Tata Deferreds rose from Rs.1,210 on the 7th April to Rs.1,650 on the 9th June, but fell back again to Rs.1,382-8-0 on the 2nd July owing mainly to a general disinclination on the part of operators to enter into commitments in view of the uncertain war situation. Thereafter the trend was generally upward until the 7th August when, owing to developments in the internal political situation, business was suspended, and although the market remained officially open no business was transacted on the exchange except on a few days for the purpose of settling outstanding contracts. A fairly large volume of business, however, was reported to have been taking place outside the ring on steadily rising rates. On the 19th November, following the decision of the authorities allowing member brokers to do business outside as well as inside the trading ring during working hours, trading was resumed, Tata Deferreds opening at Rs.1,670. They rose to Rs.1,790 on the 1st December and after a temporary decline to Rs.1,460 on the 23rd December, rose gradually until they touched Rs.2,095 on the 9th March, but reacted to Rs.1,822-8-0 by the end of the month as a result partly of the warning given by the Finance Member to speculators in the cotton market (*vide* para 10) and partly of a statement made by him that he was considering some suggestions towards effecting restriction of dividends. In consequence, the tone of the market remained subdued towards the end of the year.

The index numbers of variable yield securities for certain industries (1927-28=100) prepared in the Office of Economic Adviser to the Government of India (Statement XXI) showed an all-round rise during the year. The rise was most marked in cotton mill shares, the index number advancing from 102.0 in April 1942 to 196.1 in March 1943. The uncertain prospects of the jute industry coupled with fears of possible enemy danger had a restraining effect on the jute section of the market, the index number of shares fluctuating round 50 during the first five months of the year, thereafter advancing gradually to 59.5 in March 1943. Apprehensions of enemy danger also had a depressing effect on the steel industry, and the index number for iron and steel shares had reached the lowest level of the war at the close of 1942. The prices appeared to show a fair recovery through the first eight months of the year under review but registered a sharp fall in December 1942 with the Japanese bombing of Calcutta. The average index number of the iron and steel shares for 1942-43 was 441.5 against 504.3 in the preceding year. Tea, sugar, cement and paper shares also continued to advance throughout the year.

The general index of variable yield securities (1927-28=100) improved appreciably from 119.6 in March 1942 to 149.2 in November, 143.7 in December and to 162.8 in March 1943. The rise in the index number of fixed yield industrial securities was only slightly less marked from 131.2 in March 1942 (130.4 in April) to 153.5 in December and 157.1 in March 1943. *Capital's* combined Index of Variable Yield Securities advanced from 140.0 in March 1942 and 137.6 in April 1942 to 184.1 in March 1943, while its Index of Preference Shares increased from 105.2 in March and 101.4 in April 1942 to 115.2 in March 1943. A glance at the Statement, however, shows that although the rise in prices of industrial securities was fairly marked during the year, the index numbers of fixed yield securities did not attain the level maintained for over a year up to February 1942, while the index of variable yields securities crossed the peak level of November 1941 only in January 1943.

60. *Money Rates and Conditions.*—Bank rates remained unchanged during the year 1942, the only notable exception being the United States of America. In the United States all the Federal Reserve Banks reduced their rate for discount of or advances secured by an United States Government obligations maturing or callable within one year from 1 per cent. to  $\frac{1}{2}$  per cent. in October 1942; the rate for discount or advances in respect of other direct obligations of the United States or eligible paper, however, remained unaltered at 1 per cent. The average of daily rates of the twelve Federal Reserve Banks had earlier declined from 1.21 per cent. to 1 per cent. in April 1942. The Bank of Portugal which had lowered its rate from  $4\frac{1}{2}$  to 4 per cent. on the 31st March 1941, effected a further reduction to  $3\frac{1}{2}$  per cent. on the 3rd September 1942. In the United Kingdom money conditions continued to be easy throughout the year. Day-to-day loans were available at  $\frac{3}{4}$  per cent. while the average of the British Government Treasury Bill rates during 1942-43 moved within narrow limits, the minimum and maximum being 0.98 and 1.03 per cent. respectively. The rate for the three months' commercial paper (bank bills) remained as in the past year at 1.03 per cent.

Statement XXII gives various 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 as in the previous year with the inter-bank call money rate in Calcutta and Bombay unaltered at  $\frac{1}{2}$  and  $\frac{1}{4}$  per cent. respectively except for brief periods towards the beginning and the close of the financial year. The call rate advanced to 1 per cent. in the middle of April 1942, and was quoted around  $\frac{1}{2}$  per cent. in March 1943 though it dropped to  $\frac{1}{4}$  per cent. again at the close of the year. The three months' fixed deposit rate was at its highest during the first two months of the year, when it fluctuated between 1 and  $\frac{1}{2}$  per cent. and later gradually declined to a lower range between  $\frac{1}{4}$  and  $\frac{3}{8}$  per cent. during the slack season. The onset of the busy season again brought about a rise in the rate from  $\frac{3}{8}$  to 1 per cent. in February 1943 as a result of greater demand for funds, particularly for financing the movements of cotton and of certain essential grains. The six months' rate moved more or less in a parallel manner between 1 and  $1\frac{1}{4}$  per cent. in the busy season declining to  $\frac{3}{4}$  to 1 per cent. in the slack season. The twelve months' rate after ruling at a higher level from  $1\frac{1}{4}$  to 2 per cent. during the first two months ranged between  $1\frac{1}{2}$  to  $1\frac{3}{4}$  per cent. during the remainder of the year.

The unusual phenomenon of the continued prevalence of easy money under conditions of general scarcity and rising prices of commodities, services and shares resulted in the main from the large accretions to the cash resources of the community through the excess Governmental disbursements, the accompanying abundance of available short-term funds in the face of restricted avenues of investment and the maintenance of a low rate for Government borrowings.

61. *Consolidated Position of Scheduled Banks.*—Statement XXIII shows the consolidated position of scheduled banks in India (excluding Burma) during the year under review. The noticeable features of the Statement are a considerable and continuous increase over the year in the demand liabilities of banks; a slight decline in the average time liabilities as compared with the previous year, though the trend was upward during the year; an appreciable rise in the banks' cash and balances with the Reserve Bank, and a drop in the average amount of loans and advance and bills discounted, with presumably a large increase in investments,



particularly in Government securities. Altogether these changes in the composition of the assets and liabilities of the banking system, which had already been in evidence generally since the war, were further intensified during the year under review and reflected the growing impact of wartime economic conditions.

The monthly average of demand liabilities of scheduled banks which amounted to Rs.221·78 crores in March 1942 recorded a steady and consistent increase every week and stood at Rs.372·32 crores in March 1943. Time liabilities though lower on the average than in the previous year, were also on the upward grade and stood at Rs.121·28 crores at the end of the year as compared with Rs.100·38 crores at the close of 1941-42. The average ratio of demand to time liabilities was 3 : 1 against 2 : 1 in the previous year. The average cash holdings of banks including balances with the Reserve Bank of India were as high as Rs.68·70 crores or 16·73 per cent. of their demand and time liabilities as compared with Rs.46·52 crores or 14·58 per cent. in 1941-42. The average of loans and advances including bills discounted fell from Rs.125·13 crores or 39·23 per cent. of the deposit liabilities to Rs.97·86 crores or 23·83 per cent. although there was a distinct improvement in advances made towards the close of the financial year.

62. *Clearing House Statistics.*—Statement XXIV shows the amount of cheques cleared through the more important clearing houses in India and Burma since 1918-19 while Statement XXV gives the monthly figures of the number and amount of cheques cleared in 1942-43 in India alone. It may be observed that while the total number of cheques cleared declined from 1,63 lakhs in 1941-42 to 1,40 lakhs in 1942-43, the amount of such cheques at Rs.28·16 crores was appreciably higher than Rs.25·75 crores last year. The index numbers of the amount of cheque clearings during the last four years with the pre-war year 1938-39 as base are 117·3, 107·2, 140·0 and 148·7 respectively. A noticeable feature, however, is that both Calcutta and Madras showed a decline in the number as well as the amount of cheques cleared, presumably as a result of the adverse effects on business activity of the possible danger of enemy attacks.

63. *Internal Remittances.*—Statement XXVI shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to circles. Statement XXVII gives the transfers of funds by demand drafts through the Imperial Bank of India on their own account. Statement XXVIII shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and others in the remittances by telegraphic transfers, drafts and mail transfers effected between the Reserve Bank of India, and the Imperial Bank of India and Treasury Agencies together under the new scheme of remittance facilities introduced in October 1940.

The total telegraphic transfers during 1942-43 issued as well as encashed at the offices of the Reserve Bank of India rose from Rs.355·74 crores last year to Rs.643·73 crores in 1942-43. Calcutta and Bombay together accounted for Rs.555·37 crores or 86·3 per cent. of the total transfers issued, almost the entire increase of Rs.287·99 crores in remittances during the year being contributed by Calcutta (Rs.218·44 crores) and Bombay (Rs.54·90 crores).

The total amount of transfers effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies during the first half of 1942-43 stood at Rs.311·75 crores and during the second half at Rs.474·45 crores as compared with Rs.251·43 crores and Rs.278·63 crores during the corresponding periods last year. Drafts and mail transfers amounted to Rs.279·9 crores during 1942-43, constituting 35·6 per cent. of the total remittances as against Rs.171·48 crores, or 32·4 per cent. of the total remittances in the previous year.

64. *Reserve Bank of India—Banking Department.*—Statement XXIX shows the liabilities and assets of the Banking Department of the Reserve Bank of India as on the last Friday of each month during the year along with their annual averages for the seven years 1935-36 to 1942-43.

The greater liquidity of the banking system during the year is reflected in the rise of the average deposits of banks with the Reserve Bank of India from Rs.37·73 crores in 1941-42 to Rs.57·36 crores in 1942-43. The minimum and maximum deposits during the year stood higher at Rs.40·85 crores on the 17th April and Rs.70·81 crores on the 30th October respectively as against the corresponding figures in 1941-42 of Rs.24·64 crores on the 11th April and Rs.50·81 crores on the 31st October. The balances, which amounted to Rs.42·03 crores on the 27th March 1942, rose almost continuously to their peak level of Rs.70·81 crores at the end of October, after which owing partly to the seasonal trade demand for funds, they began to decline and stood at Rs.47·01 crores at the close of the year.

The deposits of Governments with the Reserve Bank were also higher on an average during the year amounting to Rs.21·09 crores as compared with Rs.17·60 crores in 1941-42 and stood at the record figure of Rs.40·56 crores on the 26th February 1943. Owing to the considerable scale of receipts and disbursements of the Central Government, wide fluctuations in their deposits from week to week were noticeable, the highest and lowest balances being Rs.29·12 crores and Rs.4·34 crores on the 26th February 1943 and the 24th April 1942 respectively.

On the assets side, the average cash balances declined further from Rs.12·35 crores last year to Rs.11·92 crores while balances held abroad representing cash and short-term investments in sterling securities rose sharply from Rs.46·08 crores to Rs.75·11 crores on an average. The increase represented the excess of receipts of sterling from the Government over the transfers to the Issue Department as cover for increase in the note issue. The average of loans and advances to Governments declined from Rs.4·09 crores to Rs.1·49 crores, the highest amount under this head being Rs.11·67 crores in April 1942. The average investments of the Banking Department went down from Rs.8·96 crores to Rs.7·12 crores during the course of the year.

65. *Reserve Bank of India—Issue Department.*—Statement XXX shows the 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 1935, while Statement XXXI gives weekly (Friday) figures in respect of those for 1942-43. Statement XXXII shows notes in circulation in India and Burma as on the last Friday of each month since April 1937.

The year under review witnessed a record expansion in the note issue. Notes in circulation (excluding Burma notes) rose by Rs.261·85 crores or 68·6 per cent. from Rs.381·73 crores on the 27th March 1942 to Rs.643·58 crores on the 26th March 1943. Total notes issued stood at Rs.655·11 crores at the end of 1942-43 as compared with Rs.392·72 crores at the end of the previous year showing an increase of 66·8 per cent. Following the Japanese occupation of Burma, the Bank was relieved of its liabilities in regard to the Burma note issue and the corresponding assets valued at Rs.28·73 crores were transferred to the Government of India (*vide* Government of India communique dated the 6th June 1943).

On the assets side gold coin and bullion continued stationary at Rs.44·42 crores, their percentage to total notes issued falling further during the year from 10·83 to 6·78. The valuation of the gold holdings continued to be based on the statutory rate of Rs.21-3-10 per tola while the market rate for gold stood on the 26th March at Rs.70-10-0 as compared with Rs.52-8-0 a year earlier. As a result of the rising war expenditure incurred by the Government of India on behalf of His Majesty's and other Allied Governments for which payments are made in sterling, the Bank's holdings of sterling securities continued to mount, increasing from Rs.212·85 crores on the 27th March 1942 to Rs.412·83 crores on the 1st January 1943. Owing to the repatriation of the 3½ per cent. India Sterling Stock, they declined to Rs.345·83 crores on the 8th January but rose to Rs.421·71 crores again at the close of the year. The percentage of sterling balances to total note-issue stood at 64·37 at the end of the year compared with 51·91 at the end of 1941-42. The percentage of gold and sterling securities together which stood at 61·10 near the end of March 1942, rose to 77·27 on the 1st January 1943 and was 71·15 towards the close of the year. Mainly as a result of the creation of *ad hoc* treasury bills in connection with the Sterling Loan repatriated, rupee securities held in the Issue Department rose to 194·36 crores on the 8th January but were lower at 174·47 crores on the 26th March 1943. The amount of rupee coin including Government of India one rupee notes, which rose from Rs.27·53 crores in March 1942 to Rs.30·97 crores on the 10th April, declined thereafter as a result of increased demand, and issues to the public. The amount was at the lowest at Rs.12·06 crores on the 15th January 1943 and stood slightly higher at Rs.14·51 crores at the end of the year.

## VII. CURRENCY

### A. CIRCULATION AND ABSORPTION

66. *Circulation and Absorption of Notes.*—Statement XXXIII 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. Burma notes have been shown separately since 1937-38 in the Statement and are excluded in the comments below. The year under review witnessed a very considerable expansion in note circulation. The amount of notes legal tender in India stood at Rs.655·11 crores at the end of 1942-43 as compared with Rs.392·71 crores at the end of the previous year and the average circulation for the year was Rs.513·44 crores as against Rs.287·48 crores during 1941-42. The active circulation increased from

Rs.381.73 crores at the end of 1941-42 to Rs.643.58 crores at the close of 1942-43. The year under review thus recorded the maximum rate of annual increase in note circulation during the war, viz., 69 per cent. as against the previous record increase of 59 per cent. in 1941-42. Of the total absorption of Rs.474.18 crores of notes since September 1939, when the active circulation of notes legal tender in India stood at Rs.169.40 crores, the year under review accounted for Rs.261.85 crores or 55 per cent.

The year 1942-43 was characterised by the unusual feature of a net absorption of notes during all the months of the year. The average monthly absorption during 1942-43 amounted to Rs.21.82 crores as against Rs.11.77 crores for 1941-42, Rs.1.29 crores for 1940-41 and Rs.3.90 crores for 1939-40. The maximum and minimum absorption at Rs.32.13 crores and Rs.7.81 crores occurred during April and July 1942 respectively, the latter month having the only two weeks of the year, namely 11th to 24th July 1942, with a total net return of notes amounting to Rs.1.22 crores. The second half of the year coinciding generally with the busy season showed a larger absorption at Rs.150.99 crores as compared with Rs.110.86 crores during the first half.

The absorption of the Reserve Bank of India two rupee notes (*vide* paragraph 74) which were issued early in February 1943 with a view to relieving the growing demand for rupee coin including the Government of India one rupee notes amounted to Rs.1.40 lakhs by the end of the year. They were put into circulation in four Circles, namely Bombay, Lahore, Cawnpore and Calcutta, the respective absorption in these Circles being Rs.66 lakhs, Rs.32 lakhs, Rs.21 lakhs and Rs.21 lakhs.

67. *Absorption of Rupee Coin (including Government of India One-Rupee Notes).*—As in respect of notes, the largest amount of rupee coin absorbed so far during the war, was in 1942-43. The net absorption during the year amounted to Rs.44.97 crores as against Rs.7.18 crores only during 1941-42 and compared with the total absorption of Rs.104.91 crores since the war and the maximum annual absorption during the last war of Rs.45.02 crores. Excepting during two months of the year, viz., June and July when there was a return of Rs.3.77 crores, the absorption of rupee coin continued throughout the year, particularly during the latter half when as much as Rs.42.15 crores were added to circulation. Apart from the increasing wartime needs and busy season requirements, this large net absorption was affected by the slowing down in the rate of return of the standard rupee coin after October 1942 as a result of the rise in the price of silver above the melting point for this coin.

To meet the increasing requirements of rupees the Bank received from the Government of India on seven different occasions Rs.35 crores in all under Section 36 of the Reserve Bank of India Act as amended in July 1940 against cancellations of *ad hoc* treasury bills and credit to Central Government.

68. *Absorption of Small Coin.*—Statement XXXIV shows the annual absorption of small coin by denominations for each of the years 1919-20 to 1942-43 and the average annual absorption for the last war and pre-war quinquenniums. During the year under report there was an unprecedented demand in respect of each denomination of small coin. The total absorption in India, excluding Burma, during the year amounted to Rs.11.64 crores, which was 148 per cent. greater than the previous record absorption of Rs.4.69 crores in 1941-42 and nearly equalled the total

absorption in India and Burma at Rs. 11.98 crores during the preceding 31 months of war from September 1939 to March 1942. Excluding the absorption of silver half rupee coin at Rs. 3.82 crores, the net issue of the remaining denominations of small coin during the year amounted to Rs. 7.82 crores which compares with the total absorption of Rs. 5.11 crores during the entire period of the last war.

The following table gives the absorption of small coin by denominations during the war as compared with the pre-war year 1938-39.

(In lakhs of rupees)

Denominations	1938-39	Sept.—Mar.		1940-41	1941-42*	1942-43	† Sept. 1939 to March 1943
		1939-40	1939-40				
<b>SILVER</b>							
8 annas .. ..	+ 2	+ 60	+ 77	+1,53	+1,57	+3,82	+7,69
4 „ .. ..	— 5	+ 37	+ 43	+1,02	+1,20	+2,97	+5,71
Total Silver Coins..	— 3	+ 97	+1,20	+2,55	+2,86	+6,79	+13,40
<b>NICKEL</b>							
4 annas .. ..	— 4	+ 8	+ 15	..	— 2	— 10	+ 3
2 „ .. ..	+ 4	+ 40	+ 58	+ 72	+ 88	+2,22	+4,40
1 anna .. ..	+ 6	+ 51	+ 53	+ 76	+ 99	+2,02	+4,30
½ „ .. ..	..	..	..	..	+ 4	+ 57	+ 61
Total Nickel Coins..	+ 6	+1,08	+1,26	+1,48	+1,80	+4,71	+9,34
<b>COPPER</b>							
Pice .. ..	+ 14	+ 21	+ 16	+ 23	+ 29	+ 13	+ 61
Half Pice .. ..	+ 1	+ 1	+ 1	+ 1	+ 1	..	+ 3
Pie Pieces .. ..	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1	+ 4
Total Copper Coins	+ 16	+ 23	+ 18	+ 25	+ 31	+ 14	+ 88
<b>Total Small Coins..</b>	<b>+ 19</b>	<b>+2,28</b>	<b>+2,64</b>	<b>+4,28</b>	<b>+5,06</b>	<b>+11,64</b>	<b>+23,62</b>

\* Excluding Burma for February and March 1942

† Excluding Burma

Silver accounted for 58.3 per cent., nickel for 40.5 per cent., and copper for 1.2 per cent. of the total absorption during the year, the corresponding percentages for the previous year being 57.4, 36.7 and 5.9 respectively. The marked decline in the issues of copper was sought to be made up by putting into circulation larger amounts of nickel half annas whose absorption during 1942-43 amounted to Rs. 57 lakhs.

The issues of small coin in different Circles during the year under review are shown in the table below :

(In thousands of rupees)

Circle	1941-42	1942-43	Percentage Increase
Bombay .. ..	1,38,38	3,61,11	+161.0
Calcutta .. ..	1,68,62	4,36,53	+158.9
Cawnpore .. ..	62,22	1,35,34	+117.5
Karachi .. ..	10,34	20,42	+ 97.5
Lahore .. ..	35,71	71,48	+100.2
Madras .. ..	53,34	1,38,70	+160.0
<b>Total .. ..</b>	<b>4,68,61</b>	<b>11,63,58</b>	<b>+148.3</b>

The unprecedented increase in the demand was reflected in the record issues made but although the demand even during the first half of 1941-42 was at a higher level than during the corresponding period of any previous year no difficulty was experienced in meeting it and there was no indication that it would outstrip the supplies available until the latter half of the year. Signs of a scarcity first appeared in Calcutta about August 1942, presumably as a result of the people insisting on carrying larger amounts of cash as a result of panic conditions. The shortage was felt especially in the lower denominations, more particularly in the single pice, and in this case it is probable that the scarcity was accentuated on account of the steep rise in the price of copper and the prospect of the melting of copper coin becoming profitable. Later the shortage spread to other parts of the country and the peak was reached during the month of November when the maximum monthly amount of Rs. 1,54,82,000 was absorbed. While it would be difficult to ascribe the scarcity to any particular cause, it may be generally said to have been due to the larger amount of cash required to sustain the greatly increased volume of currency in circulation and the increased tempo of economic and other (including military) activity as a result of war conditions. Such increased activity necessarily involved a large increase in the volume of transactions requiring the use of small coin on account of the increase in the volume of trade, the larger employment of labour, the requirements of Government for military payments etc. It would also seem that the scarcity was accentuated by hoarding attributable principally to irrational fears of shortage, which, because they coincided with the approach of the busy season, aggravated any normal deficiency that may have existed at the beginning of that period. Long queues of people continued to besiege the Bank's counters particularly at Calcutta and Bombay, the crowds numbering over 15,000 a day at the latter place during the period of maximum rush in November despite the issue of small change for over a lakh of rupees daily at each of the two places. Issues had to be restricted with reference to the stocks available at Currency Offices particularly as there was little return of coin from circulation. All attempts were, however, made to meet as far as possible in full the demands of essential services while the requirements of banks, mills, firms and other employers of labour including those engaged in war work were settled after consultation with them. To meet the dearth of lower denominations of small coin, particularly the bronze coin, semi-public and private institutions such as tramway companies and occasionally business houses and hotels issued their own coupons of various denominations of small change in places like Calcutta and Bombay while the use of postage stamps was resorted to in certain cases.

To cope with this abnormal situation, the output at the Calcutta and Bombay Mints was stepped up and by December 1942 the two Mints were turning out small coin at the rate of 72 million pieces a month as compared with a monthly average of 16 million only in August 1939 and 54 million in April 1942. The output was further increased by working an additional shift at the Calcutta Mint as from January 1943—which for technical reasons it had not been possible to introduce earlier at that Mint—and by the end of March 1943, the mintage had risen to 136 million pieces a month or by 89 per cent. over the output in December 1942 and by 152 per cent. over the output in April 1942. A further 30 million monthly will be added to this large output with the opening of a new Mint at Lahore in August 1943. The total mintage during the year amounted to 963 million pieces accounting for 40 per cent. of the entire output of small coin during the war.

The Government issued a number of communiques with a view to allaying public apprehensions and emphasising the evils of hoarding. The local Governments were requested to take steps to bring into action the provisions of clause (D) of Rule 90(2) of the Defence of India Rules which penalised excessive acquisition of small coin. Further by notifications issued on the 11th January, these offences were made triable by summary procedure in order to facilitate speedy punishment of hoarders. A number of prosecutions were successfully instituted with a view to bringing offenders to book. By a notification dated the 17th April 1943, possession of small coin in excess of personal or business requirements was made a penal offence by the addition of clause (E) to Rule 90(2) of the Defence of India Rules, thus making excessive possession as well as acquisition punishable by law. As a result of these measures and the larger supplies made available by the Mints, the situation had substantially improved by the end of the year.

69. *Total Absorption of Currency.*—Statement XXXV gives the annual absorption of notes, rupees and small coin since 1914-15. Statement XXXVI gives similar figures on a monthly basis for 1942-43 and 1941-42. The total absorption of currency including small coin during the year amounted to Rs.318.46 crores being nearly double the previous record absorption of Rs.164.64 crores in respect of India and Burma in 1941-42 and exceeding the total absorption of Rs.199 crores during the entire period of the last war between 1914-15 and 1918-19 by 60 per cent. as also surpassing the absorption of Rs.283.0 crores during the preceding three years of the present war from 1939-40 to 1941-42.

70. *Wartime Absorption of Currency.*—The following table gives the wartime absorption of currency since September 1939 :—

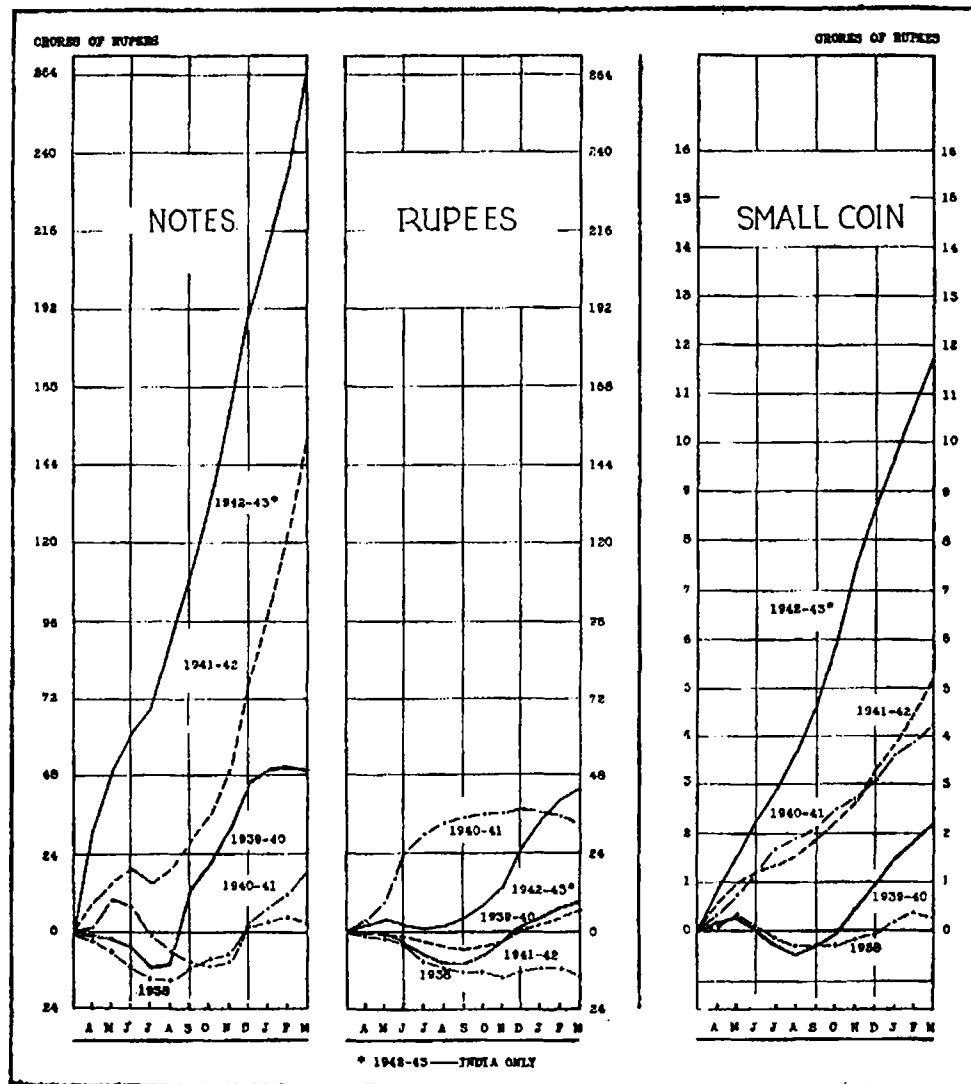
				(In lakhs of rupees)			
				Notes	Rupees	Small Coin	Total
Sept. 1939 to March 1940	..	..		59,66	19,53	2,64	81,83
April 1940 to March 1941	..	..		19,11	33,23	4,28	56,62
.. 1941 to .. 1942	..	..		152,40	7,18	5,06†	164,64
.. 1942 to .. 1943*	..	..		261,85	44,97	11,64	318,46
				493,02	104,91	23,62	621,55

† Excluding Burma for February and March 1942.

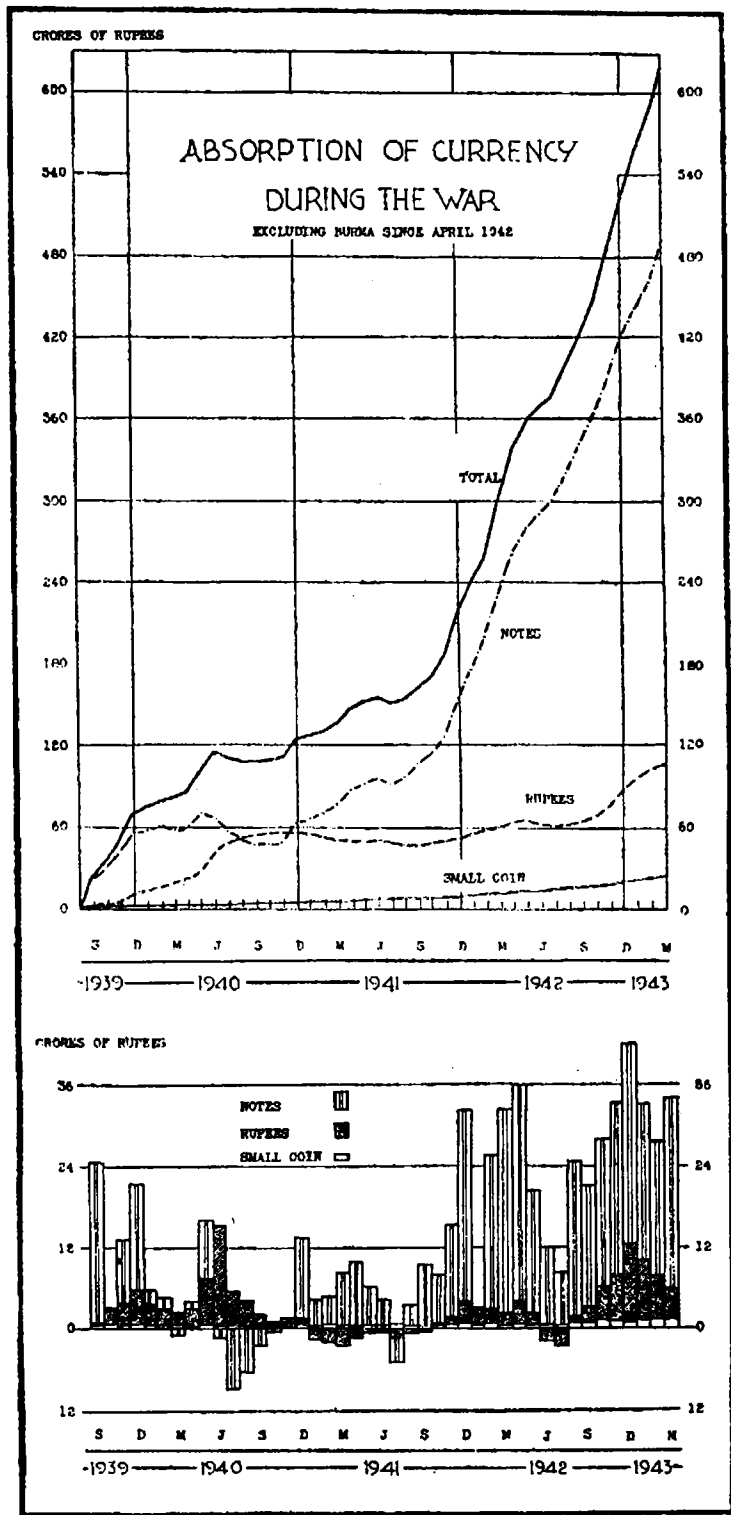
\* Excluding Burma.

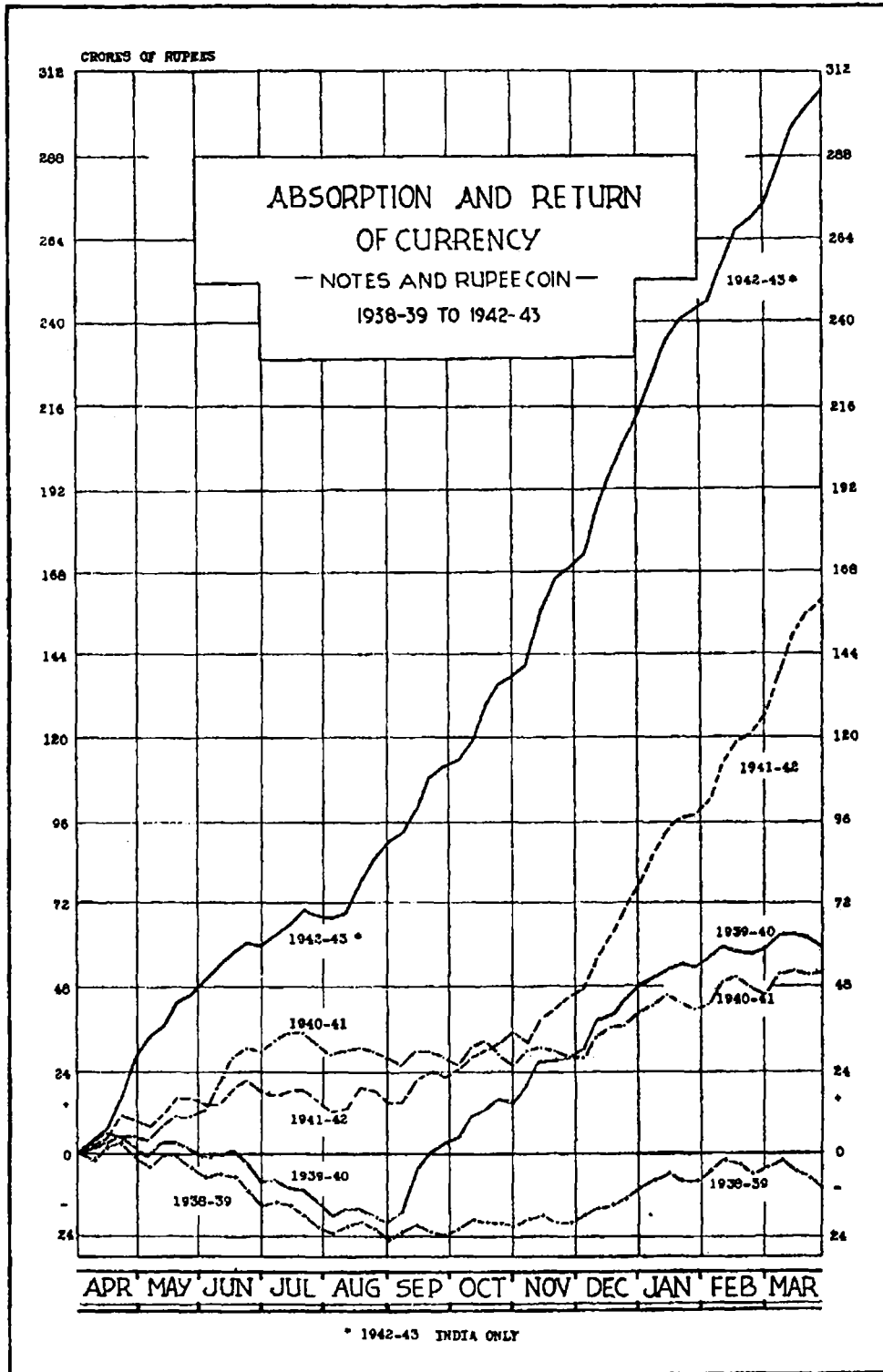
Three graphs accompany showing the wartime absorption of currency. The graph at page 60a is a linear diagram and compares the monthly absorption (on a weekly basis) of total legal tender currency during the war years 1939-40 to 1942-43 with the pre-war year 1938-39. Another graph at page 60b shows absorption during these years separately for (i) notes, (ii) rupees and (iii) small coin. The linear diagram in the graph at page 60c 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.

## ABSORPTION OF (1) NOTES, (2) RUPEES AND (3) SMALL COIN, 1938-39—1942-43.









As in the last year, the further heavy addition to the circulation of legal tender currency of all kinds during the year resulted largely 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 were made here in Indian currency. In particular, larger employment and more wage payments, higher retail spending and more cash hoarding arising from the percolation of much of the increased monetary circulation to rural areas with inadequate banking facilities account for the considerable measure of increase in note circulation.

71. *Seasonal Absorption and Return.*—Statement XXXVII and the graph at page 61a show the seasonal absorption and return of notes and rupee coin for each of the 23 years from 1920-21 to 1942-43. The volume of currency in circulation ordinarily reflects the incidence of the busy and slack seasons, rising and falling with their alternation. Owing to the abnormal conditions created by the war, however, the seasonal ebb and flow of currency has been overborne by the rising general trend of circulation, with the result that except for three weeks the whole of 1942-43 was a period of continuous absorption.

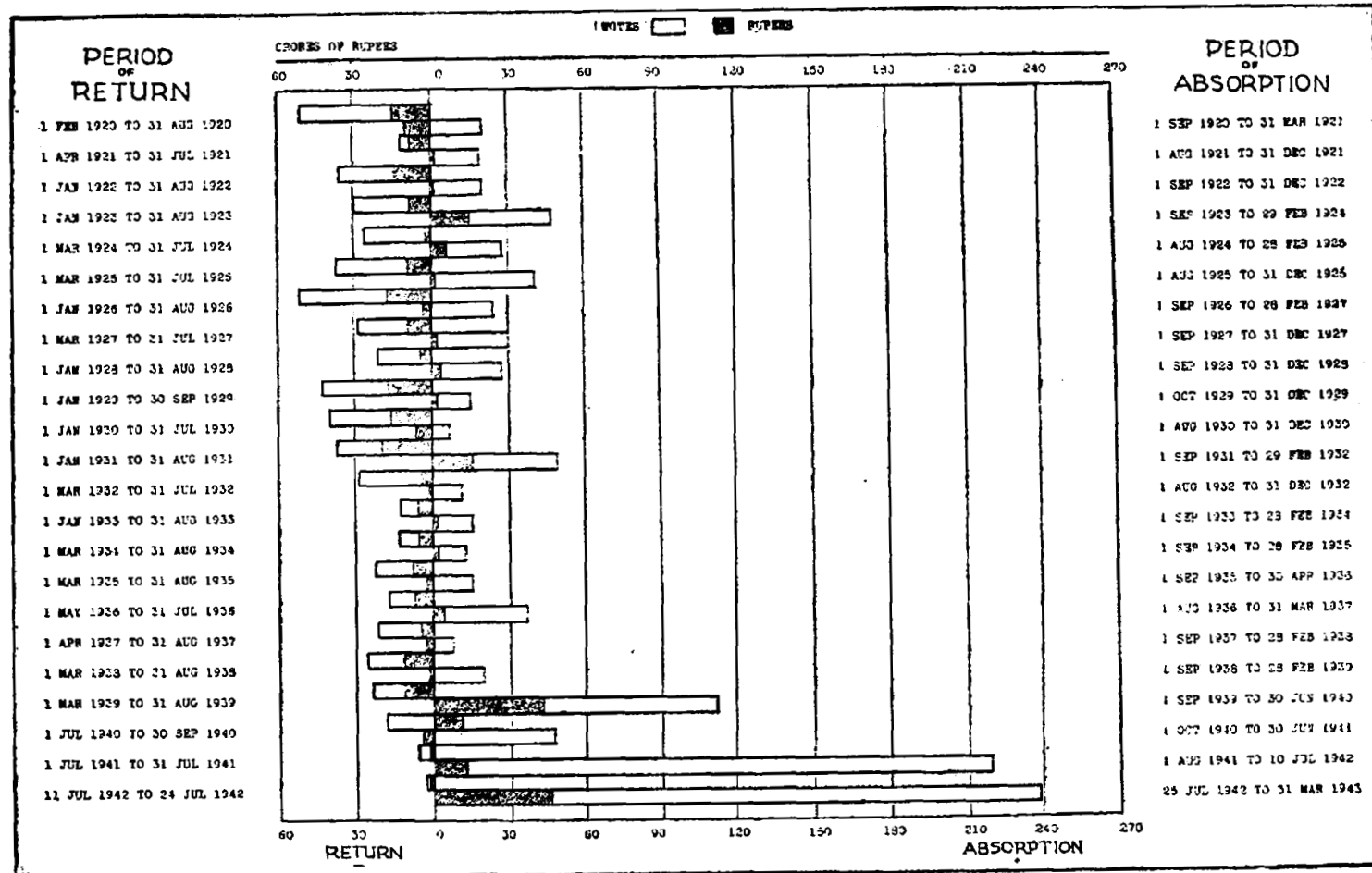
72. *Note Circulation and Demand Deposits.*—It is interesting to compare the wartime expansion in note circulation with the changes in scheduled banks' deposits as given below :—

	(In crores of rupees)					
	Sept. 1939 to Mar. 1940	1940-41	1941-42		1942-43	
			Apr. to Sept.	Oct. to Mar.	Apr. to Sept.	Oct. to Mar.
Note circulation at the end of period .. .. .	225	241	270	388	498	651
Increase during the period ..	+ 53	+ 16	+ 29	+118	+110	+153
<i>Percentage Increase</i> .. ..	+ 31	+ 7	+ 12	+ 44	+ 28	+ 31
Demand Deposits at the end of period .. .. .	143	172	209	227	318	370
Increase during the period ..	+ 9	+ 29	+ 37	+18	+ 91	+ 52
<i>Percentage Increase</i> .. ..	+ 6	+ 20	+ 22	+ 9	+ 40	+ 16

The half-yearly figures for the last two years suggest that underlying the general upward trend in monetary circulation there is a greater relative increase of demand deposits during the first half of the year, which corresponds to the slack season in trade, and a larger expansion of note circulation than of deposits in the second half which corresponds generally to busy season conditions. The above figures (and the relative indices of note circulation and demand deposits given in para 3), also indicate that, although the increase in demand deposits has throughout been generally smaller than in the note circulation, the rate of expansion

SEASONAL ABSORPTION AND RETURN OF NOTES AND RUPEE COIN, 1920-21 TO 1942-43.

81a



of demand deposits during the year under review was markedly greater than in the previous year. This seems to reflect partly the improvement in the general state of confidence with the turn in the war situation and, to some extent, also the increased relative inactivity of monetary circulation as a whole. Evidence of this fact is furnished by the following comparative figures of the increase in the demand deposits of scheduled banks and bank clearings in India.

Period	Average demand Liabilities of Scheduled Banks	Indices	Total Clearing House Returns	Indices	Number of times 4 to 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 .. ..	155.8	126	2,019	105	13.0
1941-42 .. ..	201.9	163	2,669	133	12.7
1942-43 .. ..	306.3	247	2,773	144	9.1

It is not possible to determine accurately the turnover of bank deposits in India since the clearing house returns may not be compared directly with the statement of demand liabilities of scheduled banks; the former include cheques cleared on account of other than scheduled banks as well. A comparison from one period to another of the ratio of clearings to scheduled bank liabilities, however, furnishes an approximate and general idea of the change in the activity of bank deposits. It appears from the indices that upto 1941-42 clearings had increased by 33 per cent. only as against an increase of 63 per cent. in demand liabilities, and the ratio of the former to the latter had declined from 15.6 in 1938-39 (16.7 in 1939-40) to 12.7. During 1942-43 the index of clearings advanced by 11 points only against an increase of 84 points in the index of demand liabilities. The multiple of clearings to deposits, therefore, declined steeply to 9.1 during the year. This reflects a substantial fall in the velocity of circulation of bank money, and suggests some decline in the activity of note circulation as well.

73. *Encashment of Foreign Circle Notes.*—Statement XXXVIII shows the encashment of foreign circle notes in 1942-43. The total encashments amounted to Rs.16.36 crores including Rs. 100 only in respect of Rangoon circle as against Rs.16.58 crores in 1941-42. The slight fall in the amount of encashments during a period of rapid expansion in note circulation and the money volume of business activity reflected the continued decline in the use of notes as a medium of remittance.

## B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

74. *Changes in the form of Notes.*—A bank note of the denomination of Rs. 2 was issued by the Bank during the year in terms of the provisions of Section 24 of the Reserve Bank of India Act. The notes were first issued from Bombay on the 1st February 1943. They measure  $4\frac{1}{2}$ "  $\times$   $2\frac{1}{2}$ " in size. There was no other change in respect of any denomination or pattern of notes during the year under review.

With a view to restricting the negotiability of notes inscribed with political slogans or messages, the Government of India issued an Ordinance No. LIX of 1942, dated the 31st October, which deprives such notes of their legal tender character. Under the proviso to the Ordinance, however, the Reserve Bank is authorised to refund in its discretion, as an act of grace, the whole or part of the value of such defaced notes.

Under the Indian Penal Code (Amendment) Act, 1943, the making or use of documents resembling currency notes or bank notes is made punishable by law with effect from the 26th March 1943.

75. *Encashment of Burma Notes.*—In January 1942 the Offices of the Reserve Bank of India were authorised to encash Burma notes at a discount of one half of one per cent. with a minimum of annas eight per tender, and a press communique regarding this was issued by the Bank on the 3rd January 1942. Subsequently the branches of the Imperial Bank of India and the Treasuries in Assam, Bengal and Madras were authorised to encash Burma notes on the same terms in order to enable the Burma refugees to realise the value of these notes without difficulty. The rate of discount for Burma notes was also reduced to 4 annas per cent. with a minimum of annas 4 per tender. Later the arrangement was extended to the Treasuries and sub-treasuries in the United Provinces.

Under the Burma Notes Ordinance dated the 6th June 1942, the Bank was prohibited from making payment of Burma notes except with the authorisation of the Government of India, though encashment of Burma notes was to continue as before, the Bank acting as agents of the Government of India. Following the Ordinance the public were advised in the Finance Department Press Communique dated the 20th June 1942 that the encashment of Burma notes at all branches of the Imperial Bank of India would continue only till the 14th July 1942, and thereafter the above facilities were restricted for genuine refugees only to the Dibrugarh and Shillong branches of the Imperial Bank, certain specified Treasuries in Assam and Bengal, and Calcutta, Cawnpore and Madras offices of the Reserve Bank. The import of Burma notes by air from China was totally prohibited by the Government of India with effect from the 1st August 1942. In view of the reasonable notice which had already been given to all genuine holders in India for the encashment of Burma notes and to obviate the risk of notes coming through undesirable channels, it was decided that after the 31st August 1942, Burma notes would not be accepted for encashment anywhere in India unless the possession of such notes had been duly vouched for by a responsible police officer of the status of District Superintendent or a District Officer. Arrangements have been made for the encashment of such notes as may be

brought in by genuine evacuees from Burma after that date. Refugee Officers at certain centres in Assam are authorised to encash Burma notes upto the limit of Rs.1,000 for each person, while refugees presenting notes for higher amounts are granted certificates for *bona fide* possession for sums in excess of Rs.1,000 which would enable them to encash these notes at any of the following places :—

- (1) All Offices of the Reserve Bank of India,
- (2) Imperial Bank of India branches at Dibrugarh and Shillong and
- (3) Silchar, Imphal, Dimapur, Aijal, Kohima, Gauhati and Margharita Treasuries in Assam.

The total amount of Burma notes encashed during the year 1941-42 and 1942-43 is given below :

(1) 1941-42 (Encashment made only after the 5th January 1942)	Rs.1,05,39,780
(2) 1942-43	Rs.5,29,20,095

The one rupee notes in circulation in Burma are the same as the Government of India one rupee notes and are legal tender in India.

76. *Circulation of Notes by Denominations.*—Statement XXXIX 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.51 lakhs to Rs.46 lakhs, contributed in a greater or less degree to the unusual expansion of paper currency during the year. A progressive decline since 1939 is noticeable in the relative proportion of notes of Rs.10 denomination which formed 37·4 per cent. of the circulation in 1942 as against 39·7 per cent. in 1941. There is a corresponding increase, on the other hand, in the percentage of Rs.100 and Rs.1,000 notes from 33·3 to 34·8 and 8·3 to 9·3 respectively. Altogether, the relative proportion of Rs.5 and Rs.10 notes declined between 1939 and 1942 from 61·3 to 55·7 per cent., while that of Rs.100 and Rs.1,000 notes went up from 37 to 44·1 per cent. The altering denominational composition of the note circulation appears to reflect a decline in the velocity of circulation of notes, since the larger denominations are presumably preferred for holding inactive reserves by banks, other companies and individuals.

77. *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 the year. Figures worked out on this basis 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. But in the present abnormal conditions, with issues outpacing cancellations, the results are misleading and have not therefore been recorded.

78. *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 1942-43 amounted to Rs.1,04,630 compared with Rs.1,01,880 in the previous year. Notes amounting to Rs.7,180 which had been previously written off under this section were presented for payment and were paid by the Banking Department during the year.

The following table gives the values of notes written off and refunded during the past five years :—

	1938-39	1939-40	1940-41	1941-42	1942-43
Value of Notes written off by the end of the year .. .. .	90,190	86,300	99,690	101,880	104,630
Value of Notes refunded during the year .. .. .	2,340	6,500	2,330	5,320	7,180

79. *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 in India (excluding Burma) during the year under review.

	No. of claims admitted	No. of Pieces	Amount of claims admitted Rs.	Amount paid against claims Rs.
Lost or wholly destroyed notes .. .. .	174	331	35,900	12,300*
Half notes .. .. .	603	1,373	1,63,600	50,810
Mutilated notes .. .. .	31,470	1,16,526	8,25,723	7,34,788

\*Represents amount paid during 1942-43 in respect of claims admitted in previous years.

80. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year was 14,566 compared with 8,188 in 1941-42, and was distributed as follows :—

Year	Rs. 1 Old Notes	Rs. 1 Government of India Notes	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 1,000
1942-43 .. .. .	—	11,580	40	2,803	2	138	3
1941-42 .. .. .	38	7,196	78	818	1	57	—

As may be seen from the above figures the largest number of note forgeries, 79·5 per cent. of the total, were in respect of the Government of India one rupee notes, another 19·2 per cent. being accounted for by Rs.10 notes. 4,241 cases of forgeries were detected in Bombay, 3,850 in Calcutta, 3,320 in Lahore and 2,362 in Cawnpore. The following table gives certain particulars regarding prosecutions on account of forgeries for the past three years.

Year	Fresh prosecutions	Pending at the end of the previous year	Total trials	Discharges	Convictions	Pending
1942-43 .. .. .	47	7*	54	22	19	13
1941-42 .. .. .	31	29	60	23	27	10
1940-41 .. .. .	57	13	70	20	21	29

\*The results of three cases pending at Rangoon at the end of 1941-42 are not known.

81. *Coinage.*—Statement XL gives mintages of rupee coin since 1835. Rupees were not minted between 1922 and 1940, when their coinage was resumed. Rupee coin minted during 1942 amounted to 23·75 crores against 24·11 crores during 1941.



The following table gives the total mintage of rupee coin and the various denominations of small coin during 1942-43 at the Bombay and Calcutta Mints :—

Denomination	Bombay Mint		Calcutta Mint		Total	
	Rs.	a.	Rs.	a.	Rs.	a.
Quaternary Rupees .. ..	21,16,00,001	0	—	—	21,16,00,001	0
„ Half-Rupees .. ..	4,06,50,001	0	—	—	4,06,50,001	0
„ Quarter-Rupees .. ..	4,99,154	4	3,02,49,010	12	3,07,48,165	0
Nickel 2 annas .. ..	2,06,92,500	2	3,23,500	0	2,09,86,000	2
„ 1 anna .. ..	67,05,655	14	1,32,83,500	0	1,99,89,155	14
„ $\frac{1}{2}$ .. ..	—	—	73,14,000	0	73,14,000	0
Single Pice .. ..	2,77,380	10	2,85,100	0	5,62,480	10
Half Pice .. ..	—	—	92	10	92	10
Pies .. ..	5,508	6	18	8	5,526	14
	28,04,00,201	4	5,14,55,221	14	33,18,55,423	2

The mintage of quaternary rupee coin up to the end of March 1943 amounted to Rs.54·29 crores.

With a view to protecting further issues of pice against hoarding resulting from the black market value of the metallic contents rising above the face value, the Government of India issued in February 1943 a new design of pice, which economises the metal and is expected to be convenient to the public. The Finance Department Notification No. F.2(48)-F/42 dated the 23rd January 1943 provided for the mintage of the new pice with a smaller diameter and a circular hole in the centre, reduced in weight from 75 grains to 35 grains and with a metallic composition of ninety-seven per cent. copper, two and one-half per cent. zinc and one-half per cent. tin instead of the former fineness of ninety-five and one-half per cent. copper, three per cent. tin and one and one-half per cent. zinc. The notification also provided for the discontinuance of the coinage of half-pice and pie pieces. The new pice was issued from the Bombay Office of the Bank on the 1st February 1943.

82. *Withdrawal of Silver Coin.*—As noted in the previous Reports all Victoria rupee and half-rupee coins were called in with effect from the 1st April 1941 and King Edward VII rupees and half-rupees were withdrawn with effect from the 31st May 1942. In pursuance of the Government's policy progressively to replace the standard silver coin by the King George VI quaternary coin, it was decided during the year also to withdraw from circulation King George V and King George VI standard silver rupees and half-rupees of eleven-twelfths fineness. According to the Finance Department Notification No. F.2(71)F/42 dated the 1st October 1942, these coins ceased to be legal tender from the 1st May 1943. They were to continue to be accepted till the 31st October 1943 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 of India, Bombay, Calcutta and Madras. By two subsequent Finance Department Notifications Nos. F.2(97)-F/42 and F.2(97) (i)-F/42 dated the 16th November, however, Victoria, Edward VII, George V and George VI standard rupee and half-rupee coins were to cease to be accepted also at the Offices of the Reserve Bank of India, the first two with effect from the 1st May 1943 and the last two with effect from the 1st November 1943; provided that the Bank might in its discretion accept the coins if the holder proved to the satisfaction of the Bank that he had been prevented by circumstances beyond his control from presenting them before the above dates.

These notifications marked the culmination of the policy which originated more than fifty years ago of converting the rupee which had previously been a full

value silver coin into a token. The maintenance of such a high silver content as eleven-twelfths had, besides being expensive, exposed the rupee to unduly speculative influences; and with the Indian price of silver nearly equal to the metallic content of the standard silver rupee, the Government saw no reason why hoarders of standard silver coin should be given an indefinite option either to return it at its full nominal value or to melt and sell it as bullion.

The amount of silver coin including half-rupees, quarter-rupees and one-eighth rupees withdrawn from circulation during 1942-43 is given below :—

		(In lakhs of rupees)
William IV 1835 .. .. .		.89
Queen Victoria 1840 .. .. .		2.30
Other uncurrent coin .. .. .		27.03
Standard rupees sent to the Mint .. .. .		20,19.71
<b>TOTAL .. .. .</b>		<b>20,49.73</b>

83. *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 pice are also being withdrawn from circulation but are still received at Treasuries as well as Issue Offices. The total nominal value of uncurrent coin and badly worn and defaced nickel, copper and bronze coin withdrawn from circulation during the year was as follows :—

		(In Rupees).	Rs.	a.	p.
Uncurrent coin .. .. .	Eight anna nickel .. .. .		2,385	0	0
	Bronze double pice .. .. .		8,435	2	6
	Four anna nickel .. .. .		15,45,197	4	0
Badly worn and defaced nickel, copper and bronze coin.	Two anna nickel .. .. .		1,45,313	11	0
	One anna nickel .. .. .		7,74,851	0	0
	Single Pice .. .. .		1,02,088	13	3
	Half Pice .. .. .		507	10	5½
	Pie pieces .. .. .		4,537	14	8
<b>Total .. .. .</b>			<b>25,83,916</b>	<b>7</b>	<b>10½</b>

84. *Counterfeit Coin.*—The following table gives the number of counterfeit coin by denominations cut at treasuries and railway stations during the three years 1940-41 to 1942-43 :—

	1942-43		1941-42		1940-41	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees .. .. .	3,39,141	—	3,82,770	—	2,76,945	—
Half-Rupees .. .. .	18,386	118	32,762	121	25,977	106
Quarter Rupees .. .. .	17,832	6,534	22,839	12,912	14,613	13,998
Eighth Rupees .. .. .	836	29,254	966	56,179	683	59,417
One Anna .. .. .	—	10,987	—	26,362	—	28,121
Half Anna .. .. .	—	1	—	—	—	—
<b>Total .. .. .</b>	<b>3,76,195</b>	<b>46,894</b>	<b>4,39,337</b>	<b>95,574</b>	<b>3,18,218</b>	<b>1,01,642</b>

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**STATEMENTS.**

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## STATEMENT I

### INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN INDIA AND CERTAIN OTHER COUNTRIES.

(1929=100)

(Reference paragraph 11)

Year and Month	India			U. K		U. S. A		Canada		Germany		Japan	
	Calcutta	Bombay	C*	P	C	P	C	P	C	P	C	P	C
	(Original Base :— July 1914)	(July 1914)	(July 1933 to June 1934)	(1930 July 1914)	(July 1914)	(1926 July 1914)	(1935- 39)	(1926 July 1914)	(1926 July 1914)	(1913 July 1914)	(1928- 30)	(Oct. 1900)	(July 1914)
	1	2	3	4	5	6	7	8	9	10	11	12	13
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	80	94	92	82	87	150	145
1942 .. ..	131	151	157	140	..	..	..	..	..	..	..	..	..
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	100	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	116	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	137	122	101	91	99	95	83	87	160	148
February ..	109	134	135	139	122	101	92	99	95	83	88	160	148
March ..	109	136	137	139	121	102	93	99	95	83	88	160	148
April ..	111	135	138	140	122	104	93	99	95	83	89	161	148
May ..	120	141	142	141	121	104	94	100	96	83	89	161	148
June ..	129	153	152	140	122	103	94	100	97	83	90	161	149
July ..	129	155	168	140	123	103	95	101	97	84	91	161	149
August ..	136	157	168	139	122	104	96	100	..	84	90	163	149
September ..	140	158	170	139	122	104	96	100	..	84	88	163	150
October ..	148	161	172	140	122	105	97	101	..	84	88	162	150
November ..	161	172	178	141	122	105	98	..	..	84	88	162	151
December ..	169	183	188	141	121	..	..	..	..	..	..	..	..
1943 January ..	177	176	203	142	..	..	..	..	..	..	..	..	..
February ..	179	176	208	..	..	..	..	..	..	..	..	..	..
March ..	193	177	225	..	..	..	..	..	..	..	..	..	..

\* Base not shifted.

P—Wholesale Prices: C—Cost of Living

ces: Calcutta—Indian Trade Journal (P); Bombay—Labour Gazette (P,C); U.K.—Board of Trade (P),  
try of Labour (C); U.S.A.—Bureau of Labour Statistics (P,C); Canada—Dominion Bureau of Statistics (P,C);  
ny—Monthly Bulletin of Statistics, League of Nations (P,C); Japan—Bank of Japan (P,C).

## STATEMENT II

Index Numbers of Wholesale Prices in India by Groups of Articles *(Based on quotations in the last week of each month; Base 19th August 1939=100; Source: Economic Adviser to the Government of India)* *(Reference Paragraph 11)*

Year and Month	Food and Tobacco	Other Agricultural commodities	Raw Materials	All primary commodities	Manufactured articles	Chief articles of export	General Index	Sugar	Kerosene	Certain Industrial Articles					
										Petrol	Cotton Manufactures	Jute Manufactures	Cement	Galvanised corrugated Sheets	
1939-40	(8)	(3)	(7)	(18)	(5)	(15)									
August ..	100.3	100.7	100.2	100.3	100.0	100.6	100.3	99	100	100	100	100	100	100	100
December ..	127.1	187.1	129.3	136.5	145.1	147.9	138.3	122	111	108	134	225	109	136	
March ..	117.9	151.5	125.4	125.9	133.0	131.5	127.5	121	117	121	123	155	117	128	
1940-41															
April ..	112.7	157.9	122.8	123.2	131.5	128.2	125.0	122	117	121	122	147	117	140	
May ..	109.6	135.9	123.4	119.0	127.3	122.4	120.8	122	117	121	120	149	117	132	
June ..	103.5	112.8	112.2	108.3	117.1	107.3	110.3	122	117	121	116	116	117	132	
July ..	106.5	110.4	118.4	111.6	113.5	110.8	112.1	97	124	126	113*	115	117	132	
August ..	103.2	98.2	118.9	108.1	109.3	108.3	108.4	89	124	126	110*	101	117	132	
September ..	107.6	107.1	116.9	111.0	111.4	109.7	111.1	90	124	126	110*	125	112	128	
October ..	109.6	100.2	120.2	111.9	112.9	111.0	112.1	92	124	126	113*	126	112	128	
November ..	109.1	106.4	125.6	114.8	118.9	116.9	115.7	90	124	126	117*	134	112	130	
December ..	107.8	102.5	124.0	112.9	119.8	114.2	114.4	90	124	126	117*	133	112	132	
January ..	107.4	99.6	126.3	112.9	121.6	114.0	114.8	91	126	126	120*	137	112	143	
February ..	103.6	94.5	121.1	108.4	121.5	107.9	111.1	91	126	126	123*	141	112	147	
March ..	108.1	112.4	125.9	115.4	131.7	116.7	118.8	91	126	126	132*	159	112	194	
1941-42															
April ..	103.5	103.2	128.6	112.6	131.5	113.2	116.4	91	133	126	135*	151	112	194	
May ..	104.6	121.0	130.9	116.9	139.7	121.4	121.5	91	133	126	136*	186	112	194	
June ..	114.7	128.7	139.0	126.0	146.7	132.7	130.2	96*	133	126	155*	177	112	194	
July ..	127.0	142.2	146.2	136.7	157.3	145.1	140.9	97*	136	129	181*	187	112	221	
August ..	128.6	152.7	147.2	139.4	161.2	148.0	142.5	97*	136	129	192*	196	118	221	
September ..	125.8	141.6	145.8	135.9	167.3	145.2	142.2	97*	136	129	190*	218	118	229*	
October ..	126.6	134.6	150.5	136.8	163.0	145.0	142.1	97*	136	137	185*	202	118	223*	
November ..	128.6	146.3	156.1	141.7	165.3	148.9	146.5	109*	136	137	199	190	118	225*	
December ..	127.1	137.5	150.0	137.5	163.8	139.0	140.0	111*	140	142	196*	155	118	209*	
January ..	130.6	129.9	158.4	140.7	161.4	143.0	145.0	117*	144	145	191*	176	129	220*	
February ..	133.7	123.0	157.9	140.7	162.3	142.4	145.1	119*	145	145	191*	172	133	222*	
March ..	132.9	117.4	161.9	140.6	165.2	139.7	145.8	124*	157	161	195*	198	133	226*	
1942-43															
April ..	138.5	114.8	162.4	142.8	157.6	138.9	145.9	133*	177	163	194*	151	133	214*	
May ..	144.9	123.2	160.1	146.7	162.8	141.3	149.9	120*	177	163	206*	155	133	221*	
June ..	160.2	135.8	161.4	156.3	167.4	151.5	158.6	120*	177	163	218*	163	133	228*	
July ..	155.5	148.7	163.5	157.4	175.6	153.3	161.2	120*	177	163	234*	162	133	240*	
August ..	160.2	141.6	161.8	157.5	174.6	152.3	161.1	120*	177	163	262*	160	133	238*	
September ..	164.1	159.7	164.0	163.3	182.3	156.7	167.3	120*	194	163	287*	168	133	249*	
October ..	169.9	178.8	168.3	169.9	194.4	165.9	175.0	120*	194	163	320*	190	133	284*	
November ..	173.6	179.5	171.0	173.6	220.0	170.3	182.7	120*	194	163	404*	220	133	298*	
December ..	181.1	178.2	172.0	177.0	222.2	171.8	186.0	120*	194	163	414*	209	145	300*	
January ..	201.3	193.8	171.5	188.0	225.8	185.5	195.6	143	194	163	415*	235	145	305*	
February ..	211.9	202.5	172.0	193.9	225.3	191.4	200.4	143	194	166	429*	220	145	306*	
March ..	271.0	212.3	172.0	188.0	227.9	220.5	220.1	143	194	166	442*	220	145	309*	

\* Estimated.

**STATEMENT III**  
BALANCE OF TRADE IN MERCHANDISE OF BRITISH INDIA

(Reference Paragraph 13)

(In lakhs of rupees)

1941-42					1942-43				
Imports*	Exports	Re-exports	Total Ex-ports	Balance of trade	Imports*	Exports	Re-exports	Total Ex-ports	Balance of trade
16.94	11.43	69	12.12	— 4.82	April .. ..	8.74	17.77	1.16	18.93 + 10.19
17.79	13.84	1.32	15.16	— 2.63	May .. ..	8.50	13.18	1.09	14.25 + 5.75
17.60	15.72	75	16.47	— 1.13	June .. ..	8.62	13.10	64	13.74 + 5.12
18.39	20.40	1.20	21.60	+ 3.21	July .. ..	9.67	15.08	61	15.69 + 6.02
14.27	21.79	1.38	23.17	+ 8.90	August .. ..	10.72	14.87	99	15.86 + 5.14
15.74	22.78	2.18	24.96	+ 9.22	September .. ..	10.48	18.20	30	18.50 + 8.02
17.03	26.58	1.87	28.45	+ 11.42	October .. ..	9.86	13.97	34	14.31 + 4.45
13.47	24.60	1.32	25.92	+ 12.45	November .. ..	7.98	20.05	22	20.27 + 12.29
10.92	19.75	1.24	20.99	+ 10.07	December .. ..	8.13	18.62	46	19.08 + 10.95
11.49	20.65	1.17	21.82	+ 10.33	January .. ..	9.44	12.29	38	12.67 + 3.23
9.48	20.78	69	21.47	+ 11.99	February .. ..	9.02	13.72	23	13.95 + 4.93
9.89	19.26	1.52	20.78	+ 10.89	March .. ..	9.18	16.77	53	17.30 + 8.12
<b>173.01</b>	<b>237.58</b>	<b>15.33</b>	<b>252.91</b>	<b>+ 79.90</b>	<b>Total ..</b>	<b>110.34</b>	<b>187.60</b>	<b>6.95</b>	<b>194.55 + 84.21</b>

\* Excluding value of railway materials imported direct by State railways working under company management which are not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade.

**STATEMENT IV**

≡ HIGHEST, LOWEST AND AVERAGE MONTHLY PRICES OF GOLD AND SOVEREIGNS IN BOMBAY (Reference paragraph 20)

Month	Spot			Price of bar gold per tola			Forward			Price of Sovereigns			Estimated stock of gold at the end of each month in Bombay Tolas
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	
April 1942	Rs. a. p. 52 8 0	Rs. a. p. 44 12 0	Rs. a. p. 49 0 6	Rs. a. p. 51 15 0	Rs. a. p. 45 12 0	Rs. a. p. 49 3 6	Rs. a. p. 39 6 0	Rs. a. p. 35 4 0	Rs. a. p. 37 10 6	Rs. a. p. 39 6 0	Rs. a. p. 35 4 0	Rs. a. p. 37 10 6	175,000
May	49 5 0	47 4 0	48 2 5	49 6 0	47 6 0	48 3 1	37 10 0	36 6 0	36 14 3	38 8 0	37 0 0	37 7 8	125,000
June	50 15 0	48 5 0	49 2 1	51 0 0	48 8 0	49 3 0	38 8 0	37 0 0	37 7 8	38 8 0	37 0 0	37 7 8	150,000
July	52 8 0	50 10 0	51 10 6	52 8 0	50 13 0	51 11 6	39 8 0	38 8 0	39 0 3	39 8 0	38 8 0	39 0 3	75,000
August	53 15 0	52 10 0	53 6 7	54 1 0	53 1 0	53 7 10	40 12 0	39 10 0	40 1 0	40 12 0	39 10 0	40 1 0	100,000
September	58 8 0	56 10 0	58 2 0	..	..	..	43 8 0	42 12 0	43 2 0	..	..	..	75,000
October	61 10 0	60 10 0	60 15 6	..	..	..	..	..	..	..	..	..	100,000
November	72 0 0	63 4 0	65 5 7	72 0 0	63 12 0	65 3	48 4 0	47 8 0	47 12 10	48 4 0	47 8 0	47 12 10	75,000
December	67 3 0	61 8 0	64 13 11	67 0 0	62 2 0	64 13 9	48 12 0	46 0 0	47 8 3	48 12 0	46 0 0	47 8 3	75,000
January 1943	66 12 0	65 2 0	66 4 0	66 9 0	65 8 0	66 2 3	48 10 0	48 2 0	48 6 5	48 10 0	48 2 0	48 6 5	60,000
February	67 0 0	64 10 0	65 14 1	67 0 0	64 9 0	65 11 10	48 8 0	47 5 0	47 14 0	48 8 0	47 5 0	47 14 0	100,000
March	71 13 6	67 14 0	69 15 9	71 6 0	68 0 0	69 15 11	51 6 0	49 2 0	50 6 5	51 6 0	49 2 0	50 6 5	100,000
1938-39	37 10 6	34 12 3	36 4 2	..	..	..	..	..	..	..	..	..	202,083
1939-40	43 8 0	36 9 0	39 14 7	..	..	..	..	..	..	..	..	..	191,667
1940-41	48 8 0	40 2 6	42 7 11	..	..	..	42 8 0	28 5 0	30 14 6	..	..	..	191,667
1942-43	72 0 0	44 12 0	57 1 1	..	..	..	51 6 0	35 4 0	39 11 0	..	..	..	100,833

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

## STATEMENT V

( Reference Paragraphs 20 and 23 )

### WEEK-END PRICES OF GOLD AND SILVER AND ESTIMATED STOCK IN BOMBAY

Date	Gold			Silver		
	Spot	Forward	Estimated stock (tolas)	Spot	Forward	Estimated stock (bars)
	1	2	3	4	5	6
April 3 1942	51 4 0	51 4 0	200,000	83 12 0	79 12 0	10,000
" 10	48 14 0	49 2 0	200,000	82 6 0	79 6 0	8,000
" 17	45 4 0	45 12 0	200,000	78 4 0	73 0 0	7,000
" 24	49 0 0	49 0 0	150,000	82 12 0	77 0 0	6,000
May 1	47 6 0	47 6 0	100,000	80 12 0	77 4 0	5,500
" 8	47 7 0	47 7 0	100,000	81 4 0	77 4 0	5,000
" 15	49 5 0	49 6 0	75,000	81 14 0	78 6 0	4,000
" 22	48 7 0	48 8 0	75,000	81 0 0	78 0 0	4,000
" 29	48 14 0	48 15 0	100,000	80 13 0	77 15 0	4,000
June 5	48 9 0	48 9 0	100,000	80 8 0	77 12 0	4,000
" 12	49 10 0	49 11 0	50,000	85 0 0	82 8 0	4,000
" 19	49 1 0	49 2 0	75,000	84 11 0	82 11 0	3,500
" 26	49 9 0	49 10 0	75,000	84 1 0	83 1 0	3,500
July 3	52 7 0	52 8 0	50,000	85 0 0	84 8 0	4,000
" 10	51 1 0	51 2 0	100,000	84 3 0	83 9 0	4,500
" 17	51 6 6	51 7 6	75,000	84 5 0	83 11 0	5,000
" 24*	51 15 0	52 0 0	75,000	84 13 0	84 3 0	5,000
" 31	52 3 0	52 4 0	75,000	84 8 0	83 13 0	4,500
August 7	53 2 0	53 3 0	100,000	84 15 0	84 4 0	5,000
" 14	..	..	120,000	..	..	5,000
" 21	..	..	150,000	..	..	5,500
" 28*	53 15 0	54 1 0	100,000	85 1 0	84 6 0	5,500
September 4	..	..	50,000	..	..	5,000
" 11*	57 12 0	..	25,000	90 4 0	..	7,000
" 18	..	..	50,000	..	..	8,000
" 25	..	..	75,000	..	..	7,000
October 2	..	..	75,000	..	..	6,000
" 9	..	..	100,000	..	..	5,000
" 16	..	..	100,000	..	..	5,000
" 23	..	..	75,000	..	..	5,000
" 30	61 0 0	..	75,000	106 0 0	..	8,000
November 6	66 14 0	..	75,000	110 8 0	..	6,000
" 13	65 8 0	65 8 0	75,000	110 8 0	107 8 0	5,500
" 20	65 1 0	66 0 0	50,000	109 0 0	107 0 0	5,000
" 27	65 8 0	65 8 0	50,000	109 4 0	106 11 0	4,500
December 4*	64 12 0	64 12 0	75,000	106 8 0	104 12 0	3,500
" 11*	64 10 0	64 10 0	75,000	105 2 0	103 0 0	3,500
" 18*	62 2 0	62 2 0	100,000	96 0 0	94 2 0	3,000
" 25*	66 3 0	66 4 0	100,000	103 0 0	101 8 0	3,000
January 1 1943	66 4 0	66 2 0	50,000	100 8 0	97 8 0	2,500
" 8*	65 14 0	65 12 0	75,000	100 0 0	96 10 0	2,000
" 15*	66 10 0	66 7 0	50,000	102 0 0	100 0 0	1,500
" 22*	66 6 0	66 6 0	75,000	100 7 0	99 3 0	1,500
" 29*	65 15 0	65 12 0	75,000	101 6 0	98 14 0	1,500
February 5*	65 5 0	65 1 0	75,000	100 12 0	99 0 0	1,500
" 12	..	..	75,000	..	..	1,500
" 19*	66 9 0	66 7 0	50,000	103 3 0	102 15 0	1,750
" 26*	67 0 0	67 0 0	50,000	105 4 0	105 2 0	2,000
March 5	68 3 0	68 1 0	50,000	106 14 0	106 10 0	2,000
" 12	71 1 0	70 15 0	50,000	111 10 0	111 8 0	2,000
" 19*	70 8 0	70 6 0	50,000	110 2 0	110 0 0	2,000
" 26	70 10 0	70 10 0	50,000	110 2 0	109 12 0	2,000

\* Market closed, preceding working day's quotations given.

## STATEMENT VI

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

(Reference paragraph 23)

		Price in London per standard ounce			Market 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)	
		Highest	Lowest	Average	Highest	Lowest	Average	Spot			Forward				
								Highest	Lowest	Average	Highest	Lowest	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.	Rs. a. p.	
April	1942	..	23½	23 <sup>7</sup> / <sub>16</sub>	23½	35½	35½	35½	87 8 0	75 4 0	82 10 6	82 0 0	73 0 0	78 7 1	5,000
May		..	23½	23½	23½	35½	35½	35½	82 5 0	77 6 0	81 2 3	79 0 0	76 15 0	77 12 8	4,500
June		..	23½	23½	23½	35½	35½	35½	85 9 0	80 6 0	82 14 4	84 6 0	77 8 0	80 13 0	3,500
July		..	23½	23½	23½	35½	35½	35½	85 4 0	82 14 0	84 7 4	84 14 0	82 13 0	83 13 8	6,000
August		..	23½	23½	23½	35½	35½	35½	85 3 0	84 13 0	85 0 8	84 8 0	84 4 0	84 5 5	6,000
September		..	23½	23½	23½	44½	44½	44½	91 0 0	85 4 0	89 6 0	....	....	....	8,000
October		..	23½	23½	23½	44½	44½	44½	107 0 0	106 0 0	106 7 0	....	....	....	5,000
November		..	23½	23½	23½	44½	44½	44½	116 8 0	106 0 0	109 2 11	113 0 0	104 4 0	106 4 2	4,500
December		..	23½	23½	23½	44½	44½	44½	108 10 0	95 8 0	102 14 3	105 4 0	94 2 0	100 15 8	2,000
January	1943	..	23½	23½	23½	44½	44½	44½	104 2 0	97 14 0	100 13 7	100 4 0	94 10 0	98 7 2	1,500
February		..	23½	23½	23½	44½	44½	44½	105 4 0	99 10 0	102 1 11	105 2 0	97 15 0	100 14 8	1,500
March		..	23½	23½	23½	44½	44½	44½	112 10 0	106 10 0	109 7 4	111 8 0	106 8 0	109 1 10	1,500
1939-39		..	21½	18 <sup>7</sup> / <sub>16</sub>	19 <sup>9</sup> / <sub>16</sub>	42½	42½	42½	53 1 6	48 2 0	51 4 0	..	..	..	..
1939-40		..	23½	16 <sup>11</sup> / <sub>16</sub>	20 <sup>11</sup> / <sub>16</sub>	42½	34½	37 <sup>11</sup> / <sub>16</sub>	66 4 0	44 7 6	55 8 9	..	..	..	..
1940-41		..	23½	20½	22 <sup>11</sup> / <sub>16</sub>	35½	34½	34½	64 13 0	54 10 0	62 0 10	..	..	..	8,583
1941-42		..	23½	23 <sup>11</sup> / <sub>16</sub>	23 <sup>7</sup> / <sub>16</sub>	35½	34½	34½	96 8 0	62 0 0	66 12 6	88 0 0	62 3 0	64 14 8	9,083
1942-43		..	23½	23 <sup>7</sup> / <sub>16</sub>	23½	44½	35½	40½	116 8 0	75 4 0	92 12 11	113 0 0	73 0 0	90 5 7	4,083



## STATEMENT VII

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

(Reference paragraph 25)

Net purchases				Average rate of purchases *				(In thousands of £ and rupees)							
£		Rs.		s.		d.		Net purchases				Average rate of purchases *			
								£		Rs.		s.		d.	
25,140		33,28,87		1	6½	—1937-38		1938-39—		25,468		34,06,19		1	5½
72,596		96,86,20		1	5½	—1939-40		1940-41—		57,063		76,10,90		1	6
1941-42				Months				1942-43							
3,276		4,36,68		1	6	April	..	..	..	9,963		13,28,36		1	6
3,122		4,16,24		1	6	May	..	..	..	3,825		5,09,97		1	6
3,529		4,70,48		1	6	June	..	..	..	4,424		5,89,78		1	6
3,119		4,15,89		1	6	July	..	..	..	4,222		5,62,97		1	6
2,210		2,94,71		1	6	August	..	..	..	3,514		4,68,47		1	6
1,638		2,18,40		1	6	September	..	..	..	2,145		2,85,91		1	6
6,160		8,21,33		1	6	October	..	..	..	6,020		8,02,54		1	6
10,411		13,88,12		1	6	November	..	..	..	7,530		10,03,87		1	6
16,424		21,89,88		1	6	December	..	..	..	13,049		17,39,77		1	6
7,797		10,39,61		1	6	January	..	..	..	8,132		10,84,26		1	6
8,419		11,22,49		1	6	February	..	..	..	11,070		14,75,94		1	6
7,214		9,61,89		1	6	March	..	..	..	17,779		23,70,59		1	6
73,319		97,75,72		1	6	Total		..	..	91,673		1,22,22,43		1	6

\* Nearest to ¼ d.

## STATEMENT VIII

### EXCHANGES—RATES OF TELEGRAPHIC TRANSFERS

(Reference paragraph 26)

		Bombay on London				Bombay on New York		London on New York		New York on London		
		s. & d. to Rs.				Rs. to \$ 100		\$ to £		\$ to £		
		Highest, Lowest, Average.				Highest, Lowest, Average.		Highest, Lowest, Average.		Highest	Lowest	Average
April	..	1942	..	..	..	1-5½	332½	4-025	4-03½	4-03½	4-03½	
May	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
June	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
July	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
August	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
September	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
October	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
November	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
December	..	"	..	..	..	"	"	"	4-03½	4-03½	4-03½	
January	..	1943	..	..	..	"	"	"	4-03½	4-03½	4-03½	
February	..	"	..	..	..	"	"	"	4-03½	4-03	4	
March	..	"	..	..	..	"	"	"	4-03	4-03		

**STATEMENT IX**  
**PROVINCIAL GOVERNMENT BUDGETS**  
*(Reference paragraph 41)*

(In lakhs of rupees)

Province	Accounts 1941-42			Revised Estimates 1942-43			Budget Estimates 1943-44		
	Revenue	Expen- diture	Surplus + Deficit —	Revenue	Expen- diture	Surplus + Deficit —	Revenue	Expen- diture	Surplus + Deficit —
Madras .. ..	19,55	18,67	+ 88	21,05	21,05	....	21,33	21,23	+ 10
Bombay .. ..	16,86	15,25	+ 1,61	17,61	17,02	+ 59	17,69	17,09	....
Bengal .. ..	14,94	15,50	— 56	15,67	17,21	— 1,54	16,02	17,55	— 1,53
United Provinces ..	16,50	16,48	+ 2	20,11	20,00	+ 11	20,26	20,18	+ 8
Punjab .. ..	14,31	13,67	+ 64	15,77	15,71	+ 6	15,19	14,69	+ 50
Bihar .. ..	6,55	6,01	+ 54	7,21	6,65	+ 56	6,97	6,36	+ 61
Central Provinces and Berar .. ..	5,31	5,11	+ 20	6,47	6,32	+ 15	6,40	6,33	+ 7
Assam .. ..	3,28	3,31	— 3	3,44	3,54	— 10	3,64	3,72	— 8
North-West Frontier Province .. ..	2,20	1,98	+ 22	2,29	2,46	— 17	2,07	2,15	— 8
Orissa .. ..	2,06	1,91	+ 15	2,19	2,26	— 7	2,12	2,16	— 4
Sind .. ..	5,85	5,59	+ 26	5,70	6,33	— 63	4,96	5,09	— 13
<b>Total .. ..</b>	<b>1,07,41</b>	<b>1,03,48</b>	<b>+ 3,93</b>	<b>1,17,51</b>	<b>1,18,55</b>	<b>— 1,04</b>	<b>1,16,65</b>	<b>1,17,15</b>	<b>— 50</b>

## STATEMENT X

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

(Reference paragraph 42)

(In lakhs of rupees)

Paid to	INCOME-TAX				JUTE DUTY				SUBVENTIONS.			
	1938-39 Accounts	1941-42 Accounts	1942-43 Accounts	1943-44 Budget	1938-39 Accounts	1941-42 Accounts	1942-43 Accounts	1943-44 Budget	1938-39 Accounts	1941-42 Accounts	1942-43 Accounts	1943-44 Budget
Bengal .. ..	30·00	1,47·80	2,18·00	2,42·00	2,21·27	1,85·55	1,19·09	1,22·45	..	..	..	..
Bombay .. ..	30·00	1,47·80	2,18·00	2,42·00	..	..	..	..	..	..	..	..
Madras .. ..	22·50	1,10·85	1,63·50	1,81·50	..	..	..	..	..	..	..	..
United Provinces .. ..	22·50	1,10·85	1,63·50	1,81·50	..	..	..	..	25·00	25·00	..	..
Punjab .. ..	12·00	59·12	87·20	96·80	..	..	..	..	..	..	..	..
Central Provinces and Berar .. ..	7·50	36·95	54·50	60·50	..	..	..	..	..	..	..	..
Bihar .. ..	15·00	73·90	1,09·00	1,21·00	17·12	16·14	10·92	10·12	..	..	..	..
Assam .. ..	3·00	14·73	21·80	24·20	11·69	12·48	9·64	11·59	30·00	30·00	30·00	30·00
Orissa .. ..	3·00	14·73	21·80	24·20	0·92	1·00	0·65	0·84	43·00	43·00	40·00	40·00
N. W. F. P. .. ..	1·50	7·39	10·90	12·10	..	..	..	..	1,00·00	1,00·00	1,00·00	1,00·00
Sind .. ..	3·00	14·78	21·80	24·20	..	..	..	..	1,05·00	1,05·00	1,05·00	1,05·00
<b>Total</b> ..	<b>1,50·00</b>	<b>7,39·00</b>	<b>10,90·00</b>	<b>12,10·00</b>	<b>2,51·00</b>	<b>1,95·17</b>	<b>1,40·30</b>	<b>1,45·00</b>	<b>3,03·00</b>	<b>3,03·00</b>	<b>2,75·00</b>	<b>2,75·00</b>

## STATEMENT XI

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

(Reference paragraph 43)

(In lakhs of rupees)

	Reserve Bank of India				Last day of the month	Government Treasuries			
	Central Government		Provincial Governments			Central Government		Provincial Governments	
	1941-42	1942-43	1941-42	1942-43		1941-42	1942-43	1941-42	1942-43
79	12,04	11,70	6,09	5,53	April .. ..	17	19	90	1,05
	6,69	12,10	5,14	6,43	May .. ..	16	8	77	1,05
	5,49	13,13	4,15	7,33	June .. ..	17	17	90	1,00
	18,80	11,43	6,15	7,38	July .. ..	18	4	87	89
	16,34	1,57	5,46	5,61	August .. ..	18	4	87	85
	7,05	2,47	4,98	5,41	September .. ..	18	11	78	97
	22,78	4,41	6,13	8,09	October .. ..	17	3	86	98
	10,49	11,48	5,99	7,17	November .. ..	18	— 4	81	72
	7,23	13,64	3,92	7,07	December .. ..	15	— 14	81	60
	8,46	19,97	5,49	10,81	January .. ..	21	7	82	1,19
	58,68	25,88	6,28	10,53	February .. ..	17	4	77	1,29
	15,15	17,41	11,30	16,14	March .. ..	16	— 1	1,91	1,47
	15,77	12,10	5,92	8,13	Average .. ..	17	5	92	1,01

**STATEMENT**  
**GOVERNMENT OF INDIA THREE**  
*(Reference)*

		Amount offered for tender	Amount tendered	Amount sold	Average rate of discount of accepted tenders
Week		1	2	3	4
					Rs. a. p.
April	3 1942..	2,00,00	3,06,75	2,00,00	1 2 11
"	10 "	2,00,00	2,98,00	2,00,00	1 3 7
"	17 "	2,00,00	2,35,50	2,00,00	1 4 0
"	24 "	2,00,00	2,72,50	2,00,00	1 4 9
May	1 "	2,00,00	3,50,25	2,00,00	1 5 0
"	8 "	2,00,00	5,26,75	2,00,00	1 4 8
"	15 "	2,00,00	3,19,50	2,00,00	1 4 0
"	22 "	2,00,00	3,28,25	2,00,00	1 3 8
"	29 "	2,00,00	3,33,25	2,00,00	1 3 0
June	5 "	3,00,00	6,88,50	3,00,00	1 1 7
"	12 "	4,00,00	11,36,00	4,00,00	0 15 5
"	19 "	6,00,00	14,58,25	6,00,00	0 13 8
"	26 "	8,00,00	16,99,25	8,00,00	0 12 5
July	3 "	8,00,00	14,29,00	8,00,00	0 10 9
"	10 "	8,00,00	14,44,00	8,00,00	0 10 3
"	17 "	8,00,00	12,01,00	8,00,00	0 10 0
"	24 "	8,00,00	15,28,75	8,00,00	0 9 9
"	31 "	8,00,00	12,53,50	7,81,75	0 9 0
August	7 "	6,00,00	12,29,75	5,73,75	0 8 6
"	14 "	6,00,00	11,12,25	6,44,50	0 7 11
"	21 "	6,00,00	11,74,25	5,86,75	0 7 0
"	28 "	6,00,00	11,95,00	6,13,25	0 6 7
September	4 "	6,00,00	9,99,00	6,00,00	0 6 8
"	11 "	6,00,00	9,12,00	5,99,25	0 7 9
"	18 "	6,00,00	7,12,00	5,80,50	0 9 10
"	25 "	6,00,00	13,88,25	5,53,75	0 9 2
October	2 "	6,00,00	11,72,25	6,61,50	0 9 8
"	9 "	6,00,00	12,15,00	5,76,00	0 9 9
"	16 "	8,00,00	13,68,00	8,29,00	0 9 9
"	23 "	8,00,00	15,57,50	7,86,00	0 9 9
"	30 "	8,00,00	13,40,25	8,01,75	0 10 3
November	6 "	8,00,00	11,10,50	8,12,25	0 9 0
"	13 "	10,00,00	14,03,25	9,79,75	0 10 4
"	20 "	10,00,00	14,66,50	9,52,50	0 12 0
"	27 "	10,00,00	15,85,50	9,92,75	0 13 3
December	4 "	10,00,00	14,02,00	10,75,00	0 14 8
"	11 "	10,00,00	13,46,00	9,99,25	1 0 5
"	18 "	6,00,00	8,84,00	6,00,75	1 0 11
"	25 "	6,00,00	2,55,75	1,94,00	1 0 9
January	1 1943..	.....	.....	.....	.....
"	8 "	6,00,00	3,17,25	2,22,00	1 0 11
"	15 "	6,00,00	9,73,25	6,26,00	1 1 5
"	22 "	6,00,00	9,94,00	5,89,75	1 1 10
"	29 "	6,00,00	11,01,25	5,87,25	1 1 10
February	5 "	6,00,00	10,37,25	6,22,50	1 1 10
"	12 "	6,00,00	10,66,00	5,21,50	1 1 11
"	19 "	8,00,00	14,36,00	7,84,50	1 1 11
"	26 "	8,00,00	14,91,50	8,10,25	1 1 11
March	5 "	8,00,00	12,15,50	8,84,25	1 1 11
"	12 "	8,00,00	12,29,75	8,00,00	1 1 11
"	19 "	8,00,00	11,39,75	8,00,00	1 1 11
"	26 "	8,00,00	11,04,00	8,00,00	1 1 10
From 27 to 31st.					
	1938-39	.....	1,28,90,25	82,13,25	.....
	1939-40	.....	1,16,96,50	70,50,00	.....
	1940-41	.....	1,62,48,00	84,00,00	.....
	1941-42	.....	1,40,27,00	81,00,50	.....
	1942-43	3,17,00,00	5,27,43,50	3,09,42,00	.....

**XII**  
**MONTHS TREASURY BILLS**  
*Paragraph 44)*

(In thousands of rupees)					
Intermediates sold	Average rate of discount of intermediates sold	Total amount sold	Average rate of discount of total amount sold	Amount out- standing with the public	Total amount out- standing including amount outstanding on account of Issue Department, Provinces and Burma
5	6	7	8	9	10
	Rs. a. p.		Rs. a. p.		
29,25	1 2 0	2,29,25	1 2 10	29,80,50	1,38,42,00
1,28,50	1 3 0	3,28,50	1 3 3	31,27,50	1,44,66,00
49,50	1 3 0	2,49,50	1 3 10	32,07,00	1,53,25,50
56,50	1 4 0	2,56,50	1 4 7	33,17,00	1,54,62,50
2,81,50	1 4 0	4,81,50	1 4 5	35,91,75	1,59,80,25
3,72,50	1 4 0	5,72,50	1 4 3	39,13,50	1,62,79,00
4,05,75	1 3 0	6,05,75	1 3 9	42,85,25	1,72,60,75
5,44,75	1 3 0	7,44,75	1 3 2	47,78,75	1,81,54,25
3,49,75	1 3 0	5,49,75	1 3 0	50,68,00	1,82,23,50
.....	.....	3,00,00	1 1 7	53,50,00	1,85,85,00
.....	.....	4,00,00	0 15 5	55,47,50	1,81,00,25
.....	.....	6,00,00	0 13 8	59,02,25	1,84,79,00
.....	.....	8,00,00	0 12 5	63,30,25	1,88,13,75
.....	.....	8,00,00	0 10 9	66,80,00	1,72,70,50
.....	.....	8,00,00	0 10 3	71,87,75	1,78,84,25
.....	.....	8,00,00	0 10 0	77,31,00	1,81,94,25
.....	.....	8,00,00	0 9 9	82,80,75	1,87,29,00
.....	.....	7,81,75	0 9 0	88,85,50	1,70,31,75
.....	.....	5,73,75	0 8 6	89,13,50	1,70,57,75
.....	.....	6,44,50	0 7 11	95,98,00	1,70,80,25
.....	.....	5,86,75	0 7 0	95,29,50	1,69,67,75
.....	.....	6,13,25	0 6 7	94,74,75	1,66,56,00
.....	.....	6,00,00	0 6 6	96,03,25	1,68,04,50
.....	.....	5,99,25	0 7 9	1,02,01,50	1,73,52,75
.....	.....	5,80,50	0 9 10	1,04,04,50	1,74,90,25
.....	.....	5,33,75	0 9 2	1,03,48,25	1,71,60,00
.....	.....	6,61,50	0 9 8	1,01,99,75	1,99,01,00
.....	.....	5,76,00	0 9 9	1,00,08,00	1,97,17,75
.....	.....	8,29,00	0 9 9	1,00,26,50	1,85,98,50
.....	.....	7,86,00	0 9 9	98,59,50	1,83,89,50
.....	.....	8,01,75	0 10 3	1,00,09,75	1,84,13,75
.....	.....	8,12,25	0 9 0	98,97,50	1,82,81,50
.....	.....	9,79,75	0 10 4	1,04,06,75	1,87,78,75
.....	.....	9,52,50	0 12 0	1,07,82,25	1,91,64,25
.....	.....	9,92,75	0 13 3	1,11,88,00	1,97,81,00
.....	.....	10,75,00	0 14 8	1,10,78,50	1,95,58,50
1,71,00	1 0 0	11,70,25	1 0 5	1,18,81,50	1,96,49,50
1,57,25	1 0 0	7,58,00	1 0 8	1,17,69,25	1,91,74,25
41,50	1 0 0	2,35,50	1 0 7	1,14,10,25	1,88,24,25
.....	.....	.....	.....	1,14,45,75	1,89,05,75
5,20,50	1 0 0	7,42,50	1 0 3	1,16,00,00	2,62,12,00
4,32,00	1 0 0	10,58,00	1 0 10	1,18,77,00	2,67,44,00
4,06,75	1 0 0	9,96,50	1 1 1	1,20,06,25	2,65,77,25
5,15,00	1 0 0	11,02,25	1 1 0	1,24,17,00	2,71,38,00
3,97,50	1 0 0	10,20,00	1 1 1	1,26,57,00	2,74,68,00
23,50	1 0 0	5,45,00	1 1 10	1,23,88,00	2,67,23,00
3,27,50	1 9 0	11,12,00	1 1 4	1,25,00,00	2,68,93,00
3,13,25	1 0 0	11,23,50	1 1 5	1,26,35,50	2,71,58,50
3,49,75	1 0 0	12,34,00	1 1 4	1,18,61,00	2,68,78,00
2,33,00	1 0 0	10,33,00	1 1 6	1,17,01,50	2,81,39,50
53,00	1 0 0	8,53,00	1 1 9	1,17,82,25	2,82,29,25
51,25	1 0 0	8,51,25	1 1 9	1,23,97,00	2,68,64,00
40,00	1 0 0	40,00	1 0 0	1,23,97,50	2,64,69,50
<b>15,35,75</b>		<b>97,49,00</b>		<b>26,79,00</b>	<b>46,30,00</b>
<b>49,93,00</b>		<b>1,20,43,00</b>		<b>27,96,25</b>	<b>54,70,50</b>
<b>17,32,75</b>		<b>1,01,32,75</b>		<b>25,51,75</b>	<b>68,90,25</b>
<b>37,59,50</b>		<b>1,18,60,00</b>		<b>27,78,25</b>	<b>1,36,97,75</b>
<b>62,50,75</b>		<b>3,71,92,75</b>		<b>1,23,97,50</b>	<b>2,64,69,50</b>

## STATEMENT XIII

### GOVERNMENT OF INDIA WAYS AND MEANS ADVANCES AND TREASURY BILL TRANSACTIONS DURING 1942-43

(Reference paragraph 46)

(In thousands of rupees)

Month	Ways and Means Advances				Treasury Bills			Total amount outstanding including amount of Issue Department, the Provinces and Burma	Total amount Discharged	Total outstanding of Ways & Means Advances and Treasury Bills
	Advances taken	Advances repaid	Outstanding at the end of month	Sale to the public	Outstanding at the end of month with the public*	Outstanding on account	Total amount			
Opening Balance on 1st April 1942	....	Nil				1,36,97,75				
April 1942	.. 26,00,00	26,00,00	....	13,40,00	33,90,25	1,57,50,75	14,72,50	1,57,50,75		
May "	.. 7,00,00	7,00,00	....	26,78,00	50,68,00	1,82,45,50	81,81,25	1,82,45,50		
June "	.. 24,50,00	24,50,00	....	21,00,00	61,18,00	1,66,34,00	68,41,00	1,66,34,00		
July "	.. .....	....	....	39,81,75	88,55,50	1,70,31,75	60,00,00	1,70,31,75		
August "	.. 19,00,00	17,00,00	2,00,00	24,18,25	92,69,75	1,65,01,00	53,94,75	1,67,01,00		
September "	.. 18,50,00	11,50,00	9,00,00	24,00,00	96,16,00	1,94,17,75	53,28,25	2,03,17,75		
October "	.. 17,00,00	26,00,00	....	36,00,00	92,23,75	1,76,32,75	75,18,00	1,76,32,75		
November "	.. 22,50,00	22,50,00	....	38,00,00	1,06,18,50	1,91,46,50	47,56,00	1,91,46,50		
December "	.. .....	....	....	31,85,25	1,14,45,75	1,89,05,75	71,66,25	1,89,05,75		
January 1943	.. 23,00,00	23,00,00	....	39,06,25	1,16,50,50	2,63,86,50	62,05,50	2,63,86,50		
February "	.. .....	....	....	41,89,75	1,20,55,25	2,66,45,25	62,60,75	2,66,45,25		
March "	.. 4,50,00	4,50,00	....	35,93,50	1,23,97,50	2,64,69,50	89,38,50	2,64,69,50		
<b>Total 1942-43</b>	<b>1,62,00,00</b>	<b>1,62,00,00</b>	<b>....</b>	<b>3,71,92,75</b>	<b>....</b>	<b>....</b>	<b>....</b>	<b>....</b>	<b>....</b>	<b>....</b>

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

## STATEMENT XIV

### PROVINCIAL GOVERNMENT TREASURY BILLS DURING 1942-43

(Reference paragraph 48)

(In thousands of rupees)

Week ended	Issuing Government	Period	Amount offered for tender	Amount tendered	Amount sold	Average rate of discount per cent per annum	Amount outstanding with the public
Oct. 9 1942	C. P. & Berar	3 months	50,00	1,31,00	50,00	0 10 0	50,00
" 16 "	Madras	3 "	50,00	1,78,00	50,00	0 10 0	50,00
" 30 "	Assam	3 "	30,00	36,00	30,00	0 12 7	30,00
Nov. 6 "	Madras	3 "	50,00	1,24,00	50,00	0 10 8	1,00,00
" 6 "	Bengal	3 "	50,00	1,34,50	50,00	0 10 0	50,00
" 13 "	U.P.	3 "	75,00	97,00	75,00	0 12 3	75,00
Dec. 11 "	Madras	3 "	50,00	1,54,00	50,00	0 15 1	1,50,00
Jan. 29 1943	Assam	3 "	50,00	73,00	50,00	1 4 0	80,00
Feb. 26 "	Assam	3 "	30,00	40,00	30,00	1 4 0	80,00
<b>Total</b>	<b>1938-39</b>	<b>....</b>	<b>....</b>	<b>7,17,00</b>	<b>5,70,00</b>	<b>....</b>	<b>1,50,00</b>
	<b>1939-40</b>	<b>....</b>	<b>....</b>	<b>13,75,75</b>	<b>11,80,00</b>	<b>....</b>	<b>1,80,00</b>
	<b>1940-41</b>	<b>....</b>	<b>....</b>	<b>12,28,00</b>	<b>6,90,00</b>	<b>....</b>	<b>50,00</b>
	<b>1941-42</b>	<b>....</b>	<b>....</b>	<b>18,14,25</b>	<b>8,15,00</b>	<b>....</b>	<b>1,00,00</b>
	<b>1942-43</b>	<b>....</b>	<b>....</b>	<b>9,67,50</b>	<b>4,35,00</b>	<b>....</b>	<b>80,00</b>

## STATEMENT XV

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 53)

### (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 Certificates	Per-cent-age of Total	*Other obligations	Per-cent-age of Total	Total	Percent-age in-crease(+) or decrease(-)
1914	.. 144.52	80.4	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	.. 126.89	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	7.5	135.36	18.6	67.48	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 (Revised)	164.18	17.4	261.77	27.8	68.75	7.3	117.16	12.5	136.98	14.6	95.55	10.2	96.61	10.3	941.00	+ 9.3
1943(Preliminary)	245.50	20.3	238.41	19.7	91.75	7.6	172.80	14.3	264.70	21.9	93.00	7.7	102.29	8.5	1,206.45	+28.4

\* Includes (1) the unclaimed balance of old loans which have ceased to bear interest from the date of discharge (2) balance of special loans (the bulk of this relates to endowments made by the late King of Oudh for payment of pensions and stipends or for specific purposes of a religious or charitable character, guaranteed by Government) (3) balances of State Provident Funds, Pension Funds, and other accounts such as General Family Pension Fund, the Hindu Family Annuity Fund, the Postal Insurance and Life Annuity Fund, etc., and (4) the amount of Three-year Interest-Free Bonds.



## STATEMENT XV

PUBLIC DEBT OF INDIA SINCE 1913-14

### (B) Sterling Debt \*

(Reference paragraph 53)

(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	169.93	36.0	4.66	1.0	—	1.58	0.3	472.78	+	18.9
1934	.. ..	269.19	52.6	198.50	38.8	—	—	43.09	5.4	1.38	512.15	+	8.3
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	40.81	11.8	32.87	9.5	20.62	5.9	3.82	344.93	—	22.1
1942 (Revised)	.. ..	134.00	63.6	34.66	16.4	17.32	8.2	20.95	9.9	3.77	210.70	—	38.9
1943 (Preliminary)	.. ..	22.13	38.5	4.06	5.3	6.88	12.0	20.62	35.9	3.72	57.41	—	72.8

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

† Includes (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge and (2) the balances relating to Service Funds.

## STATEMENT XVI

### POST OFFICE CASH CERTIFICATES \*

(Reference paragraph 55)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Total amount outstanding
1917-18 .. .. .	10,00	1,12	8,88	8,88
1918-19 } 1919-20 }	4,03	7,16	— 3,13	5,75
1920-21 } 1921-22 }	1,00	2,41	— 1,41	4,34
1922-23 } 1923-24 }	7,61	3,53	4,08	8,42
1924-25 } 1925-26 }	15,65	3,10	12,55	20,97
1926-27 } 1927-28 }	13,61	3,88	9,73	30,70
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	65,99
1936-37 .. .. .	14,89	10,46	— 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 .. .. .	3,97	11,94	— 7,97	39,01
1942-43 .. .. .	3,76	8,20	— 4,44	34,57

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

### POST OFFICE DEFENCE SAVINGS CERTIFICATES

(In lakhs of rupees)  
Amount outstanding

	Receipts	Withdrawals	Amount outstanding
1940-41 .. .. .	2,41	12	2,29
1941-42 .. .. .	2,81	75	4,35
1942-43 .. .. .	2,02	81	5,56

## STATEMENT XVII

### POST OFFICE SAVINGS BANK \*

(Reference paragraph 55)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding at the end of the 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	39,76	4,97	77,56
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 .. .. .	21,91	83	30,18	— 7,44	52,13
1942-43 .. .. .	22,26	73	22,84	15	52,28

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

† Not available

### POST OFFICE DEFENCE SAVINGS BANK DEPOSITS

(In lakhs of rupees)

	Receipts	Withdrawals	Amount outstanding
1941-42 .. .. .	11	..	11
1942-43 .. .. .	29	..	40

**STATEMENT XVIII**  
**CONSOLIDATED DEBT POSITION OF PROVINCES**

*(Reference paragraph 57)*

(In lakhs of rupees)

		At the end of						
		1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43
I	Public Debt							
	(a) Permanent Debt .. .. .	8,72	12,64	15,07	19,60	23,33	23,04	27,74
	(b) Floating Debt .. .. .	.....	.....	1,50	1,80	50	1,00	1,11
	(c) Loans from Central Government .. .. .	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,61
II	Unfunded Debt .. .. .	15,03	22,39	23,39	24,44	25,54	26,62	27,20
III	Gross Total Debt (Total of I and II) .. .. .	1,67,55	1,59,70	1,63,20	1,67,61	1,69,91	1,69,15	1,67,66
IV	Net Debt (Deduct outstanding loans and advances made by Provincial Governments) .. .. .	1,04,63	1,00,32	1,02,48	1,35,65	1,38,98	1,37,92	1,34,33
V	Provision for the reduction of Debt during the year ..	2,31	1,60	1,06	1,51	2,84	3,64	9,35
VI	Closing Cash Balance .. .. .	10,10	10,07	7,34	9,59	10,64	19,11	19,93

## STATEMENT XIX

### REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA

Prices since 1914-15

(Reference paragraph 58)

		(In rupees)							
		5 per cent. Rupee Loan 1945-55 (free of income-tax)		4 per cent. Rupee Loan 1960-70		3½ per cent. Rupee Loan 1947-50		3½ per cent. Rupee Loan (non-terminable)	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1914-15	.. .. .	..	..	..	..	..	..	96 <sup>1</sup> / <sub>4</sub>	91 <sup>1</sup> / <sub>2</sub>
1920-21	.. .. .	96	78 <sup>1</sup> / <sub>2</sub>	..	..	..	..	60	52
1925-26	.. .. .	104 <sup>1</sup> / <sub>2</sub>	98 <sup>1</sup> / <sub>2</sub>	..	..	..	..	74 <sup>1</sup> / <sub>2</sub>	67 <sup>1</sup> / <sub>2</sub>
1926-27	.. .. .	110 <sup>1</sup> / <sub>2</sub>	104 <sup>1</sup> / <sub>4</sub>	90 <sup>1</sup> / <sub>4</sub>	86 <sup>1</sup> / <sub>4</sub>	..	..	79 <sup>1</sup> / <sub>4</sub>	74 <sup>1</sup> / <sub>2</sub>
1927-28	.. .. .	108 <sup>1</sup> / <sub>2</sub>	105 <sup>1</sup> / <sub>2</sub>	90	87 <sup>1</sup> / <sub>4</sub>	..	..	79 <sup>1</sup> / <sub>4</sub>	74 <sup>1</sup> / <sub>2</sub>
1928-29	.. .. .	106 <sup>1</sup> / <sub>2</sub>	102 <sup>1</sup> / <sub>4</sub>	88 <sup>1</sup> / <sub>2</sub>	83 <sup>1</sup> / <sub>2</sub>	..	..	75 <sup>1</sup> / <sub>2</sub>	71
1929-30	.. .. .	103 <sup>1</sup> / <sub>2</sub>	100	84 <sup>1</sup> / <sub>2</sub>	75 <sup>1</sup> / <sub>2</sub>	..	..	72 <sup>1</sup> / <sub>4</sub>	63 <sup>1</sup> / <sub>2</sub>
1930-31	.. .. .	101 <sup>1</sup> / <sub>4</sub>	99 <sup>1</sup> / <sub>2</sub>	77 <sup>1</sup> / <sub>2</sub>	73	..	..	68 <sup>1</sup> / <sub>2</sub>	61 <sup>1</sup> / <sub>4</sub>
1931-32	.. .. .	101 <sup>1</sup> / <sub>2</sub>	88 <sup>1</sup> / <sub>2</sub>	75 <sup>1</sup> / <sub>2</sub>	58 <sup>1</sup> / <sub>2</sub>	..	..	63 <sup>1</sup> / <sub>2</sub>	51
1932-33	.. .. .	113 <sup>1</sup> / <sub>2</sub>	98 <sup>1</sup> / <sub>2</sub>	100 <sup>1</sup> / <sub>4</sub>	67 <sup>1</sup> / <sub>2</sub>	..	..	88 <sup>1</sup> / <sub>4</sub>	60 <sup>1</sup> / <sub>2</sub>
1933-34	.. .. .	115 <sup>1</sup> / <sub>4</sub>	109	103 <sup>1</sup> / <sub>2</sub>	90 <sup>1</sup> / <sub>2</sub>	97 <sup>1</sup> / <sub>2</sub>	90	88 <sup>1</sup> / <sub>2</sub>	79 <sup>1</sup> / <sub>4</sub>
1934-35	.. .. .	119 <sup>1</sup> / <sub>4</sub>	114 <sup>1</sup> / <sub>2</sub>	111 <sup>1</sup> / <sub>4</sub>	101 <sup>1</sup> / <sub>2</sub>	102 <sup>1</sup> / <sub>2</sub>	97 <sup>1</sup> / <sub>4</sub>	98 <sup>1</sup> / <sub>2</sub>	87 <sup>1</sup> / <sub>2</sub>
1935-36	.. .. .	120 <sup>1</sup> / <sub>2</sub>	114 <sup>1</sup> / <sub>2</sub>	113 <sup>1</sup> / <sub>2</sub>	103	107 <sup>1</sup> / <sub>2</sub>	100 <sup>1</sup> / <sub>4</sub>	99 <sup>1</sup> / <sub>2</sub>	87 <sup>1</sup> / <sub>4</sub>
1936-37	.. .. .	121 <sup>1</sup> / <sub>4</sub>	117 <sup>1</sup> / <sub>2</sub>	116 <sup>1</sup> / <sub>4</sub>	109 <sup>1</sup> / <sub>2</sub>	108 <sup>1</sup> / <sub>2</sub>	103 <sup>1</sup> / <sub>2</sub>	100 <sup>1</sup> / <sub>2</sub>	91 <sup>1</sup> / <sub>2</sub>
1937-38	.. .. .	120 <sup>1</sup> / <sub>2</sub>	118	114 <sup>1</sup> / <sub>4</sub>	110 <sup>1</sup> / <sub>2</sub>	107 <sup>1</sup> / <sub>2</sub>	105	99 <sup>1</sup> / <sub>2</sub>	92 <sup>1</sup> / <sub>4</sub>
1938-39	.. .. .	118 <sup>1</sup> / <sub>2</sub>	111	114 <sup>1</sup> / <sub>2</sub>	107 <sup>1</sup> / <sub>2</sub>	106 <sup>1</sup> / <sub>4</sub>	103	99 <sup>1</sup> / <sub>2</sub>	90 <sup>1</sup> / <sub>2</sub>
1939-40	.. .. .	114 <sup>1</sup> / <sub>2</sub>	102	111 <sup>1</sup> / <sub>4</sub>	94	104 <sup>1</sup> / <sub>2</sub>	92 <sup>1</sup> / <sub>2</sub>	97 <sup>1</sup> / <sub>2</sub>	80 <sup>1</sup> / <sub>2</sub>
1940-41	.. .. .	112 <sup>1</sup> / <sub>2</sub>	105 <sup>1</sup> / <sub>2</sub>	109	99	104 <sup>1</sup> / <sub>2</sub>	98 <sup>1</sup> / <sub>2</sub>	90 <sup>1</sup> / <sub>4</sub>	84 <sup>1</sup> / <sub>2</sub>
1941-42	.. .. .	111 <sup>1</sup> / <sub>2</sub>	104	111 <sup>1</sup> / <sub>2</sub>	99	103 <sup>1</sup> / <sub>2</sub>	96 <sup>1</sup> / <sub>2</sub>	96 <sup>1</sup> / <sub>4</sub>	84
1942-43	.. .. .	109 <sup>1</sup> / <sub>2</sub>	105 <sup>1</sup> / <sub>4</sub>	110 <sup>1</sup> / <sub>4</sub>	103 <sup>1</sup> / <sub>4</sub>	104	97 <sup>1</sup> / <sub>4</sub>	94	88 <sup>1</sup> / <sub>4</sub>

## STATEMENT XX

### REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA

Prices in Bombay during 1942-43

(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	1942	..	..	105½	105 1/16	105 3/16	103 5/16	103 1/16	103 1/2	98½	97 1/16	97½	90	88 1/16	88 3/16
May	..	..	..	107½	105½	106½	104 7/16	103 3/16	104 7/16	101½	98½	100½	91½	89½	90½
June	..	..	..	108½	107 1/16	108	106½	104 11/16	106½	102 1/16	101½	102½	91½	90½	91 1/16
08 July	..	..	..	108 7/16	107 11/16	108 11/16	108 11/16	106½	107 11/16	102 1/16	101½	102 1/16	93	90½	92½
August	..	..	..	109	108½	108 11/16	108 11/16	108 11/16	108 11/16	102½	102 7/16	102 7/16	93	92½	92 11/16
September	..	..	..	109½	108 11/16	109 1/16	109½	108½	109½	102 11/16	102½	102 11/16	94	93	93 11/16
October	..	..	..	109½	109	109 1/16	110½	109½	110 1/16	103 3/16	102 11/16	103½	94	93½	94
November	..	..	..	109 1/16	109	109	110 1/16	110½	110½	103 7/16	103 1/16	103½	94	93½	94
December	..	..	..	109 1/16	108½	108 11/16	110½	110½	110 1/16	103½	103 7/16	103½	94	93½	93 11/16
January	1943	..	..	108½	108 1/16	108 1/16	110½	110½	110 1/16	103 11/16	103 7/16	103 11/16	94	94	94
February	..	..	..	108½	108½	108½	110 7/16	110 7/16	110 7/16	104	103 11/16	103 11/16	94	94	94
March	..	..	..	108½	108½	108½	110 7/16	110 7/16	110 7/16	103 11/16	103 11/16	103 11/16	94	94	94

## STATEMENT XXI

INDEX NUMBERS OF PRICES OF INDIAN SECURITIES (1927-28=100)  
*(Prepared in the office of the Economic Adviser to the Government of India)*  
*( Reference Paragraph 59 )*

		Variable Yield Industrial Securities										
		Government Securities	Fixed Yield Industrial Securities	Cotton (22 shares)	Jute (20 shares)	Coal (13 shares)	Iron and steel (3 shares)	Tea (19 shares)	Sugar (3 shares)	Cement (1 share)	Paper (2 shares)	General Index
		1	2	3	4	5	6	7	8	9	10	11
1939												
08	August .. ..	117·6	137·7	59·4	117·7	131·7	389·5	57·8	74·7	149·6	174·0	98·5
	September .. ..	103·8	127·8	75·4	61·5	162·5	493·9	60·7	90·9	176·9	236·8	111·4
	October .. ..	107·1	130·6	73·6	66·5	156·7	474·8	64·2	88·6	163·3	285·0	111·9
	November .. ..	110·5	131·5	91·7	70·5	169·0	554·5	69·4	109·9	172·2	369·4	124·7
	December .. ..	111·2	135·1	101·3	68·5	176·7	614·0	73·9	108·6	170·3	408·0	130·7
1940												
	January .. ..	113·6	136·1	84·4	61·8	163·2	534·7	72·8	100·0	150·3	363·1	120·9
	February .. ..	115·7	139·1	84·2	61·5	161·8	541·2	71·3	91·9	150·6	394·6	121·6
	March .. ..	116·7	141·4	84·8	59·7	161·8	562·2	70·7	90·7	154·3	370·4	122·1
	April .. ..	116·9	142·9	88·4	60·2	154·6	594·1	69·3	85·0	155·0	395·8	123·0
	May .. ..	112·2	142·8	80·9	56·7	150·7	497·1	68·9	83·3	145·2	377·6	115·6
	June .. ..	107·8	138·5	..	..	..	..	..	..	..	..	(a)
	July .. ..	112·9	139·7	76·3	56·0	147·4	475·3	65·6	73·2	142·4	265·6	111·7
	August .. ..	113·3	140·4	74·2	55·6	138·4	440·0	64·0	77·0	141·2	261·3	109·5
	September .. ..	114·3	143·9	77·8	51·2	141·1	451·8	65·2	77·8	144·9	274·6	110·6
	October .. ..	114·8	146·2	85·7	51·8	143·8	476·2	65·7	81·9	151·5	276·0	114·2
	November .. ..	115·8	143·7	89·2	55·2	153·6	526·1	66·9	89·2	161·5	289·6	119·8
	December .. ..	116·4	154·6	88·4	52·8	153·4	518·6	67·0	91·3	177·9	287·5	119·3
1941												
	January .. ..	117·3	155·7	90·2	53·4	150·4	514·6	68·8	90·7	171·0	288·9	121·2
	February .. ..	116·7	157·6	93·0	53·1	150·6	538·4	70·1	97·7	181·0	288·5	122·9
	March .. ..	117·4	158·6	96·3	54·2	150·0	545·7	70·2	95·8	181·3	288·3	123·8
	April .. ..	115·8	157·2	89·3	51·6	141·9	485·6	70·4	81·3	171·0	270·4	118·2

			1	2	3	4	5	6	7	8	9	10	11
May .. ..	..	..	117.1	156.9	90.3	54.9	142.4	501.4	69.9	80.3	174.4	281.7	119.9
June .. ..	..	..	117.6	157.3	95.0	58.9	144.8	537.7	71.7	88.9	179.4	309.8	123.2
July .. ..	..	..	117.9	159.9	107.9	60.0	151.1	563.2	74.3	96.9	187.6	318.9	129.2
August .. ..	..	..	118.0	161.8	109.7	59.8	152.1	530.4	75.9	100.2	189.1	315.9	129.0†
September .. ..	..	..	118.0	163.2	116.2	61.4	162.1	570.3	78.3	111.7	194.2	355.9	136.2†
October .. ..	..	..	118.0	163.5	123.1	62.5	156.0	575.7	79.9	119.5	203.9	360.7	138.8†
November .. ..	..	..	118.0	163.6	149.1	70.6	171.5	615.4	87.4	137.7	225.8	392.6	151.6†
December .. ..	..	..	116.2	155.8	128.0	52.4	152.5	470.6	82.7	122.4	206.4	328.4	132.1†
1942													
January .. ..	..	..	116.3	157.2	114.3	52.2	152.2	448.7	82.1	117.9	199.5	322.8	128.5†
February .. ..	..	..	108.5	142.8	105.4	51.3	151.2	400.9	80.0	114.0	203.3	315.8	121.7†
March .. ..	..	..	109.8	131.2	104.2	51.3	151.8	331.4	79.3	115.4	192.0	315.8	119.6†
April .. ..	..	..	110.5	130.4	102.0	51.1	151.0	359.1	78.7	114.6	197.6	309.3	119.1†
May .. ..	..	..	112.3	131.0	109.3	50.8	150.2	386.0	78.8	127.6	202.3	309.3	122.8†
June .. ..	..	..	113.1	137.0	117.5	50.4	150.8	386.2	77.7	133.9	211.4	308.8	124.3†
July .. ..	..	..	115.2	141.1	123.0	50.3	149.4	409.5	78.9	134.7	210.8	316.2	126.8†
August .. ..	..	..	115.5	142.2	123.8	49.6	149.0	422.2	79.4	133.6	211.1	317.1	127.4†
September .. ..	..	..	116.1	147.7	144.8	53.5	156.8	440.7	81.2	145.3	230.9	343.0	136.3†
October .. ..	..	..	116.2	148.5	150.3	54.6	159.9	447.3	84.0	146.5	238.4	374.1	140.0†
November .. ..	..	..	116.3	150.4	165.4	58.6	170.4	498.4	91.5	151.8	255.3	397.8	149.2†
December .. ..	..	..	116.2	153.5	158.5	53.7	167.8	419.1	92.2	144.5	249.7	396.1	143.7†
1943													
January .. ..	..	..	116.1	152.0	179.7	57.2	173.1	492.2	93.0	156.1	272.3	410.9	152.7
February .. ..	..	..	116.1	153.6	189.0	58.0	174.7	523.2	100.7	151.4	271.6	415.6	158.3
March .. ..	..	..	116.1	157.1	196.1	59.5	182.8	513.5	107.2	160.1	278.9	421.0	162.8

(a) Not available.

† Two quotations dropped.



## STATEMENT XXII

### INDIAN MONEY RATES

(Reference paragraph 60)

1st of	Bank Rate*	Imperial Bank of India Hundi Rate**	Call Money Rate		Bazar Bill Rate †		Average Monthly Treasury Bill Rate of accepted tenders	Deposit Rates††		
			Calcutta	Bombay	Calcutta (Range)	Bombay		3 Months	6 Months	12 Months
April 1942 .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6 $\frac{1}{2}$	1 3 9	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$	1 $\frac{3}{4}$ to 2
May .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	1 4 1	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$	1 $\frac{3}{4}$ to 2
June .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	0 14 1	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
July .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	0 9 11	$\frac{1}{2}$	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
92 August .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5	0 7 6	$\frac{1}{2}$	1 to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
September .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5	0 8 4	$\frac{1}{2}$ to $\frac{1}{2}$	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
October .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5	0 9 10	$\frac{1}{2}$ to $\frac{1}{2}$	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
November .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	5 $\frac{1}{2}$	0 11 3	$\frac{1}{2}$	1	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
December .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	1 0 3	$\frac{1}{2}$	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
January 1943 .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	1 1 6	$\frac{3}{4}$	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
February .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	1 1 11	$\frac{3}{4}$ to 1	1 $\frac{1}{2}$ to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$
March .. ..	3	3	$\frac{1}{2}$	$\frac{1}{2}$	6 — 7	6	1 1 11	$\frac{3}{4}$	1 $\frac{1}{2}$ to 1 $\frac{1}{2}$	1 $\frac{1}{2}$ to 1 $\frac{3}{4}$

\* 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 of India 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 XXIII

### SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA

(Reference paragraph 61)

(In lakhs of rupees)

Annual Average of Friday figures	Demand Liabilities	Time Liabilities	Cash	Balances with Reserve Bank	Excess of (d) over the statutory minimum (e)	% of (c+d) to (a+b)	Advances	Bills Dis- counted	% of (f+g) to (a+b)
	(a)	(b)	(c)	(d)	(e)		(f)	(g)	
1935-36 ..	1,21,90	98,66	5,95	31,86	23,79	17.14	87,70	3,56	41.38
1936-37 ..	1,28,58	1,01,32	6,01	26,27	17,81	14.04	95,11	4,70	43.41
1937-38 ..	1,32,77	1,09,04	6,61	24,62	15,81	12.92	1,13,43	6,28	49.51
1938-39 ..	1,29,98 (6,17)	1,07,85 (4,55)	6,84 (26)	15,94	7,28	9.50	1,15,85 (4,51)	4,86 (26)	50.75
1939-40 ..	1,39,65 (7,01)	1,06,03 (4,08)	7,08 (35)	17,43	8,33	9.93	1,25,89 (4,42)	5,25 (28)	53.38
1940-41 ..	1,63,00 (8,11)	1,04,94 (3,75)	8,37 (42)	36,42	26,13	16.66	1,22,13 (4,43)	3,84 (15)	46.86
1941-42 ..	2,11,35 (11,22)	1,07,61 (4,24)	9,86 (70)	36,65	23,93	14.58	1,20,20 (4,88)	4,93 (9)	39.23
1942-43 (India only)	3,06,28	1,04,21	12,97	55,73	38,33	16.73	95,68	2,18	23.83
<b>1942-43</b>									
April ..	2,28,11	96,58	10,35	38,80	25,46	15.14	1,11,98	2,27	35.19
May ..	2,41,02	94,66	11,11	48,67	34,73	17.81	1,02,26	1,64	30.95
June ..	2,61,01	96,56	12,52	58,73	43,75	19.93	97,25	1,50	27.61
July ..	2,79,60	97,58	12,11	62,77	46,84	19.85	89,04	1,69	24.05
August ..	2,94,75	97,37	11,65	64,69	48,01	19.47	83,07	1,51	21.57
September ..	3,08,59	99,28	12,39	64,29	46,87	18.80	78,67	1,45	19.64
October ..	3,21,64	1,02,24	12,63	65,40	47,27	18.41	79,25	1,73	19.10
November ..	3,33,41	1,03,54	13,96	62,80	44,02	17.49	81,92	2,26	19.18
December ..	3,39,72	1,09,94	13,94	53,33	34,15	14.96	91,18	2,79	20.90
January ..	3,44,71	1,13,69	15,17	48,73	29,22	13.94	1,00,23	2,89	22.50
February ..	3,59,98	1,17,99	14,82	48,52	28,16	13.25	1,10,55	3,08	23.77
March ..	3,72,32	1,21,28	15,14	51,37	30,33	13.47	1,25,70	3,53	26.18

Note :—Burma figures shown in brackets.

## STATEMENT XXIV

### CLEARING HOUSE STATISTICS SINCE 1918-19

(Reference paragraph 62)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Total
1918-19 ..	7,41,13	5,69,46	25,45	22,30	73,85	..	..	..	14,32,19
1919-20 ..	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	20,90,60
1920-21 ..	14,39,93	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 ..	9,81,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	16,09,57
1927-28 ..	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	16,74,59
1928-29 ..	10,04,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	19,81,10
1929-30 ..	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	19,99,74
1930-31 ..	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	17,30,65
1931-32 ..	7,31,09	6,23,82	43,97	23,23	78,90	6,63	9,02	..	15,15,66
1932-33 ..	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	16,18,53
1933-34 ..	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	16,41,20
1934-35 ..	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	17,33,01
1935-36 ..	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	18,43,35
1936-37 ..	9,23,68	7,62,38	91,29	31,94	83,75	11,51	11,40	15,61	19,31,66
1937-38 ..	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	20,51,12
1938-39 ..	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	19,74,89
1939-40 ..	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	23,18,73
1940-41 ..	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	21,48,96
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
1942-43 ..	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,04	28,15,71

\* Figures from December 1941 not available.

## STATEMENT XXV

### NUMBER AND AMOUNT OF CHEQUES CLEARED AT EACH CENTRE

(Reference paragraph 62)

Centre	1942										(Amount in lakhs of rupees)			Total
	April	May	June	July	August	September	October	November	December	January	February	March		
<b>BOMBAY—</b>														
Number ..	5,35,116	4,68,614	4,87,247	5,27,093	4,60,858	4,60,496	5,26,252	5,14,875	5,52,461	5,29,701	5,23,484	5,79,477	<b>61,65,674</b>	
Amount ..	1,02,38	83,19	89,60	95,18	87,23	91,84	1,06,64	1,08,99	1,28,63	1,31,82	1,33,65	1,87,08	<b>13,45,23</b>	
<b>CALCUTTA—</b>														
Number ..	4,25,041	3,96,504	3,92,534	4,11,377	3,83,431	3,72,733	5,70,107	3,80,844	3,78,179	3,33,410	3,22,974	4,41,371	<b>46,08,505</b>	
Amount ..	80,57	64,50	72,62	77,59	71,74	84,41	84,96	1,01,35	1,13,68	99,70	92,78	1,30,76	<b>10,74,66</b>	
<b>CANNING—</b>														
Number ..	21,666	19,733	17,989	18,469	16,023	17,523	20,339	19,454	22,785	23,634	22,247	25,040	<b>2,44,902</b>	
Amount ..	3,50	3,34	3,06	3,24	2,91	3,73	4,74	4,89	6,00	5,81	6,83	8,16	<b>56,21</b>	
<b>DELHI —</b>														
Number ..	67,808	64,648	61,801	70,274	62,709	61,697	64,944	62,811	71,531	70,900	66,610	75,735	<b>8,01,468</b>	
Amount ..	5,43	5,46	5,13	6,14	4,79	5,03	6,55	7,10	8,23	9,25	8,86	10,97	<b>81,94</b>	
<b>KARACHI—</b>														
Number ..	49,292	46,183	48,073	46,734	43,673	41,789	45,343	45,131	44,308	43,167	42,658	47,716	<b>5,44,267</b>	
Amount ..	5,48	5,81	6,02	5,96	5,24	5,16	6,22	6,39	6,92	7,50	7,64	9,17	<b>77,51</b>	
<b>LARORE—</b>														
Number ..	46,521	45,633	43,393	48,895	43,418	45,753	48,864	49,598	49,426	50,372	49,492	56,806	<b>5,78,171</b>	
Amount ..	2,98	3,29	3,35	4,46	3,85	3,89	3,70	4,44	4,29	4,26	4,59	5,60	<b>48,76</b>	
<b>MADRAS—</b>														
Number ..	76,282	65,427	74,899	68,920	89,594	88,399	96,856	93,286	96,178	94,083	92,433	1,15,847	<b>10,72,204</b>	
Amount ..	9,17	7,07	8,21	9,47	8,96	10,68	11,01	11,92	13,37	11,32	12,97	17,25	<b>1,31,40</b>	
<b>Total—</b>														
Number ..	12,21,726	11,06,742	11,25,936	12,11,762	10,99,706	10,88,390	11,72,905	11,65,999	12,14,868	11,45,267	11,19,896	13,41,992	<b>1,40,15,191</b>	
Amount ..	2,09,51	1,72,66	1,87,99	2,02,04	1,84,72	2,04,74	2,22,82	2,45,08	2,81,12	2,69,66	2,66,32	3,69,05	<b>28,15,71</b>	

## STATEMENT XXVI

### REMITTANCES THROUGH THE RESERVE BANK OF INDIA Telegraphic Transfers issued and paid (Reference paragraph 63)

(In lakhs of rupees)

Centre	1940-41				1941-42				1942-43			
	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 ..	33,57	58,38	35,97	41,69	43,29	71,26	46,65	63,91	34,91	115,92	109,93	150,79
Calcutta ..	80,14	47,04	57,91	36,19	90,46	52,12	101,63	48,59	158,62	63,31	251,91	123,54
Cawnpore ..	4,78	8,12	3,31	4,26	6,23	8,65	4,35	12,23	5,31	13,81	3,36	27,72
Delhi ..	8,30	2,68	7,13	1,42	6,27	2,34	8,70	3,58	7,97	3,17	12,09	7,93
Karachi ..	7,42	7,52	5,70	8,21	6,64	7,82	7,10	11,41	8,65	12,72	15,63	18,95
Lahore ..	9,81	13,01	6,14	12,16	8,87	8,62	7,01	22,40	12,20	23,20	8,97	45,44
Madras ..	10,89	16,82	6,67	12,20	11,02	16,49	7,52	21,40	5,68	22,00	8,45	30,86
<b>Total ..</b>	<b>154,91</b>	<b>153,57</b>	<b>122,83</b>	<b>116,13</b>	<b>172,78</b>	<b>167,30</b>	<b>182,96</b>	<b>183,52</b>	<b>233,34</b>	<b>254,13</b>	<b>410,39</b>	<b>404,33</b>

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## STATEMENT XXVII

### REMITTANCES THROUGH THE IMPERIAL BANK OF INDIA Demand Drafts Purchased (Reference paragraph 63)

(In lakhs of rupees)

	By Bengal	Circle Offices	By Bombay	Circle Offices	By Madras	Circle Offices	Total	
	1941-42	1942-43	1941-42	1942-43	1941-42	1942-43	1941-42	1942-43
Sent to offices in the Bengal Circle	61,58	84,82	10,55	13,20	2,05	2,36	74,18	100,37
Sent to offices in the Bombay Circle	17,35	29,71	42,73	59,31	5,72	7,79	65,80	96,62
Sent to offices in the Madras Circle	2,49	2,65	3,70	5,13	17,54	24,51	23,73	32,29
<b>Total ..</b>	<b>81,42</b>	<b>117,18</b>	<b>56,98</b>	<b>77,64</b>	<b>25,31</b>	<b>34,66</b>	<b>163,71</b>	<b>229,48</b>

## STATEMENT XXVIII

*Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies.*  
( Reference paragraph 63 )

(In lakhs of rupees)

	HALF-YEAR ENDED 30-9-41		HALF-YEAR ENDED 31-3-42		HALF-YEAR ENDED 30-9-42		HALF-YEAR ENDED 31-3-43										
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers										
	No.	amount	No.	amount	No.	amount	No.	amount									
The General Public .. .. .	15,115	24,81	2,80,362	32,18	15,874	29,39	2,94,299	39,67	17,674	32,57	3,27,863	55,05	23,184	58,62	3,42,351	68,05	
<b>Scheduled Banks :</b>																	
At par .. .. .	6,130	133,13	2,278	8,50	5,875	132,72	2,613	9,13	5,324	135,68	3,135	18,72	5,121	219,72	3,407	19,69	
At premium .. .. .	2,474	7,21	10,432	4,60	3,506	14,49	11,465	5,75	3,291	11,34	13,543	7,70	4,588	25,10	14,393	10,38	
16 Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3c of the Remittance Facilities Scheme) .. .. .	396	62	3,013	1,41	376	84	3,281	1,69	357	71	4,139	2,47	584	1,41	4,398	3,31	
<b>Co-operative Banks and Societies :</b>																	
At par .. .. .	2	3	158	16	25	37	189	25	76	1,27	502	1,71	67	66	464	1,29	
At premium .. .. .	59	18	10,519	5,67	160	43	9,703	5,51	121	22	10,667	5,47	283	1,11	11,375	7,19	
Local Funds at a premium (under para. 3E (i) (f) of the Remittance Facilities Scheme) .. .. .	1	—	2,616	16	3	1	2,963	17	36	—	2,693	23	2	—	3,038	19	
Other remittances at par .. .. .	1,226	6,10	84,803	20,85	1,360	8,25	92,296	22,54	1,357	6,49	92,958	22,18	1,766	11,37	99,338	29,01	
<b>Government :</b>																	
Intra-Provincial at par .. .. .	—	—	72,252	5,11	—	—	84,034	6,36	—	—	84,708	8,35	104	3	1,01,747	13,42	
Extra-Provincial at premium .. .. .	—	—	8,872	71	—	—	13,990	1,06	—	—	12,998	1,59	20	—	15,455	3,90	
<b>Total</b>	<b>25,403</b>	<b>172,08</b>	<b>4,75,305</b>	<b>79,35</b>	<b>27,194</b>	<b>186,50</b>	<b>5,14,773</b>	<b>92,13</b>	<b>282,36</b>	<b>188,28</b>	<b>55,32,06</b>	<b>123,47</b>	<b>3,57,19</b>	<b>318,02</b>	<b>59,59,66</b>	<b>156,43</b>	

## STATEMENT XXIX

### RESERVE BANK OF INDIA—BANKING DEPARTMENT

(Reference paragraph 64)

(In lakhs of rupees)

Annual Average of Weekly figures	Governments	DEPOSITS			Other Liabilities	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
		Banks	Others	Total								
1935-36 .. .. .	11.26	27.26	9	38.61	91	27.68	14.99	86	1	..	5.47	51
1936-37 .. .. .	9.83	26.56	41	36.80	1.13	25.90	13.61	1.54	1	1	6.04	82
1937-38 .. .. .	11.37	24.96	69	37.02	87	25.70	13.48	79	2	6	7.12	72
1938-39 .. .. .	14.90	16.19	75	31.84	1.28	28.38	4.21	1.72	2	1.53	6.36	90
1939-40 .. .. .	13.84	17.82	1.05	32.71	1.54	18.88	12.34	1.05	11	2.87	7.25	1.75
1940-41 .. .. .	17.40	36.84	1.91	56.15	2.56	17.39	39.32	2.01	7	97	7.78	1.17
1941-42 .. .. .	17.60	37.73	3.89	59.22	4.33	12.35	46.08	4.09	4	27	8.96	1.76
1942-43 .. .. .	21.09	57.36	3.30	81.75	7.91	11.92	75.11	1.49	4	68	7.12	3.50
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	1.49	16.57	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 .. .. .	17.91	33.95	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	35.29	17.50	1	39	12.18	5.12
1942-43												
April .. .. .	13.07	43.81	1.69	58.57	11.49	11.48	41.57	11.67	8	1.00	8.38	5.88
May .. .. .	22.30	56.09	2.16	80.55	8.60	12.68	66.65	3.14	..	..	8.56	8.12
June .. .. .	12.67	62.72	1.74	77.13	10.09	13.04	60.77	5.00	..	13	8.60	9.68
July .. .. .	20.68	65.20	1.91	87.79	4.60	12.44	80.63	59	..	6	6.40	2.27
August .. .. .	12.34	69.84	2.92	85.10	5.20	13.25	77.21	87	..	21	6.64	2.12
September .. .. .	23.15	64.58	3.36	91.09	6.10	10.92	86.27	1.29	..	25	6.58	1.88
October .. .. .	22.92	70.81	3.62	97.35	6.15	9.91	94.41	..	..	34	6.67	2.17
November .. .. .	25.50	61.47	4.37	91.34	7.23	11.73	87.28	41	..	79	6.55	1.81
December .. .. .	25.82	48.67	5.00	79.49	6.64	15.59	70.98	58	23	43	5.98	2.34
January .. .. .	40.09	44.50	4.55	89.14	8.60	11.09	85.18	39	..	1.93	6.38	2.77
February .. .. .	40.56	50.52	3.65	94.73	8.72	12.04	91.32	1	..	1.02	6.51	2.55
March .. .. .	36.47	47.01	4.51	87.99	9.88	11.70	87.34	18	..	69	5.58	2.38

## STATEMENT XXX

### RESERVE BANK OF INDIA—ASSETS AND LIABILITIES OF THE ISSUE DEPARTMENT (Reference paragraph 65.)

		LIABILITIES			ASSETS				(In lakhs of rupees)	
		Notes in Circulation	Notes held in Banking Department	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	.. ..	164,06	27,58	191,64	44,42	62,09	55,51	29,62	1,91,64	55.58
1936-37	.. ..	175,81	25,81	201,62	44,42	69,57	64,01	23,62	2,01,62	56.54
1937-38	.. ..	186,15	25,61	211,76	44,42	79,92	60,23	27,19	2,11,76	58.72
1938-39	.. ..	182,36 (7,97)	28,28 (1)	210,64 (7,99)	44,42	66,95	67,11	32,16	2,10,64	52.91
1939-40	.. ..	209,22 (11,09)	18,79 (8)	228,01 (11,17)	44,42	78,63	67,52	37,44	2,28,01	53.97
1940-41	.. ..	241,41 (13,38)	17,26 (20)	258,67 (13,58)	44,42	1,29,92	35,87	48,46	2,58,67	67.39
1941-42	.. ..	307,68 (20,20)	12,21 (23)	319,89 (20,43)	44,42	1,65,00	35,28	75,19	3,19,89	65.47
1942-43	.. ..	613,44	11,80	525,24	44,42	319,11	22,33	139,38	5,25,24	69.21
1941-42.										
Last Friday of										
April 1941	..	2,67,12 (17,85)	13,48 (23)	280,60 (18,08)	44,42	1,08,80	36,06	91,32	2,80,60	54.60
May	..	2,72,97 (17,79)	12,79 (22)	285,76 (18,01)	44,42	1,13,80	36,23	91,31	2,85,76	55.37
June	..	2,76,93 (18,13)	14,17 (24)	291,10 (18,37)	44,42	1,18,80	36,57	91,31	2,91,10	56.07
July	..	2,73,01 (18,63)	10,17 (32)	292,18 (18,95)	44,42	1,21,65	37,65	88,46	2,92,18	56.84
August	..	2,70,59 (18,50)	16,44 (27)	293,03 (18,77)	44,42	1,31,63	38,49	78,49	2,93,03	60.08
September	..	2,86,12 (18,48)	10,64 (21)	296,76 (18,89)	44,42	1,36,63	39,21	76,50	2,96,76	61.01
October	..	2,93,45 (19,36)	13,94 (24)	307,39 (19,60)	44,42	1,55,67	38,84	68,46	3,07,39	65.09
November	..	3,07,42 (19,66)	11,72 (22)	319,14 (19,88)	44,42	1,80,65	37,60	56,47	3,19,14	70.52
December	..	3,35,60 (21,08)	12,12 (23)	347,72 (21,31)	44,42	2,27,62	34,18	41,50	3,47,72	78.24
January 1942	..	3,56,41 (23,22)	9,77 (39)	366,18 (23,61)	44,42	2,48,62	31,64	41,50	3,66,18	80.03
February	..	3,79,68 (25,15)	9,34 (4)	389,02 (25,19)	44,42	2,73,62	29,48	41,50	3,89,02	81.75
March	..	4,10,07 (28,33)	10,99 (1)	421,06 (28,34)	44,42	2,12,85	27,53	1,36,26	4,21,06	61.10
1942-43.										
April 1942	.. ..	442,61 (28,75)	11,35 (5)	453,96 (28,80)	44,42	241,85	29,47	138,22	453,96	63.06
May	.. ..	460,65 (28,81)	12,56 (..)	473,21 (28,81)	44,42	251,85	27,79	149,15	473,21	62.61
June	.. ..	443,19	12,92	456,11	44,42	261,85	27,55	122,29	456,11	67.15
July	.. ..	451,00	12,30	463,30	44,42	286,79	29,72	102,37	463,30	71.49
August	.. ..	474,25	13,09	487,34	44,42	311,79	28,73	102,40	487,34	73.09
September	.. ..	492,58	10,77	503,35	44,42	329,79	26,71	102,43	503,35	74.34
October	.. ..	514,70	9,78	524,48	44,42	325,83	21,84	132,39	524,48	70.69
November	.. ..	540,36	11,58	551,94	44,42	359,83	15,30	132,39	551,94	73.24
December	.. ..	570,36	15,44	585,80	44,42	404,83	14,17	122,38	585,80	76.69
January 1943	.. ..	593,25	10,04	604,19	44,42	355,83	14,58	189,36	604,19	66.25
February	.. ..	614,36	11,87	626,23	44,42	385,73	13,62	182,46	626,23	68.69
March	.. ..	643,58	11,53	655,11	44,42	421,71	14,51	174,47	655,11	71.15

Note:—Burma Figures shown in brackets below totals. Figures for India only from June 1942.

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



**STATEMENT XXXI**  
**RESERVE BANK OF INDIA—ISSUE DEPARTMENT**  
**WEEKLY STATEMENT OF ASSETS AND LIABILITIES**  
*( Reference paragraph 65 )*

( In lakhs of rupees )

WEEK ENDED (FRIDAY)				Notes in Circulation	Notes held in Banking Department	Total	Gold Coin & Bullion	Sterling Securities	Rupee Coin	Rupee Securities.	Percentage of Gold and sterling secu- rities to total notes issued
100	April	1942	3	416.66 (28.34)	11.22 (1)	428.88 (28.35)	44.42	231.85	27.35	125.26	64.42
	"	"	10	424.29 (28.33)	13.19 (1)	437.48 (28.34)	44.42	231.85	30.97	130.24	63.15
	"	"	17	437.00 (28.75)	10.58 (5)	447.58 (28.80)	44.42	234.85	30.09	138.22	62.40
	"	"	24	442.61 (28.75)	11.35 (5)	453.96 (28.80)	44.42	241.85	29.47	138.22	63.06
	May	"	1	446.12 (29.46)	12.65 (5)	458.77 (29.51)	44.42	246.85	29.28	138.22	63.49
	"	"	8	462.86 (30.16)	9.79 (5)	462.65 (30.21)	44.42	251.85	28.18	138.22	64.04
	"	"	15	456.17 (31.38)	12.30 (31.38)	468.47 (31.38)	44.42	251.85	28.00	144.20	63.24
	"	"	22	459.64 (31.37)	13.26 (31.37)	472.90 (31.37)	44.42	251.85	27.45	149.18	62.65
	"	"	29	460.65 (28.81)	12.56 (28.81)	473.21 (28.81)	44.42	251.85	27.79	149.15	62.61
	June	"	5	464.62 (28.73)	13.24 (28.73)	477.86 (28.73)	44.42	256.85	27.44	149.15	63.05
	"	"	12	438.60	10.51	449.11	44.42	256.85	25.56	122.28	67.08
	"	"	19	439.00	10.92	449.92	44.42	256.85	26.37	122.28	66.96
	"	"	26	443.19	12.92	456.11	44.42	261.85	27.55	122.29	67.15
	July	"	3	446.78	15.05	461.83	44.42	266.85	28.27	122.29	67.40
	"	"	10	450.71	11.01	461.72	44.42	266.85	28.16	122.29	67.42
	"	"	17	449.65	12.47	462.12	44.42	266.85	28.55	122.30	67.36
	"	"	24	449.49	13.24	462.73	44.42	266.85	29.15	122.31	67.27
	"	"	31	451.00	12.30	463.30	44.42	266.79	29.72	102.37	71.49
	August	"	7	460.21	13.06	473.27	44.42	296.79	29.69	102.37	72.10
	"	"	14	466.41	11.28	477.69	44.42	301.79	29.10	102.38	72.48
	"	"	21	470.77	11.58	482.35	44.42	306.79	28.75	102.39	72.81
	"	"	28	474.25	13.09	487.34	44.42	311.79	28.73	102.40	73.09
	September	"	4	480.11	11.78	491.89	44.42	316.79	28.25	102.43	73.43
	"	"	11	488.63	16.27	498.90	44.42	324.79	27.26	102.43	74.00

	September 1942	18	..	..	490,93	12,67	503,60	44,42	329,79	26,96	102,43	74.31
	"	25	..	..	492,58	10,77	503,35	44,42	329,79	26,71	102,43	74.34
	October	2	..	..	497,78	10,18	507,96	44,42	304,83	26,32	132,39	68.76
	"	9	..	..	507,12	9,12	516,24	44,42	314,83	24,60	132,39	69.59
	"	16	..	..	511,73	11,50	523,23	44,42	322,83	23,50	132,39	70.19
	"	23	..	..	512,51	12,34	524,85	44,42	325,83	22,21	132,39	70.54
	"	30	..	..	514,70	9,78	524,48	44,42	325,83	21,84	132,39	70.69
	November	6	..	..	527,37	9,94	537,31	44,42	340,83	19,67	132,39	71.70
	"	13	..	..	535,46	10,78	546,24	44,42	351,83	17,60	132,39	72.54
	"	20	..	..	537,84	10,62	548,46	44,42	354,83	16,82	132,39	72.80
	"	27	..	..	540,36	11,58	551,94	44,42	359,83	15,30	132,39	73.24
	December	4	..	..	550,48	11,69	562,17	44,42	372,83	12,54	132,38	74.22
	"	11	..	..	558,27	10,03	568,30	44,42	382,83	13,67	127,38	75.18
	"	18	..	..	563,18	12,71	575,89	44,42	392,83	16,26	122,38	75.93
	"	25	..	..	570,36	15,44	585,80	44,42	404,83	14,17	122,38	76.69
	January 1943	1	..	..	578,25	13,52	591,77	44,42	412,83	12,17	122,35	77.27
	"	8	..	..	586,35	12,52	598,87	44,42	345,83	14,26	194,36	65.16
	"	15	..	..	589,44	12,22	601,66	44,42	350,83	12,06	194,35	65.69
	"	22	..	..	590,73	14,44	605,17	44,42	355,83	15,56	189,36	66.14
	"	29	..	..	593,25	10,94	604,19	44,42	356,83	14,58	189,36	66.25
	February	5	..	..	602,19	11,93	614,12	44,42	367,83	12,51	189,36	67.13
	"	12	..	..	609,72	10,21	619,93	44,42	375,83	15,31	184,37	67.79
	"	19	..	..	611,72	12,24	623,96	44,42	382,73	14,34	182,47	68.46
	"	26	..	..	614,36	11,87	626,23	44,42	385,73	13,62	182,46	68.69
	March	5	..	..	625,38	9,43	634,81	44,42	395,73	12,20	182,46	69.34
	"	12	..	..	634,50	11,69	646,19	44,42	391,76	15,58	194,43	67.50
	"	19	..	..	639,32	11,27	650,59	44,42	396,76	14,98	194,43	69.81
	"	26	..	..	643,58	11,53	655.11	44,42	421,71	14,51	174,47	71.15

Burma figures shown in brackets below totals. Figures for India only from 12th June 1942.  
 \* Including Government of India one rupee notes from July 1940.

## STATEMENT XXXII

### MONTHLY STATISTICS OF NOTE CIRCULATION IN INDIA AND BURMA SINCE 1937-38

(Reference paragraph 65)

		(In lakhs of rupees)								
		1937-38			1938-39			1939-40		
Last Friday of	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	
April .. ..	207,81	15,15	192,66	214,68	31,80	182,88	207,22	18,50	188,72	
May .. ..	207,21	16,93	190,28	215,46	35,23	180,23	207,44	19,64	187,80	
June .. ..	208,41	22,46	185,95	215,72	40,33	175,39	210,78	26,15	184,63	
July .. ..	211,56	32,81	178,75	213,33	41,80	171,53	214,30	35,88	178,42	
August .. ..	213,24	35,44	177,80	215,12	43,78	171,34	216,78	37,89	178,89	
September ..	213,85	34,08	179,77	212,53	36,86	175,67	221,43	18,52	202,91	
October .. ..	214,51	32,84	181,67	209,82	32,67	177,15	228,80	18,50	210,30	
November ..	214,90	34,98	179,92	210,34	31,43	178,91	233,75	13,64	220,11	
December ..	214,70	29,33	185,37	206,43	18,43	188,00	254,48	18,56	235,92	
<sup>102</sup> January .. ..	213,54	30,28	183,28	203,24	14,33	188,91	251,12	13,28	237,84	
February ..	213,77	27,88	185,89	205,96	14,75	191,21	254,56	15,01	239,55	
March .. ..	214,04	27,92	186,12	207,23	18,13	189,10	252,21	13,66	238,55	
		1940-41			1941-42			1942-43*		
April .. ..	252,66	13,04	239,62	280,60	13,48	267,12	4,25,16	11,30	4,13,86	
May .. ..	257,03	8,50	248,53	285,76	12,79	272,97	4,44,40	12,56	4,31,84	
June .. ..	256,96	9,02	246,94	291,10	14,17	276,93	4,56,11	12,92	4,43,19	
July .. ..	263,79	25,87	237,92	292,18	19,17	273,01	4,63,30	12,30	4,51,00	
August .. ..	280,17	28,68	231,49	293,03	16,44	276,59	4,87,34	13,09	4,74,25	
September ..	258,15	28,97	229,18	296,76	10,64	286,12	5,03,35	10,77	4,92,58	
October .. ..	257,16	28,49	228,67	307,39	13,94	293,45	5,24,48	9,78	5,14,70	
November ..	256,33	27,18	229,15	319,14	11,72	307,42	5,51,94	11,58	5,40,36	
December ..	255,19	13,94	241,25	347,72	12,12	335,60	5,85,60	15,44	5,70,36	
January .. ..	260,54	15,49	245,05	366,18	9,77	356,41	6,04,19	10,94	5,93,25	
February ..	266,96	17,49	249,47	389,02	9,34	379,68	6,26,23	11,87	6,14,36	
March .. ..	269,25	11,59	257,66	421,06	10,99	410,07	6,55,11	11,53	6,43,58	

\* Excludes Burma Notes.

## STATEMENT XXXIII

### CIRCULATION AND ABSORPTION OF NOTES SINCE 1909-10

(Reference paragraph 66)

(In lakhs of rupees)

	Year-end				Annual Average *				
	Total Notes issued	Notes in Circulation	Absorp- tion (+) or Return (-)	% of Ab- sorption or Return	Total Notes issued	Notes in Circulation	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	43,06	- 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 .. .. .	174,62	153,78	+ 20,20	+ 15	171,68	151,10	+ 37,26	+ 33	
1920-21 .. .. .	166,16	147,88	- 5,90	- 4	163,51	138,88	- 12,22	- 8	
1921-22 .. .. .	174,76	157,23	+ 9,35	+ 6	173,80	152,22	+ 13,34	+ 10	
1922-23 .. .. .	174,70	161,10	+ 3,87	+ 2	176,33	153,27	+ 1,05	+ 1	
1923-24 .. .. .	185,85	169,06	+ 7,96	+ 5	179,01	156,93	+ 3,66	+ 2	
1924-25 .. .. .	184,19	166,55	- 2,51	- 1	179,27	160,91	+ 3,98	+ 3	
1925-26 .. .. .	193,34	167,71	+ 1,16	+ 1	186,88	163,16	+ 2,25	+ 1	
1926-27 .. .. .	184,13	164,31	- 3,40	- 2	189,13	156,36	- 6,80	- 4	
1927-28 .. .. .	184,87	174,53	+ 10,22	+ 6	180,16	162,62	+ 6,26	+ 4	
1928-29 .. .. .	188,03	178,10	+ 3,57	+ 2	184,86	171,90	+ 9,28	+ 6	
1929-30 .. .. .	177,23	159,30	- 18,80	- 11	183,11	163,00	- 8,90	- 5	
1930-31 .. .. .	160,84	147,93	- 11,37	- 7	165,49	151,13	- 11,87	- 7	
1931-32 .. .. .	178,14	165,17	+ 17,24	+ 12	163,64	162,62	+ 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	191,64	164,06	+ 2,46	+ 2	
1936-37 .. .. .	208,00	194,35	+ 25,63	+ 15	201,62	175,81	+ 11,75	+ 7	
1937-38 I .. .. .	206,20	178,29	- 8,23	- 4	207,79	182,19	+ 10,34	+ 6	
B .. .. .	7,83	7,83			3,97	3,06			
1938-39 I .. .. .	186,47	178,36	+ 7	..	202,66	174,39	- 7,80	- 4	
B .. .. .	10,76	10,74	+ 2,91	+ 37	7,98	7,97	+ 4,01	+ 101	
1939-40 I .. .. .	238,43	225,10	+ 46,74	+ 26	216,84	198,13	+ 23,74	+ 14	
B .. .. .	13,78	13,45	+ 2,71	+ 25	11,17	11,09	+ 3,12	+ 39	
1940-41 I .. .. .	251,81	240,55	+ 15,45	+ 7	245,09	228,03	+ 29,00	+ 15	
B .. .. .	17,44	17,11	+ 3,66	+ 27	13,58	13,38	+ 2,29	+ 21	
1941-42 I .. .. .	392,71	381,73	+ 141,18	+ 59	299,46	287,48	+ 59,45	+ 26	
B .. .. .	28,35	28,33	+ 11,22	+ 66	20,43	20,20	+ 6,82	+ 51	
1942-43 I .. .. .	655,11	643,58	+ 261,85	+ 69	525,24	513,44	+ 225,96	+ 79	

*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.

\* Average of weekly figures

I—India Notes

B—Burma Notes

**STATEMENT XXXIV**  
**ABSORPTION OF SMALL COIN SINCE 1909-10**  
*(Reference Paragraph 68)*

(In thousands of rupees)

	Silver Half Rupees†	Four anna pieces	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for five years 1909-10 to 1913-14 .. .. .		15,75	13,59	21,02	..	10,51	83	83	62,53
Average for five years 1914-15 to 1918-19 .. .. .		37,24	29,54	27,86	..	5,63	66	118	1,02,11
1919-20 .. .. .		88,15	60,33	44,05	..	21,18	90	121	2,15,82
1920-21 .. .. .		— 9,31	— 23,24	— 12,82	..	— 2,22	42	115	— 46,02
1921-22 .. .. .		— 7,09	— 2,40	3,28	..	62	53	111	— 4,05
1922-23 .. .. .		3,67	1,70	12,99	..	2,89	57	76	22,58
1923-24 .. .. .		6,20	3,99	19,88	..	2,42	54	75	33,78
1924-25 .. .. .		15,87	4,90	21,86	..	5,31	65	72	49,31
1925-26 .. .. .		3,34	5,49	11,22	..	2,23	45	72	23,45
1926-27 .. .. .		51	— 6,10	11,62	..	4,05	45	86	11,39
1927-28 .. .. .		7,03	4,62	22,02	..	5,05	54	85	40,11
1928-29 .. .. .		8,89	6,57	22,12	..	5,04	57	74	43,93
1929-30 .. .. .		— 2,05	— 1,88	10,36	..	5,77	57	79	13,56
1930-31 .. .. .		— 31,70	— 18,88	— 14,33	..	— 1,30	58	55	— 65,08
1931-32 .. .. .		7,16	3,73	8,52	..	16	59	129	21,45
1932-33 .. .. .		— 6,11	2,13	10,82	..	1,48	60	102	9,94
1933-34 .. .. .		14,01	16,04	23,27	..	10,28	74	110	65,44
1934-35 .. .. .		1,54	12,93	20,35	..	11,88	83	76	48,29
1935-36 .. .. .	— 3,59	— 3,58	7,76	13,06	..	11,31	81	59	22,36
1936-37 .. .. .	22,50	15,97	22,20	25,48	..	12,92	79	66	1,00,52
1937-38 .. .. .	25,00	10,26	16,08	19,21	..	14,52	89	85	86,81
1938-39 .. .. .	2,40	— 9,55	3,55	6,34	..	14,80	84	77	19,15
1939-40 .. .. .	59,67	38,97	48,07	51,25	..	21,08	97	97	2,20,98
1940-41 .. .. .	1,52,76	1,02,27	71,56	70,14	..	23,27	114	106	4,28,20
1941-42 .. .. .	1,56,83	1,26,47	87,91	99,25	4,16	29,31	118	116	5,06,27
1942-43 .. .. .	3,81,92	2,86,87	2,21,82	2,02,27	56,89	12,69	37	75	11,63,58

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

\* Nickel half anna pieces introduced in January 1942

## STATEMENT XXXV

### ABSORPTION OF CURRENCY SINCE 1914-15

(Reference paragraph 69)

(In lakhs of rupees)

	Notes	Rupees*	Small coin	Total
<b>Average for 5 years 1914-15 to 1918-19..</b>	<b>+ 16,72</b>	<b>+ 22,08</b>	<b>+ 1,02</b>	<b>+ 39,82</b>
1914-15 .. .. .	— 6,01	— 6,70	— 19	— 12,90
1915-16 .. .. .	+ 9,23	+ 10,40	+ 38	+ 20,01
1916-17 .. .. .	+ 13,89	+ 33,81	+ 99	+ 48,69
1917-18 .. .. .	+ 17,22	+ 27,86	+ 1,01	+ 46,09
1918-19 .. .. .	+ 49,28	+ 45,02	+ 2,02	+ 97,22
1919-20 .. .. .	+ 20,20	+ 20,09	+ 2,16	+ 42,45
1920-21 .. .. .	— 5,90	— 25,68	— 46	— 32,04
1921-22 .. .. .	+ 9,35	— 10,46	— 4	— 1,15
1922-23 .. .. .	+ 3,87	— 9,56	+ 23	— 5,46
1923-24 .. .. .	+ 7,96	+ 7,62	+ 34	+ 15,92
1924-25 .. .. .	— 2,51	+ 3,65	+ 49	+ 1,63
1925-26 .. .. .	+ 1,16	— 8,17	+ 23	— 6,78
1926-27 .. .. .	— 3,40	— 19,76	+ 11	— 23,05
1927-28 .. .. .	+ 10,22	— 3,75	+ 40	+ 6,87
1928-29 .. .. .	+ 3,57	— 3,03	+ 44	+ 98
1929-30 .. .. .	— 18,80	— 21,71	+ 14	— 40,37
1930-31 .. .. .	— 11,37	— 21,58	— 65	— 33,60
1931-32 .. .. .	+ 17,24	+ 3,93	+ 21	+ 21,38
1932-33 .. .. .	— 14,83	— 7,56	+ 10	— 22,29
1933-34 .. .. .	+ 13,54	— 30	+ 65	+ 13,89
1934-35 .. .. .	— 32	— 3,21	+ 48	— 3,05
1935-36 .. .. .	+ 5,26	— 9,41	+ 22	— 3,93
1936-37 .. .. .	+ 25,53	— 2,49	+ 1,01	+ 24,05
1937-38 .. .. .	— 8,23	— 6,52	+ 87	— 13,88
1938-39 .. .. .	+ 2,98	— 12,60	+ 19	— 9,43
1939-40 .. .. .	+ 49,45	+ 10,08	+ 2,21	+ 61,74
1940-41 .. .. .	+ 19,11	+ 33,23	+ 4,28	+ 56,62
1941-42 .. .. .	+ 152,40	+ 7,18	+ 5,06	+ 164,64
1942-43 .. .. . (India only)	+ 261,85	+ 44,97	+ 11,64	+ 318,46
<b>Total for 24 years 1919-20 to 1942-43 ..</b>	<b>+ 538,33</b>	<b>— 35,04</b>	<b>+ 36,44</b>	<b>+ 539,97</b>
<b>Annual average for 24 years 1919-20 to 1942-43</b>	<b>+ 22,43</b>	<b>— 1,46</b>	<b>+ 1,52</b>	<b>+ 22,50</b>

\* Including Government of India One-rupee Notes since July 1940

## STATEMENT XXXVI

### MONTHLY ABSORPTION OF CURRENCY DURING 1941-42 AND 1942-43

(Reference paragraph 69)

(In lakhs of rupees)

1941-42									1942-43†			
Notes	Rupee Coin†	Small Coin*	Total	Month	Notes	Rupee Coin†	Small Coin*	Total				
+ 9,46	— 1,35	+ 49	+ 8,60	April	+32,13	+ 2,23	+ 81	+35,17				
+ 5,85	— 17	+ 47	+ 6,15	May	+17,98	+ 1,35	+ 73	+20,06				
+ 3,96	— 34	+ 24	+ 3,86	June	+11,35	— 1,61	+ 65	+10,39				
— 3,92	— 1,08	+ 15	— 4,85	July	+ 7,81	— 2,16	+ 65	+ 6,30				
+ 3,58	— 84	+ 20	+ 2,94	August	+23,26	+ 98	+ 77	+25,01				
+ 9,53	— 72	+ 35	+ 9,16	September	+18,33	+ 2,03	+ 92	+21,28				
+ 7,33	+ 37	+ 35	+ 8,05	October	+22,11	+ 4,87	+1,29	+28,27				
+13,97	+ 1,24	+ 40	+15,61	November	+25,86	+ 6,53	+1,55	+33,74				
+28,18	+ 3,42	+ 60	+32,20	December	+30,00	+11,12	+1,23	+42,35				
+20,81	+ 2,54	+ 58	+23,93	January	+22,89	+ 9,57	+1,05	+33,51				
+23,27	+ 2,16	+ 64†	+26,07	February	+21,11	+ 5,95	+ 97	+28,03				
+30,38	+ 1,95	+ 59†	+32,92	March	+29,22	+ 4,11	+1,02	+34,35				
+152,40	+ 7,18	+ 5,06	+164,64	Total	+2,61,85	+ 44,97	+ 11,64	+318,46				

† Including Government of India one rupee notes. ‡ Figures for India only.

\* Including half pice and pie pices.

## STATEMENT XXXVII

### SEASONAL ABSORPTION & RETURN OF NOTES AND RUPEE COIN SINCE 1920-21

(Reference paragraph 71)

(In lakhs of rupees)

Period	Absorption (+)			Return (-)		
	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	27,01
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	-18,99	-37,48
1st September 1931 to 29th February 1932 ..	+34,69	+15,72	+50,41	..	..	..
1st March 1932 to 31st July 1932 ..	..	..	..	-24,82	- 4,19	-29,01
1st August 1932 to 31st December 1932 ..	+12,27	- 37	+11,90	..	..	..
1st January 1933 to 31st August 1933 ..	..	..	..	- 6,88	- 4,82	-11,70
1st September 1933 to 28th February 1934 ..	+14,18	+ 2,47	+16,65	..	..	..
1st March 1934 to 31st August 1934 ..	..	..	..	- 8,77	- 4,58	-13,35
1st September 1934 to 28th February 1935 ..	+11,37	+ 1,67	+13,04	..	..	..
1st March 1935 to 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 ..	+47,74	- 3,95	+43,79	..	..	..
1st July 1941 to 31st July 1941 ..	..	..	..	- 3,92	- 1,08	- 5,00
1st August 1941 to 10th July 1942* ..	+206,51	+12,67	+219,76	..	..	..
11th July 1942 to 24th July 1942* ..	..	..	..	- 1,22	- 99	- 2,21
25th July 1942 to 31st March 1943* ..	+194,09	+44,59	+238,68	..	..	..
<b>TOTAL</b> ..	<b>+916,25</b>	<b>+129,69</b>	<b>+1,045,94</b>	<b>-408,85</b>	<b>-183,22</b>	<b>-592,07</b>

\* For India only since March 1942.



## STATEMENT XXXVIII.

### ENCASHMENT OF FOREIGN CIRCLE NOTES. (Reference paragraph 73.)

				(In rupees)							
				Cashed by							
				Bombay	Calcutta	Cawnpore	Karachi	Lahore	Madras	Rangoon	Total
Bombay	..	..	..	....	67,72,070	91,89,660	40,27,850	82,57,000	57,53,400	....	3,39,99,980
Calcutta	..	..	..	2,78,14,200	....	1,59,98,600	15,06,400	1,33,21,370	24,61,600	....	6,11,62,170
Cawnpore	..	..	..	34,28,900	29,34,520	....	3,63,700	63,14,950	2,79,100	....	1,33,21,170
Karachi	..	..	..	24,73,800	7,77,600	9,77,900	....	63,72,220	1,68,150	....	1,07,69,670
Lahore	..	..	..	65,67,370	41,40,550	81,54,000	21,12,900	....	5,32,900	....	2,15,07,720
Madras	..	..	..	1,08,49,420	43,48,500	20,75,350	4,49,850	21,52,100	....	100	1,98,75,320
Rangoon	..	..	..	4,79,400	3,47,350	2,85,600	1,29,165	4,46,370	13,22,050	....	30,09,935
<b>Total</b>	<b>1942-43</b>	<b>..</b>	<b>..</b>	<b>5,16,13,090</b>	<b>1,93,20,590</b>	<b>3,66,81,110</b>	<b>86,49,865</b>	<b>3,68,64,010</b>	<b>1,05,17,200</b>	<b>100</b>	<b>16,36,45,965</b>
"	1941-42	..	..	4,71,75,130	2,58,94,650	2,79,52,870	87,60,260	4,01,11,000	1,57,72,600	85,500	16,57,52,010
"	1940-41	..	..	6,86,97,730	3,43,48,600	2,27,31,720	74,55,035	2,42,12,240	1,89,99,320	3,16,300	17,67,60,945

**STATEMENT XXXIX**  
**CIRCULATION OF NOTES BY DENOMINATIONS**  
*(Reference paragraph 76)*

	NOTES IN CIRCULATION (IN LAKHS OF RUPEES)									PERCENTAGE TO GROSS CIRCULATION, OF 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 ..	9.93	27	15.84	57.51	3	4.05	54.28	2.05	14.68	6.2	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923 ..	10.88	13	16.27	56.71	2	3.76	59.43	1.74	14.41	6.7	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924 ..	11.39	7	15.90	57.18	2	3.12	60.41	1.62	12.87	6.6	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925 ..	4.15	4	15.83	68.67	2	2.61	63.87	1.32	13.11	2.6	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926 ..	72	2	15.66	76.88	2	2.23	60.22	1.19	13.20	.4	..	9.2	45.2	..	1.3	35.4	.7	7.8
1927 ..	44	2	16.49	72.86	2	2.15	60.09	1.10	13.42	.3	..	9.9	43.7	..	1.3	36.1	.7	8.0
1928 ..	39	1	18.91	76.27	2	2.09	63.07	1.06	14.93	.2	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929 ..	36	1	23.77	74.55	2	2.01	65.76	.99	12.69	.2	..	13.2	41.4	..	1.1	36.5	.6	7.0
1930 ..	35	1	20.97	69.08	2	1.60	58.88	.84	10.78	.2	..	12.9	42.6	..	1.0	36.3	.3	6.7
1931 ..	34	1	18.92	64.20	2	1.53	54.86	.77	10.76	.2	..	12.5	42.4	..	1.0	36.3	.5	7.1
1932 ..	34	1	22.31	69.55	2	1.51	63.07	.79	11.67	.2	..	13.2	41.1	..	.9	37.3	.4	6.9
1933 ..	33	1	19.95	61.83	2	1.28	57.65	.68	11.63	.2	..	13.0	40.3	..	.8	37.6	.5	7.6
1934 ..	33	1	21.53	67.41	2	1.33	64.90	.60	11.31	.2	..	12.9	40.2	..	.8	38.8	.4	6.7
1935 ..	32	1	23.11	67.83	2	1.26	60.94	.56	17.72	.2	..	13.5	39.5	..	.7	35.5	.3	10.3
1935 (31st Dec.) ..	32	1	25.28	69.31	1	1.34	62.35	.53	12.84	.2	..	15.0	40.3	..	.7	36.0	.3	7.5
1936 ..	33	1	31.71	77.34	1	1.36	69.07	.48	12.11	.2	..	16.5	40.2	..	.8	35.9	.2	6.2
1937 ..	32	1	32.46	76.08	1	1.25	62.44	.45	11.01	.2	..	17.5	41.3	..	.7	34.0	.2	6.0
1938 ..	32	1	33.84	77.89	1	1.01	62.81	.37	10.51	.2	..	18.1	41.7	..	.6	33.6	.2	5.6
1939 ..	32	1	45.63	98.29	1	.92	75.57	.34	13.79	.1	..	19.4	41.9	..	.4	32.1	.2	5.9
1940 ..	32	1	44.03	97.83	1	.61	80.44	.33	17.64	.1	..	18.3	40.6	..	.2	33.4	.1	7.3
1941 ..	32	1	62.23	134.89	1	.51	113.13	.36	28.20	.1	..	18.3	39.7	..	.2	33.3	.1	8.3
1942* ..	32	1	106.74	218.21	1	.46	202.82	.52	54.07	..	..	18.3	37.4	..	.1	34.8	.1	9.3

\* India notes only

## STATEMENT XL

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

(Reference paragraph 81)

	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 ..	17,90,34,670		2,18,98,181		10,08,38,073		31,16,70,924	
„ 1840, 2nd „ ..	39,85,53,660		5,50,49,201		31,29,58,076		76,65,60,937	
„ 1862 .. ..	26,94,27,222		2,94,81,923		40,80,03,034		70,69,12,179	
„ 1874 .. ..	1,50,13,834		.....		2,85,08,566		4,35,22,400	
„ 1875 .. ..	1,16,31,951		.....		1,93,59,597		3,09,91,548	
„ 1876 .. ..	1,20,01,264		.....		2,89,49,037		4,09,50,301	
„ 1877 .. ..	3,92,51,692		.....		9,55,54,320		13,48,06,012	
„ 1878 .. ..	3,26,57,837		.....		6,39,27,196		9,65,85,033	
„ 1879 .. ..	1,59,28,325		.....		7,27,99,904		8,87,28,229	
„ 1880 .. ..	1,83,99,894		.....		5,37,85,624		7,21,85,518	
„ 1881 .. ..	24,35,719		.....		31,61,858		55,97,577	
„ 1882 .. ..	1,50,90,289		.....		5,63,97,278		7,14,87,567	
„ 1883 .. ..	51,23,372		.....		1,80,22,789		2,31,46,161	
„ 1884 .. ..	1,16,41,757		.....		3,68,46,570		4,84,88,327	
„ 1885 .. ..	3,41,52,203		.....		6,48,78,000		9,90,30,203	
„ 1886 .. ..	1,08,78,075		.....		4,11,46,457		5,20,24,532	
„ 1887 .. ..	4,02,00,148		.....		4,84,00,000		8,86,00,148	
„ 1888 .. ..	75,68,000		.....		6,32,00,000		7,07,68,000	
„ 1889 .. ..	93,68,310		.....		6,53,00,000		7,46,68,310	
„ 1890 .. ..	2,47,41,865		.....		9,29,00,000		11,76,41,865	
„ 1891 .. ..	1,46,69,903		.....		4,95,00,000		6,41,69,903	
„ 1892 .. ..	3,24,55,120		.....		7,22,00,000		10,46,55,120	
„ 1893 .. ..	91,40,310		.....		6,95,90,000	(a)	7,87,30,310	
„ 1897 .. ..	4,70,184		.....		10,54,593	(b)	15,24,777	
„ 1898 .. ..	12,50,976		.....		02,68,437	(b)	75,19,413	
„ 1900 .. ..	5,29,02,591		.....		6,52,36,908	(c)	11,81,39,499	
„ 1901 .. ..	3,37,22,243		.....		7,54,13,718	(d)	10,91,35,961	
„ 1901 coined in 1902 ..	3,82,94,644		.....		5,48,44,740	(e)	9,31,39,384	
Edward VII, 1903 ditto ..	25,000		.....		.....		25,000	
„ „ 1903 .. ..	4,93,78,355		.....		5,29,69,151	(f)	10,23,47,506	
„ „ 1904 .. ..	5,83,38,617		.....		10,19,40,291	(g)	16,02,78,908	
„ „ 1905 .. ..	5,12,57,883		.....		7,62,02,223	(h)	12,74,60,106	

(a) 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 XL—(continued)**

**WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS**

		Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
		Rs.	Rs.	Rs.	Rs.
<b>Edward VII,</b>	1906 .. ..	10,47,97,164	.....	15,89,53,269	(j) 26,37,50,433
"	" 1907 .. ..	8,13,38,000	.....	17,09,11,816	(k) 25,22,49,816
"	" 1908 .. ..	2,02,17,728	.....	1,07,14,770	3,09,32,498
"	" 1909 .. ..	1,27,58,580	.....	95,38,746	(l) 2,22,97,326
"	" 1910 .. ..	85,00,000	.....	91,88,673	1,76,88,673
"	" 1910 coined in 1911	41,27,013	.....	16,96,273	58,23,286
<b>George V,</b>	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	17,74,026	.....	.....	17,74,026
"	" 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
<b>George VI,</b>	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
"	" 1942 .. ..	.....	.....	(o) 23,75,00,001	23,75,00,001
<b>Total ..</b>		<b>270,20,56,128</b>	<b>10,76,07,305</b>	<b>417,79,34,528</b>	<b>698,75,97,961</b>

(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

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