

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

1946 - 47

BOMBAY
THE TIMES OF INDIA PRESS
1947

CONTENTS

PART I

ECONOMIC AND FINANCIAL DEVELOPMENTS ABROAD

	Paragraph	Page
General Economic Developments	1	3-5
Prices	2	5-6
Money Market Rates	3	6-8
Currency	4	8-9
Central Banking	5	9-10
Commercial Banking	6	10-12
Security and Share Markets	7	12-14
Bullion	8	15-20
International Trade	9	20-23
Balance of Payments	10	24-26
Foreign Exchange	11	26-27
Public Finance	12	27-30
Public Debt	13	30-32
The International Monetary Fund and the International Bank for Reconstruction and Development	14	32-35
Monetary and Financial Agreements	15	35-37
International Conferences	16	37-38

PART II

INDIAN CURRENCY AND FINANCE

I. INTRODUCTORY	17-20	41-43
General	17	41
Reconversion	18	41-42
Reconstruction	19	42
Food	20	43
II. PRICES AND TRADE	21-27	43-51
Price Trends in India	21	43-44
India's Balance of Trade in Merchandise	22	44-46
Direction of Trade	23	46-48
Composition of Trade	24	48
Imports and Exports	25	48-49
Tariff Board	26	49-51
Trade Agreements	27	51

	Paragraph	Page
III. BULLION		
	28-34	52-58
Production of Gold and Silver	28	52
Price Trends	29	52
Price of Gold	30	52-55
Assaying and Refining of Gold	31	55
Price of Silver	32	55-58
Assaying and Refining of Silver	33	58
Imports and Exports of Bullion.. .. .	34	58
IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL		
	35-43	58-63
Sterling Transactions	35	58
Exchange	36	59
Developments in Exchange Control	37	59-60
Burma	38	60
Ex-Enemy Countries	39	60
Travel	40	60-61
General	41	61
Foreign Exchange Regulation Act, 1947	42	61-62
Methods of Export Finance	43	62-63
V. PUBLIC FINANCE		
	44-65	64-91
General	44	64
A. BUDGETS		
	45-50	64-81
CENTRAL GOVERNMENT :		
Accounts, 1945-46.. .. .	45	64
Revised Estimates, 1946-47	46	64,67-68
Budget Estimates, 1947-48	47	68-73
Railway Budget	48	73-76
PROVINCIAL GOVERNMENTS :		
Provincial Budgets	49	76-79
Subventions and Payments from the Centre	50	79-81
B. PUBLIC DEBT		
	51-65	81-91
General	51	81-82

	Paragraph	Page
(a) GOVERNMENT BALANCES AND SHORT-TERM BORROWING	52-57	82-85
CENTRAL GOVERNMENT :		
Balances	52	82-83
Treasury Bills	53	83-84
Yield on Treasury Bills	54	84
Ways and Means Advances	55	84
PROVINCIAL GOVERNMENTS :		
Balances and Ways and Means Advances	56	84-85
Treasury Bills	57	85
(b) LONG-TERM DEBT AND OTHER BORROWING ..	58-65	85-91
Government of India Loans	58	85-87
Repayment of Loans	59	87
Conversion of the 3½ per cent Non-terminable Loans ..	60	87-88
Composition of Total Rupee and Sterling Debt	61	88
Conversion of Government Promissory Notes into Stock Certificates and Subsidiary General Ledger Accounts ..	62	88-89
Small Savings	63	89-90
Provincial Loans	64	90-91
Repatriation of Sterling Debt	65	91
VI. CAPITAL MARKETS, MONEY AND BANKING	66-80	92-113
General	66	92
Government Securities Market	67	92-94
Industrial Share Market	68	94-97
Control of Capital Issues	69	97-100
Money Rates and Conditions	70	101
Consolidated Position of Scheduled Banks	71	101-102
Non-Scheduled Banks	72	103
Clearing House Statistics	73	103-104
Internal Remittances	74	104-105
Withdrawal of Remittance Facilities to Burma	75	105
Encashment of Foreign Circle Notes	76	105
Reserve Bank of India : Banking Department	77	105-106
Reserve Bank of India : Issue Department	78	106-111
Banking Legislation	79	111-113
Nationalisation of the Reserve Bank of India	80	113

	Paragraph	Page
VII. CURRENCY	81-99	114-127
A. CIRCULATION AND ABSORPTION	81-88	114-121
Money Supply	81	114 & 115
Total Absorption of Currency	82	114
Circulation and Absorption of Notes	83	114 & 116
Circulation and Absorption of Rupees	84	119
Absorption of Small Coin	85	119-120
Seasonal Movements of Currency	86	120
Note Circulation and Demand Deposits	87	120-121
Circulation of Notes and Coin by Denominations	88	121
B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE	89-99	121-127
Termination of Joint Monetary Arrangements with Burma ..	89	121-123
Encashment of Burma Notes	90	123
Demonetisation of High Denomination Notes	91	123-124
Changes in the Form of Notes	92	124
Old Notes	93	124
Lost, Destroyed and Mutilated Notes	94	124
Note Forgeries	95	125
Coinage	96	125-126
Withdrawal of Silver Coin	97	126-127
Withdrawal of Cupro-Nickel and Copper Coin	98	127
Counterfeit Coin	99	127

TABLES

1. Money Market Rates of Important Countries of the World	3	7
2. Notes in Circulation	4	8
3. Index Numbers of Notes in Circulation	4	9
4. Deposits and Loans of Commercial Banks	6	10
5. All Insured Commercial Banks in the United States ..	6	10
6. Index Numbers of Market Value of Industrial Shares ..	7	14
7. World Gold Production	8	15
8. Value of Monetary Stocks of Gold in certain Countries.	8	16
9. World Silver Production	8	17
10. Gold Consumption and Distribution	8	17
11. Merchandise Exports from and Imports into Empire Countries and the United States	9	23

	Paragraph	Page
12. Annual Revenue, Expenditure and Debt of the Empire Countries, United States, France and the U.S.S.R. . .	12	28-29
13. Direction of India's Sea-borne Trade	23	47
14. India's Imports and Exports of certain Commodity Groups	25	49
15. India's Public Revenue, Expenditure and Debt since 1937-38	44	65
16. Important Heads of Revenue of the Government of India	47	69
17. Receipts and Disbursements of the Government of India under Capital Heads	47	72
18. Revenue, Expenditure and Reserves of Indian Railways.	48	73
19. Allocation of Tax Proceeds, Subventions and Grants-in-aid to Provinces	50	80
20. Divisible Pool of Taxes on Income and Distribution between the Centre and the Provinces	50	81
21. Sales of Special Issues during 1946-47	58	86
22. Outstandings of Rupee Counterparts of Repatriated Sterling Loans	58	87
23. Amounts of Sterling Debt Repatriated since 1937-38 . .	65	91
24. Face Value and Market Value of Rupee Securities of the Government of India	67	94
25. Prices of certain Industrial Shares, 1946-47	68	96
26. Control of Capital Issues: (A) Percentage Distribution Group-wise, (B) Consents as Percentages of Applications, (C) Percentage Distribution in each Group between Immediate and Long-range Schemes	69	99-100
27. Demand and Time Liabilities and Cash Balances of Non-Scheduled Banks	72	103
28. Variations in certain Items of Assets and Liabilities of the Reserve Bank of India	78	110
29. Total Money Supply in India	81	115
30. Absorption of Small Coin by Circles	85	119
31. Changes in Note Circulation and Demand Deposits of Scheduled Banks	87	120
32. Mintage of Rupees and Small Coin by Denominations . .	96	125

GRAPHS

1. Wholesale Prices and Cost of Living	21	facing	44
2. Prices of Gold and Silver	30		53

	Paragraph	Page
3. Methods of Export Finance	43	63
(i) On Percentage Basis		
(ii) Total Exports to Hard Currency Countries, Other Foreign Countries and All Foreign Countries		
4. Finances of the Government of India since 1938-39 ..	44	66
5. Railway Finances since 1938-39	48	75
6. Finances of the Provinces since 1938-39	49	77
7. Growth of the Debt of the Government of India since 1938-39	51	66
8. Debt Position of the Provinces since 1938-39	51	77
9. Indices of Security Prices	68	98
10. Scheduled Banks' Consolidated Position	71	facing 100
11. Paid Clearings	73	,, 102
12. Assets of the Issue Department of the Reserve Bank of India	78	107
13. Liabilities of the Banking Department of the Reserve Bank of India	78	108
14. Liabilities and Assets of the Reserve Bank of India (Issue and Banking Departments Combined) ..	78	109
15. Absorption or Return of Notes, Rupees and Small Coin ..	82	116
16. Absorption of Currency since September 1939	82	117
17. Monthly Absorption or Return of Currency since Septem- ber 1939	82	118

STATEMENTS

I. Index Numbers of Wholesale Prices and Cost of Living in India and certain other Coun- tries since 1938	2 & 21	129
II. Index Numbers of Wholesale Prices in India by Groups of Articles since 1939-40	21	130
III. Balance of Trade (Private) in Merchandise of British India, 1946	22	131
IV. Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1946-47	30	132
V. Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay since 1926-27 with Import Duties	30	133
VI. Prices (Weekly) of Gold and Silver and Esti- mated Stocks in Bombay 1946-47	30	134-135
VII. Price of Silver in London, New York and Bombay (Monthly), 1946-47	32	136

	Paragraph	Page
VIII. Imports and Exports of Gold Coin and Bullion, 1946	34	137
IX. Quantity and Value of Imports and Exports of Gold Coin and Bullion (India and Burma) since 1900-01	34	138-139
X. Quantity and Value of Imports and Exports of Silver (India and Burma) since 1900-01..	34	140-141
XI. Imports and Exports of Silver, 1946	34	142
XII. Sterling Transactions of the Reserve Bank of India, 1946-47	35	142
XIII. Subventions and other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as amended	50	143
XIV. Budgetary Position of Provinces, 1947-48 ..	49	144-145
XV. Debt Position of Provinces since 1936-37 ..	51	146
XVI. Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1946-47	52 & 56	146
XVII. Government of India Treasury Bills (Annual) since 1918-19	53	147
XVIII. Government of India Three Months Treasury Bills, 1946-47	53	148
XIX. Government of India Treasury Bills (Monthly), 1946-47	53 & 54	149
XX. Provincial and Burma Government Treasury Bills since 1938-39	57	150-151
XXI. Provincial and Burma Government Three Months Treasury Bills, 1946-47	57	152
XXII. Public Debt of India since 1913-14—(A) Rupee Debt, (B) Sterling Debt	61	153-154
XXIII. (A) Post Office Cash Certificates, (B) Post Office Defence Savings Certificates, (C) Post Office National Savings Certificates ..	63	155
XXIV. (A) Post Office Savings Bank, (B) Post Office Defence Savings Bank	63	156
XXV. Principal Items of Small Savings (Monthly), 1946-47	63	157
XXVI. Prices (in Bombay) of Representative Rupee Securities of the Government of India, 1946-47	67	158-159
XXVII. Highest and Lowest Prices (Annual) of Representative Rupee Securities of the Government of India since 1933-34	67	160
XXVIII. Index Numbers of Prices (Monthly) of Indian Securities	68	161

	Paragraph	Page
XXIX. Control of Capital Issues	69	162-163
XXX. Money Rates in India since 1935-36	70	164-165
XXXI. Scheduled Banks' Consolidated Position in India and Burma since 1935-36	71	166
XXXII. Scheduled Banks' Consolidated Position in India and Burma since 1935-36—Indices ..	71	167
XXXIII. Clearing House Statistics (Annual) since 1918-19	73	168
XXXIV. Number and Amount of Cheques Cleared (Monthly) at each Centre, 1946-47	73	169
XXXV. (A) Remittances through the Reserve Bank of India : Telegraphic Transfers issued and paid, 1946-47, (B) Remittances through the Imperial Bank of India, 1946-47, (C) Remit- tances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies	74	170-171
XXXVI. Encashment of Foreign Circle Notes, 1946-47 ..	76	171
XXXVII. Reserve Bank of India : Banking Department— Weekly Statement of Assets and Liabilities, 1946-47	77	172-173
XXXVIII. Reserve Bank of India : Issue Department— Weekly Statement of Assets and Liabilities, 1946-47	78	174-175
XXXIX. Reserve Bank of India : Banking Department since 1935-36	77	176
XL. Reserve Bank of India : Issue Department since 1935-36	78	177
XLI. Monthly Statistics of Note Circulation in India since 1941-42	78	178
XLII. Absorption of Currency (Annual) since 1914-15.	82	179
XLIII. Monthly Absorption of Currency, 1946-47 ..	82	180
XLIV. Circulation and Absorption of Notes (Annual) in India and Burma since 1909-10	83	181
XLV. Absorption of Small Coin (Annual) since 1909-10	85 & 88	182
XLVI. Periods of Absorption and Return of Notes and Rupee Coin since 1920-21	86	183
XLVII. Circulation of Notes by Denominations since 1913-14	88	184
XLVIII. Whole Rupees Coined and Issued from the Indian Mints since 1835	96	185-186
NOTE: Where necessary, each figure has been rounded off to the nearest final digit. For this reason, there may be in some tables and statements an apparent slight discrepancy between the sum of the constituent items and the total as shown.		
Appendix		187-188
Index		189-195

PART I

**ECONOMIC AND FINANCIAL
DEVELOPMENTS ABROAD**

GENERAL ECONOMIC DEVELOPMENTS

In the first year of peace the world was still struggling with problems left over by the war. While civilian production was recovering from low wartime levels, shortages were not all eliminated and many wartime controls had to be continued. Industrial progress was hindered by shortages of fuel, power and raw materials on the one hand and by widespread industrial unrest on the other. The inadequacy of coal supplies to meet the rising industrial demand was acutely felt in almost every industrially advanced country. In the United Kingdom, in spite of a rise in the average coal production during 1946 as compared with 1945, the higher rate of consumption over the rate of production necessitated drawing upon stocks and precipitated a power crisis in February, 1947. Man-power shortage was an important factor affecting coal production, as also industrial production in general. Scarcity of labour has been experienced in a large number of countries, although in many cases this was only a regional phenomenon, with surpluses existing in other regions. In countries with fast developing industries, like Australia, scarcity of labour was felt in the growing industrial centres where additional housing facilities were not available, while in some cases, as in Canada, the housing shortage by affecting the mobility of labour prolonged the rather severe unemployment in several small cities where heavy war industry had predominated. The promotion of house-building activity featured prominently in the post-war reconstruction and development plans of most countries. In the United Kingdom, the number of new houses constructed during 1946 was nearly eighteen times that in 1945. In many countries, as in Australia, Governments have planned public housing and other building programmes on an extensive scale. Industrial production made fair progress during the year under review, in spite of shortages of fuel, man-power and raw materials and the difficulties caused by the inadequacy of housing. In the United Kingdom, substantial progress was made in industrial re-equipment, repair of war damage, and building activity and in promoting an increased flow of consumers' goods and exports. Industrial equipment and maintenance work in 1946 reached very nearly the normal pre-war level, while the increase in supplies of consumers' goods may be said to be reflected in the level of retail sales which ruled 20 per cent in terms of value above the previous year, though taking price changes into account, the amount of goods sold was probably still 15 per cent below pre-war. Industrial production in Switzerland stood at a high level making large quantities of watches, machinery and chemicals available for export. In Sweden, industrial production during 1946 rose slightly above the pre-war levels. In Norway, it touched pre-war levels, the production of capital goods rising more than that of consumers' goods. In France, cement production was above pre-war levels, although inadequate for the post-war needs, and textile production reached the pre-war rate of production towards the end of 1946. However, in many other lines, production was below pre-war. In Belgium and Czechoslovakia, the main items of production ranged between 50 and 85 per cent of pre-war levels. Considerable progress was made in Australia and South Africa and to a certain extent in Canada towards expansion of existing industries, and the development of new ones. In Australia, schemes of expansion have been planned for newsprint and paper, motor trucks and tractors and civilian aircraft production; new industries for the production of electrical equipment, motor car parts, textile machinery, silk and wool fabric, foot-wear and clothing, engineering and pharmaceutical products are expected to be developed. In many countries of Asia, plans of economic and industrial development depending on import of capital goods made little progress, as supplies of capital

goods were limited because production in the supplying countries had not yet recovered adequately, and a considerable proportion of the available supplies was required for the home needs of the producing countries themselves.

The world food production in 1946-47 was expected to be about 7 per cent above the low level of the previous year. The largest percentage increase in production occurred in the war-devastated areas and in areas stricken by drought in the previous year, but the output in these areas was still below pre-war average and these areas were in urgent need of continued large imports during the year. Taking into account an increase in population of at least 7 per cent over pre-war, it has been estimated that on a per capita basis world food supplies in 1946-47 were about 5 per cent below pre-war. This shortage was not, however, evenly shared. Further, in cases of countries with an already low level of food consumption, a comparison with the pre-war level of food supplies does not provide an adequate measure of real shortage. Since import demands, owing to the persistent shortages, were in excess of exportable surpluses, there was a continued need for international allocations by the International Emergency Food Council. During the year under review, a large part of food shipments comprised relief shipments by UNRRA, individual Governments and private organisations, and military shipments for feeding civilians in occupied areas.

During the year under review, the economic problem for most countries was that of speeding up production to the highest possible levels in order to combat shortages and inflation and to increase exports so as to acquire foreign exchange resources for financing imports. For the United States of America, however, the problem was not only one of keeping up production but also largely one of assuring steady markets, both at home and abroad for the products of her industry in order to maintain production and employment at high levels. The dangers of the international repercussions of a depression in the United States are being realised in all countries, and developments in the United States are being watched with keen interest.

As the year under review opened, American industry was passing through the final phases of reconversion. Economic activity was at a high level, with increasing production and large consumers' demand. The record levels of sales dispelled the earlier fears of a depression which was expected to follow the curtailment of the high war expenditures. However, as the year progressed, this optimism was replaced by the fears of a possible recession in economic activity. The average physical volume of industrial production during the year was considerably lower than during the previous year, the annual average of the Federal Reserve Board Index (1935-39 = 100) being 170 as against 203 for 1945 and the 1943 all-time record of 239. However, the index of 170 for 1946 is a peacetime record, the highest pre-war figure being 113 for 1937. The index, which had been falling during the period of reconversion from the high wartime levels, reached the low point of 152 (adjusted) in February, 1946. After February it began to recover and in December it stood at 179 (adjusted). Industrial strife interfered with production throughout the year, particularly during January and February, 1947 when strikes in major industries caused considerable dislocation. Labour relations remained a difficult problem and the President's "State of the Union Message" and his "Economic Report" delivered in January, 1947 gave considerable importance to this question and suggested means for improving industrial relations. Unemployment continued at low levels, ranging between 2 millions and 2½ millions

as compared with an average of 9 millions for 1939. In spite of a lower physical volume of industrial production, the National Income for 1946 was estimated higher at 164 billion dollars, as against 161 billion dollars for 1945, showing a rise of 3 billion dollars, which reflects the trend of rising prices. However, the total of salaries and wages for 1946 was estimated at 106 billion dollars as against 111.4 billion dollars for 1945, showing a fall of 5.4 billion dollars. This fall in the incomes of the bulk of consumers brought into relief the possibility that consumers' incomes may prove inadequate for purchasing the large volume of goods produced, at their present prices.

2. PRICES

During the year, prices in the United States showed a sharp rise. Following some wage increases conceded by industry early in the year, there was a strong business demand for the relaxation of price control. The Office of Price Administration Extension Bill having emerged with only limited powers from the Congress was vetoed by President Truman, resulting in an unexpected decontrol of prices during July. With the pressures on the price structure thus unleashed, there was some 10 per cent rise in wholesale prices. Later in the month, however, a new Price Control Bill was signed by the President restoring the Office of Price Administration with its powers and functions curtailed. By early autumn, allocations of materials and priority controls were liberalised one after another, and by November, all price ceilings except those on sugar, rice and rents were abolished and apart from nominal control over a few materials and allocation of certain imported commodities in very short supply, most commodity controls were removed. Price advances followed in the wake of the measures of decontrol and the elimination of subsidies so that the indices of wholesale prices and cost of living stood at 196 and 157 respectively for March, 1947 as against 143 and 131 for the corresponding month in the previous year (*vide* Statement I). In January, the President of the United States in his "Economic Report" and in the "State of the Union Message" sounded a note of warning against continually rising prices and called for an "equitable price structure", to be achieved through the voluntary co-operation of all economic groups. With the production potential at unprecedented levels, the President pointed to the danger of raising prices to such an extent that the consuming public would not be able to purchase the tremendous volume of goods and services which would be produced during 1947.

The rise in the United Kingdom prices, although relatively greater during the year than during the previous two years, was comparatively small during the early part, largely owing to the continuance of the full apparatus of financial and physical controls and the successful integration of its financial machinery with the more comprehensive policy of national reconstruction. Even so, rising cost of imported raw materials, especially from the United States, increased wage rates, shorter working hours and relative shortages of fuel and man-power contributed to a rise of about 10 per cent in the prices of industrial materials and manufactures. Mainly through the payment of heavy subsidies for essential items of food and utility clothing, living costs were kept almost stable during the year, the variation in the index being only from 132 to 133.

The rise in Canadian prices and costs during the year, although higher than in the two previous years was moderate as compared with the violent upsurge in the United States; while the indices of wholesale prices and cost of living in Canada rose

by 20 and 9 points, the relative indices in the United States went up by 53 and 26 points respectively. The two countries, however, had achieved a greater measure of success in the reconversion programmes, compared with the United Kingdom, owing partly to their relatively larger man-power, stronger balance of payments position and also because of the absence of material destruction within their borders. Price trends in both the countries, therefore, were roughly similar upto June, 1946, after which they sharply diverged largely as a result of the different price policies pursued by each country. As against the abandonment altogether of controls in the United States, Canada's price policy continued to be one of orderly re-adjustment through gradual decontrol and reduction of subsidies. Thus, in February, 1946, the first step was taken in Canada by the removal of a number of unimportant items from control; in July the overall price ceiling policy was abandoned in favour of a selective one though it was still wide enough and in January, 1947, the list of items under control was further reduced to goods of basic importance in living costs and production costs. Besides, the appreciation of the Canadian dollar to parity with the United States dollar contributed in some measure to mitigate the repercussions of the United States' price rise on Canada's internal prices.

3. MONEY MARKET RATES

During the year 1946, Bank rates in most of the important countries of the world remained unchanged at previous levels, the exceptions being the following countries in Europe.

Country	Date of last change	Rate		Difference
		Previous	Present	
1. Yugoslavia	1-8-1946	3.00	2.50	- 0.50
2. Hungary	1-8-1946	3.00	7.00	+ 4.00
3. Norway	9-1-1946	3.00	2.50	- 0.50
4. Bulgaria	14-8-1946	5.00	4.50	- 0.50
5. Denmark	15-1-1946	4.00	3.50	- 0.50
6. Greece	16-8-1946	7.00	10.00	+ 3.00
7. Belgium	7-11-1946	1.50	2.50	+ 1.00
	19-12-1946	2.50	3.00	+ 0.50

Of these seven countries only three revised the Bank rate upwards, probably to stem further inflation which had already reached dangerous proportions. The Belgian National Bank increased its rate of discount in two stages, first on 7th November, 1946 from $1\frac{1}{2}$ per cent to $2\frac{1}{2}$ per cent and for the second time on 19th December, 1946 from $2\frac{1}{2}$ per cent to 3 per cent. For several months before this, the rates of interest were on the increase and the rise showed itself particularly in free sectors, such as mortgages, stock exchange loans and industrial debentures. It is, however, significant that since the war the rate of discount in question had remained low. In the case of other leading countries the Bank rates were either kept steady or lowered slightly.

Like the Bank rate, the call money and other short-term rates also did not record any material variations except for brief periods as shown in the table on page 7.

In the United Kingdom, the rate for three months treasury bills varied between 0.50 per cent and 0.51 per cent during 1946, while the rates for commercial bills or acceptances for three months and the day-to-day money remained steady around 0.53 per cent and 0.63 per cent respectively throughout the year. In the United States the Government's policy continued to be directed towards the maintenance

TABLE 1.—MONEY MARKET RATES OF IMPORTANT COUNTRIES OF THE WORLD.

Source: United Nations Monthly Bulletin of Statistics.

1946

Country		January	February	March	April	May	June	July	August	September	October	November	December	REMARKS
United States	A	0.75	0.75	0.75	0.75	0.75	0.75	0.77	0.75-0.88	0.75-0.89 0.89	0.75-1.00	0.80-1.10		4-6 months
	A 2	..	..	2.31	..	..	2.41	..	..	2.31	..	..
	B 1	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	3 months
	C	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25-1.50	1.25-1.50 1.50	1.25-1.50	1.25-1.50		
United Kingdom	A	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53		3 months
	B 1, 4	0.50	0.51	0.51	0.51	0.51	0.50	0.51	0.51	0.51	0.51	0.51	0.50	3 months
	C 4	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63		
Argentina	B 1	0.95	1.04	1.06	1.10	1.10	1.11	1.11	1.09	1.12	1.09	1.09	1.11	3 months
Union of South Africa	B	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	6 months
Canada	B 1	0.36	0.36	0.36	0.37	0.39	0.39	0.40	0.40	0.40	0.40	0.40	0.40	3 months
Australia	B 1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3 months
Belgium	A	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50					3 months
	C	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50					
Franco	C	1.27	1.36	1.34	1.36	1.34	1.32	1.30	1.32	1.32	1.29			
Netherlands	B	1.03	1.20	1.03	0.88	1.31	1.43	1.52	1.40	1.30	1.08	1.00	1.21	3 months
	C	1.00	1.00	1.00	0.50	0.91	1.00	1.42	1.14	1.00	0.98	0.78		
Roumania	3	5-9	5-9	5-9	5-9	5-9	5-9							
Switzerland	A	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25			3 months
	C	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			
Czechoslovakia	A	4.50	4.50	4.50	4.50	4.50	4.50	4.50						
	C	1.13	1.13	1.13	1.13	1.13	1.13	1.13						

A = Commercial bills or acceptances.
B = Treasury bills.
C = Day-to-day money.

1 = Treasury bills: rate on new issues offered within period.
2 = United States: Commercial loan rates in 19 cities.
3 = Range of legal rates.
4 = United Kingdom: B, average discount at the weekly tender; C, average of the weekly range of rates.

of the existing rates structure in the face of a widespread demand for its upward revision. The rate for commercial bills or acceptances remained unchanged at 0.75 per cent during the first half of the year but later gradually increased month by month and oscillated between 0.89 per cent and 1.10 per cent in November, 1946. The commercial loan rate in 19 cities of the United States was 2.31 per cent in March and it improved to 2.41 per cent in June though later it sagged to its old level. The rate for three months treasury bills remained unchanged at 0.38 per cent throughout. The day-to-day money rate remained steady at 1 per cent till July, 1946 but after that varied between 1.25 per cent and 1.50 per cent.

Among other countries, in the Union of South Africa, the rate for six months treasury bills remained steady at 0.63 per cent during the year. In Canada, the three months treasury bills rate improved from 0.36 per cent to 0.39 per cent in May and to 0.40 per cent in July and continued unaltered thereafter. In France, the day-to-day money rate moved up from 1.27 per cent to 1.36 per cent by April but thereafter with small fluctuations gradually receded to 1.29 per cent by October. In the Netherlands, both the treasury bills rate and the day-to-day money rate showed uncertain tendencies. Beginning with 1.03 per cent and 1.00 per cent respectively in January, they recorded their lowest levels of 0.88 per cent and 0.50 per cent in April, improved thereafter and touched the highest levels of 1.52 per cent and 1.42 per cent in July, but declined later again until they reached 1.00 per cent and 0.78 per cent respectively by November.

4. CURRENCY

An important development during the year in the field of currency was the enactment in the United Kingdom of a Coinage Act authorizing the Government to replace silver coins by coins of the same denomination minted in cupro-nickel, comprising 75 per cent copper and 25 per cent nickel in the place of the present alloy of 50 per cent silver, 40 per cent copper, 5 per cent nickel and 5 per cent zinc. The high price of silver and the obligation to return lend-lease silver to the United States were the two main reasons put forward for the proposal. It has been estimated that about 20 million ounces of silver would be recovered annually.

The rise in note circulation, which had been such a marked feature of the war years, was quite moderate in most of the countries during the year. The table below gives the volume of currency in circulation in some important countries at the end of 1945 and 1946. It may, however, be mentioned that although there was a check on the expansion of notes in circulation it had no effect on the general price-level which continued to rise due to the general widespread shortages.

TABLE 2.—NOTES IN CIRCULATION.

	End of 1945	End of 1946	(In millions) Percentage Increase over 1945
United Kingdom £	1,380	1,422	3.0
Australia £A	200.0	207.0	3.5
Canada \$C	992	1,042 (a)	5.0
New Zealand £NZ	46.2	50.2	8.7
United States \$	28.5 (b)	29.0 (b)	1.8
France Fr.	570 (b)	722 (b)	26.7

Source : United Nations Monthly Bulletin of Statistics.

(a) At the end of November, 1946. (b) In 1,000 million.

But the situation in a number of Eastern European countries was different from the rest of the world and showed further deterioration during the year under review. The following table gives a picture of currency inflation in some of these countries.

TABLE 3.—INDEX NUMBERS OF NOTES IN CIRCULATION *.

	(June 1939=100)	
	End of June	
	1945	1946
Finland	770	800
Czechoslovakia (1)	520	340
Bulgaria (2)	2,320	2,630
Yugoslavia (3)	4,070	280
Roumania (4)	1,680	4,780
Hungary	1,500	627,700,000,000,000

Source: Report of the Bank for International Settlements 1945-46.

* Table based on regular official statistics except for Yugoslavia.

(1) Bank notes issued in Prague and Bratislava plus Treasury Notes. The index for 1946 represents the new currency.

(2) Including treasury bills circulating as currency.

(3) The index for June, 1945 represents the notes withdrawn at the time of the conversion (April-June 1945).

(4) For end of June, 1946, estimate being based on last reported figure: Lei 1,552 milliard for March, 1946.

Drastic measures such as the exchange of notes in certain cases with blocking of a part of the old issues were reported to have brought the situation under control in Finland, Czechoslovakia and Bulgaria, while in Yugoslavia the currency was drastically reduced. But the situation in Roumania and Hungary went entirely out of hand. In Hungary particularly, the lack of public confidence as also the short supply of goods led to the terrible inflation unknown in world history. In August, 1946 the old pengo was replaced by a new currency called the florin.

5. CENTRAL BANKING

The Banco Central de la Republica Argentina was nationalised by a Government decree at the end of March, 1946. Under the nationalisation scheme, half the capital of the Bank till then held by private banks was taken over by the Government, which repaid it in cash or in special encashable treasury bonds carrying interest at 2½ per cent, the remaining 50 per cent of the capital being already held by the Government. Of the new board of thirteen directors, excluding the President and the Vice-President, five will represent Government departments—the Ministries of Finance, Agriculture, Public Works, Industry and Labour. Three others will be presidents of banks under Government control, the rest representing industry, commerce, labour, agriculture and stock-raising.

The Dutch nationalisation programme contemplates the transfer of the Netherlands Bank to State-ownership. Soon after liberation the Dutch Government appointed a Committee to consider the future of the Central Bank. Pending the publication of the report, a Royal Decree was issued in October, 1945 providing for the reintroduction of the Bank Act with important modifications. Under this Decree, the Crown assumed the right to approve the appointment of directors of the Bank, and an Advisory Bank Council of eight persons appointed

by the Minister of Finance was established. It was provided that if it was necessary to co-ordinate the monetary and financial policies of the Government and the Bank, the Finance Minister, after consulting the Council, could issue instructions to the Board of Directors. In order to prepare for the transfer to State-ownership, it was provided that the Bank's charter would be withdrawn before due date.

6. COMMERCIAL BANKING

The deposits of commercial banks continued to increase during 1946, helped partly by the continuance of rationing of essential goods and of controls over imports and exports, which were only gradually and partially lifted and the consequent short supply of commodities resulted in the accumulation of surplus purchasing power in the shape of deposits with banks. But unlike during the war, with the gradual widening of the free sectors of internal as well as international trade, and the return of industry to peacetime production requiring a larger measure of financial aid, particularly because of the withdrawal of special war measures like progress payments, bank loans and advances generally recorded a rise though they still remain substantially below the pre-war level. The following table compares the amounts of deposits held by commercial banks as also the advances made by them as at the end of 1945 and 1946.

TABLE 4.—DEPOSITS AND LOANS OF COMMERCIAL BANKS.
(In millions)

	End of 1945			End of 1946		
	Deposits	Loans and Advances and Bills Discounted	Percentage to Deposits	Deposits	Loans and Advances and Bills Discounted	Percentage to Deposits
United Kingdom £	4,850	1,436 (b)	29.6	5,685	2,022 (b)	35.6
Canada \$C ..	6,884	1,796	26.1	7,226	1,897	26.3
Australia £A† ..	606.3	208.9	34.5	635.0	261.1	41.1
Union of South Africa £SA ..	322.4	46.8	14.5	341.7	90.0	26.6
New Zealand £NZ..	141.5	53.3	37.7	158.9	66.2	41.7
United States \$* ..	104,495†	25,765	24.7	110,320 (a)‡	26,791 (a)	24.3

(a) End of June, 1946. (b) Includes money at call and short notices, bills discounted and advances to customers and other accounts. † Adjusted demand and time deposits.
‡ Average of weeks. * All Insured Commercial Banks.

United States.—The following table discloses the position of United States banks at the end of December, 1945 and June, 1946.

TABLE 5.—ALL INSURED COMMERCIAL BANKS IN THE UNITED STATES.
(In millions of dollars)

	End of December 1945	End of June 1946
Demand Deposits:		
U.S. Government	23,740	12,941
Others	50,982	65,340
Time Deposits	29,946	32,223
Reserve Balances	15,810	15,999
Loans	25,765	26,791
U.S. Government Obligations ..	88,912	82,977

In the United States during the war banks invested heavily in Government securities resulting in a rise of their holdings from \$21,046 million in December, 1941 to \$88,912 million in December, 1945. The proceeds of the sale of securities to the public were not taken over by the Government but were deposited with the banks. Thus by December, 1945 Government deposits with the United States banks had risen to \$23,740 million. After the war, however, the trend was reversed. The repayment of a part of their public debt by the United States Government as a means of curbing inflation through a reduction of the member bank reserves with the Federal Reserve Banks resulted in a drop of almost \$6,000 million in the Government securities held by commercial banks. This also reduced Government deposits with the banks by more than 45 per cent to only \$12,941 million by the end of June, 1946. Further, in order to check an undue expansion of credit against Government securities, Federal Reserve Banks discontinued the special $\frac{1}{2}$ per cent preferential discount rate to member banks for advances secured by Government obligations due or callable within one year.

United Kingdom.—The following table shows the position of the London clearing banks as at the end of 1945 and 1946.

	(In millions of pounds)	
	End of 1945	End of 1946
Deposits	4,850	5,985
Cash	536 (11·1)	499 (8·8)
Call Money	252 (5·2)	432 (7·6)
Bills	369 (7·6)	610 (10·7)
Treasury Deposit Receipts	1,523 (31·4)	1,560 (27·4)
Investments	1,234 (25·4)	1,427 (25·1)
Advances	815 (16·8)	980 (17·2)

Notes:—Ratios to deposits shown in brackets.

It is remarkable that in the first post-war year the deposits of commercial banks have, contrary to expectation, steeply risen. This is no doubt the result of a marked expansion in advances in the period of reconversion as also of the continued monetisation of public debt. It may be noted that the growth in the bank investments in the first post-war year was actually larger than in any war year.

There was also a significant drop in the percentage of cash to deposit liabilities from 11·1 in December, 1945 to 8·8 in December, 1946. Following an agreement amongst the London clearing banks to end the practice of window-dressing followed for years in the past it was decided to maintain cash around 8 per cent of total deposit liabilities and to prepare the usual monthly statements of assets and liabilities on the third Wednesday of every month except in June and December, when they would be prepared on the last day of the month.

Control of Commercial Banks.—The necessity for a wider and stricter control of commercial banks, particularly in the conditions created by the war,

attracted the attention of different Governments. While the field of activities of the Commonwealth Bank of Australia was widened under the Act of 1945 by the establishment of the Industrial Finance Department, the introduction of housing loans and the extension of the network of branch banking for undertaking general banking business, the Swedish Government is discussing the question of floating a State-controlled commercial bank. Far-reaching proposals for strengthening control over the expansion of credit by commercial banks were contained in the annual report of the Federal Reserve Board of Governors published at the end of July, 1946. They plead for additional powers to (1) limit the volume of long-term marketable securities held by a commercial bank against net demand deposits, (2) require all commercial banks to hold a specified percentage of treasury bills and certificates as secondary reserves against net demand deposits and (3) raise reserve requirements within some specified limit against net demand deposits. A sweeping interference with commercial banking, only short of outright nationalisation was made possible in Argentina by the two Decrees issued in March and April, 1946. By the Decree of March, three banks, viz., the Banco de la Nacion Argentina, Banco de Credito Industrial Argentina and the Banco Hipotecario Nacional were made specifically subject to supervision by the Central Bank. In April, 1946 a Decree was published which in effect placed all the commercial banks completely under the dominance of the Central Bank. Under this Decree, all commercial bank deposits are guaranteed by the Central Bank; they must be registered in its name and pass under its control. The individual banks are further prohibited from employing depositors' resources except at the direction or with the authority of the Central Bank. They retain freedom of action in respect of investment or lending policy only to the extent of the shareholders' resources. This Decree applies to foreign banks operating in Argentina in the same way as the local banks.

7. SECURITY AND SHARE MARKETS

During the major part of the year 1946, the security markets remained generally firm, prices on an average being higher than in the previous year. In most countries the boom which proceeded apace from 1942 onwards seemed to have run its course by the middle of the year, after which the markets either remained steady or turned easy, as in the case of the United States. Cheap money policy, considerable relief from high wartime taxation, higher levels of industrial activity and business profits and the large volume of liquid resources in the hands of the public were some of the leading factors responsible for the upward trend of the markets.

The gilt-edged markets ruled firm throughout the year, the yields touching new low levels in some of the countries. Government policy was directed either to stabilising existing low yields on Government securities or to carrying them to lower levels. In the United Kingdom, cheap money was pursued with vigour, the Government trying to establish a long-term rate of 2½ per cent not only for Government borrowing but also for borrowing by Home Corporations and Public Boards. In the United States, policy was directed towards preventing excessive rise in Government bond prices, with a view to avoiding the monetisation of public debt and the consequent inflationary effects. In the early months of the year, there was a sharp rise in gilt-edged prices, in expectation of lower rates of interest on

Government borrowing on the one hand, and on the other, due to fear that the Government might not issue any more loans for sometime to come. But this bullish ardour of the market was subdued by the adoption of a series of measures by the authorities like the elimination of the preferential rate of $\frac{1}{2}$ per cent on Federal Reserve Bank advances to member banks secured by Government obligations and the initiation of debt retirement policy which had a tightening effect on the money market. Bond prices continued to decline slightly for sometime, but later remained steady. In the Empire countries of Australia, Canada and New Zealand gilt-edged prices remained remarkably steady throughout the year.

The equities markets also maintained a generally firm tone throughout the year in most of the countries with the notable exception of the United States, where a recession set in in June, culminating in a sharp break in prices in September, the total fall in prices since June amounting to about 20 per cent of the peak prices at the end of May. The precise cause of the break was in dispute; the recession began with the decision of the authorities to check an undue rise in prices of the gilt-edged, this leading to a cautious and hesitant tone in the equities market also. The September slump in broad outline was due to the fears that the demand for the production of American industry might not keep up to the level that is necessary to maintain reasonably full employment; that the present sellers' market might not last long and that the production boom should inevitably be followed by a depression. It was also feared that rising labour and other costs might cut down the profit margins. The slump, however, did not produce any unfavourable repercussions on the credit structure of the country because the long bull market was financed, unlike in the case of the 1929 boom, almost entirely by cash. But the Wall Street break affected market sentiment adversely, though for a short while, in other parts of the world, on account of the key position the United States holds in world economy. In the last few months of the year, there was some technical recovery on Wall Street, but trading was on the whole dull. The Board of Governors of the Federal Reserve System lowered with effect from 1st February, 1947 the margin requirements as regards registered securities from 100 per cent to 75 per cent, as it appeared to the Board that inflation had largely run its course and that some readjustment in margin requirements was appropriate. But the change seems to have had no marked effect on equity prices.

In the United Kingdom, the industrial share market remained buoyant till almost the close of the year, when the acutely growing fuel crisis seemed to dampen sentiment. In this country, perhaps more than anywhere else, the cheap money policy was responsible for the rise in equity prices; the reinvestment of the compensation money to the owners of nationalised enterprises such as the railways was a further stimulus to the market. The markets in countries like Australia, New Zealand, Sweden and Switzerland were active throughout the year and prices were well maintained. The table on page 14 gives the index numbers of market value of industrial shares compiled by the Statistical Office of the United Nations.

The year witnessed great activity in the market for new securities in the United Kingdom and the United States, consequent on the relaxation of the control over capital issues. Borrowers were able to obtain capital on favourable terms for the refunding of their existing obligations as well as for reconversion and expansion schemes.

TABLE 6.—INDEX NUMBERS OF MARKET VALUE OF INDUSTRIAL SHARES.

(Base: January-June 1939=100)

Country	Average					1946											
	1942	1943	1944	1945	1946	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Canada	67	86	86	103	120	127	126	122	129	129	128	123	121	107	104	104	
United States	77	102	110	133	157	160	158	156	169	172	170	166	163	139	136	134	
Chile *	106	106	100	101	90	85	84	83	84	86	90	95	97	97	97	89	
Colombia	96	125	141	150	158	148	146	147	147	160	171	175	171				
Mexico	277	376	396	418	426	436	436	434	430	431	429	431	433	418	410	413	413
Denmark	126	137	147	131	133	130	131	132	133	132	134	139	139	134	132	132	130
† Finland	216	207	199	361	331	379	287	257	286	307	411	350	326	327	337	340	308
France †	431	486	495	405	473	389	415	406	403	478	486	612	624	531	589		
Norway	174	180	188	189	195	201	201	197	199	195	196	197	198	195	186	184	
United Kingdom	103	124	136	147	160	153	154	152	160	167	168	166	167	159	163	172	140
Sweden	111	110	119	134	143	140	137	140	141	144	146	147	145	140	143	142	147
Switzerland	105	162	96	99	118	112	115	114	116	122	121	121	126	119	114	116	
Australia	94	112	114	117	134	127	127	128	133	134	134	134	136	139	138	139	
New Zealand	106	122	131	135	144	138	142	141	143	145	147	149	150	145	143	145	
India (Base: August 1939)	151	197	235	255	337	289	287	309	323	345	368	400	390	357	341	320	317

Source: United Nations Monthly Bulletin of Statistics.

* Figures from January 1946 represent the new series calculated by the Central Bank. Base: 1937 = 100

† Including Commercial Banks and Transport shares since December, 1945; excluding five shares of nationalised banks.

8. BULLION

Production and Stocks.—The downward trend in world production of gold which started in the year 1941 was reversed during 1946, the estimated world production in 1946 being 25 million ounces as compared with the output of 24·3 million ounces in 1945, representing an increase of 2·9 per cent. The following table gives the figures of estimated production in the major producing countries during each of the years 1939 to 1946.

TABLE 7.—WORLD GOLD PRODUCTION.

Countries	1939	1940	1941	1942	1943	1944	1945	1946	(In thousands of fine ounces)
									Percentage Increase (+) or decrease (—) over 1945
I. BRITISH EMPIRE..	22,471	24,054	24,151	22,407	19,103	17,504	17,143*	17,210*	+ 0·4
(a) Union of South Africa	12,822	14,047	14,386	14,121	12,800	12,277	12,214	11,918	— 2·4
(b) Canada ..	5,094	5,311	5,345	4,841	3,651	2,914	2,651	2,808	+ 5·9
(c) Australia ..	1,646	1,644	1,497	1,164	751	657	656	840*	+ 28·0
(d) New Zealand.	179	186	175	166	149	142	140*	143*	...
(e) India ..	317	289	286	260	252	187	168	131	— 22·0
II. UNITED STATES ..	4,621	4,863	4,832	3,583	1,381	1,022	988	1,625	+ 63·5
III. ALL COUNTRIES ..	39,038	40,702*	39,595*	34,200*	27,500*	24,900*	21,300*	25,000*	+ 2·9
<i>British Empire percentage</i>	<i>57·6</i>	<i>59·1</i>	<i>61·0</i>	<i>65·8</i>	<i>69·5</i>	<i>70·3</i>	<i>70·5</i>	<i>63·8</i>	<i>— 2·4</i>
<i>South African percentage</i>	<i>32·8</i>	<i>34·5</i>	<i>36·3</i>	<i>41·3</i>	<i>46·5</i>	<i>49·3</i>	<i>50·3</i>	<i>47·7</i>	<i>— 5·2</i>

* Provisional.

The marked recovery in the United States production was due to the withdrawal, with effect from 1st July, 1945, of the order of the War Production Board under which gold mining had been restricted since October, 1942. The decline in the Empire's share of world output is mainly due to strikes and increased production costs, particularly in South Africa. With a view to encouraging production, the Canadian Government proposed on 4th March, 1947 some concessions in the mining taxation structure.

An important event during the year was the announcement on 15th July, 1946 of the conclusion of an Agreement under which the South African Reserve Bank undertook to sell to the Bank of England (with retrospective effect from 1st January, 1946), not less than £80 million worth of gold during each of the years 1946 and 1947 at the price of 172s. 6d. per fine ounce, representing an increase of 3d. over the previous price paid by the Bank of England for newly mined gold. This price is to be subject to change in the event of change in the sterling-dollar rate or the United States net buying price of gold. The Bank of England, in return, would provide the Union's requirements of non-sterling exchange.

The table on page 16 indicates the changes in the value of monetary stocks of gold of the Central Banks and Governments of certain countries. After four successive years of decline, the United States stocks have recorded an increase of \$464 million in 1946, while Switzerland and Mexico which were the chief gainers in 1945 have lost \$198 million and \$113 million respectively. In France, the declining trend of recent years continued, the extent of fall in 1946 being \$294 million.

TABLE 8.—VALUE OF MONETARY STOCKS OF GOLD IN CERTAIN COUNTRIES*.

(In millions of dollars)

	End of:	1913	1929	1938	1939	1940	1941	1942	1943	1944	1945	1946
	United States ..	1,290	3,900	14,512	17,644	21,905	22,737	22,726	21,938	20,619	20,065	20,529
	United Kingdom ..	165	710	2,690	1**	1	1	1	1	1	1	1
	France	679	1,633	2,430	2,709	2,000	2,000	2,000	2,000	1,777	1,090	(Nov.) 796
	Switzerland ..	33	115	701	549	502	665	824	965¶	1,158	1,342	(Nov.) 1,144‡
	India	124	128	274	274	274	274	274	274	274	274	274
	South Africa ..	34	37	220	249	367	366	634	706	814	914	941
	Argentina	256	434	431	466	353	354	668†	939†	1,111†	403	(Nov.) 407
91	Belgium	48	163	581	609	734	734	735	734	732	716	(Aug.) 735
	Brazil	90	150	32	40	51	70	115	254	329	354	354
	Mexico .. ..	....	7	29	32	47	47	39	203	222	294	(Nov.) 181
	Netherlands ..	61	181	998	692	617	575	506	500	500	270	265
	Roumania	29	55	133	152	158	182	203	260	267	269	269
	Sweden	27	66	321	308	160	223	335	387	463	482	(Feb.) 381
	Turkey .. ..	....	....	29	29	88	92	114	161	221	241	235
												(Nov.)

* Figures based on rate of \$20.67 a fine ounce till 31st January, 1934 and \$35 an ounce thereafter. † Includes in addition to gold of the Central Bank held at home, gold of the Central Bank held abroad and gold belonging to the Argentine Stabilization Fund. ** Gold holdings of the Bank of England reduced to nominal amount by gold transfer to British Exchange Equalization Account during 1939. ¶ Beginning December, 1943 includes gold holdings of Swiss Government; Current preliminary figure represents Bank holdings only. ‡ Preliminary.

Production of Silver.—The decline in the production of silver continued unabated, the estimated output in the Western hemisphere in 1946 being 107·1 million ounces, representing a fall of 19·9 per cent from the 1945 level. The decline was due to such factors as shortage of labour, strikes and lack of equipment, the incidence of taxation of the silver industry being an additional factor of importance in the case of Mexico. The following table gives the figures of estimated production in the major producing countries during each of the years 1939 to 1946.

TABLE 9.—WORLD SILVER PRODUCTION.

Countries	(In millions of fine ounces)								Percentage Increase (+) or decrease (—) over 1945
	1939	1940	1941	1942	1943	1944	1945	1946	
United States of America	57·8	67·0	69·1	54·5	41·5	34·9	28·2	21·2	— 24·8
Mexico	81·5	86·3	78·4	80·7	71·2	63·0	61·1	46·0	— 24·7
Canada	24·2	25·4	22·0	22·0	18·2	14·7	13·9	13·9	..
Other Central and South American Countries ..	30·9	34·5	32·4	16·0*	15·1*	25·8	30·6	26·0	— 14·8
Total	264·2	213·2	201·9	173·2	146·0	138·4	133·7	107·1	— 19·9
India **	0·023	0·023	0·023	0·020	0·019	0·014	0·014	0·011†	— 21·4

* Figures for Peru only.

** Exclusive of Burma figures.

† Provisional.

After three successive years of decline, the United States Government holdings of silver showed a small gain of 1·5 million ounces during 1946, the Treasury stocks, including coins in circulation, increasing from 2,717 million ounces at the end of 1945 to 2,718·5 million ounces at the end of 1946.

Industrial and Monetary Demand.—The following table gives the figures from 1940 onwards of the estimated net consumption of gold in industrial arts, the net private absorption of gold by India and other Middle and Far Eastern countries and the quantity available for monetary use.

TABLE 10.—GOLD CONSUMPTION AND DISTRIBUTION.

	(In millions of fine ounces)						
	1940	1941	1942	1943	1944	1945	1946
Estimated net consumption in Industrial Arts	1·0	2·0	2·8	4·4	5·8	7·5	9·3
Net private absorption by India, China, Hong Kong and the Middle East ..	—2·2	—0·1	0·4	1·1	1·7	1·8	1·1
Resulting non-monetary absorption	—1·2	1·9	3·2	5·5	7·5	9·3	10·4
Gold production	40·7	39·6	34·2	27·5	24·9	24·3	25·0
Balance available for monetary use	41·9	37·7	31·0	22·0	17·4	15·0	14·6
Resulting World Stock of Monetary Gold at end of year	938·7	976·4	1,007·4	1,020·4	1,046·8	1,061·8	1,076·4

Source : Union Corporation Limited, Annual Report for 1946.

It will be observed from the table that the net consumption of gold in industrial arts is steadily on the increase, rising from 1 million ounces in 1940 to the peak level of 9.3 million ounces during 1946. The Eastern countries which, since September, 1931, were exporting gold on a substantial scale again resumed imports on private account from 1942. On account of the dwindling world production of gold on the one hand and the mounting industrial demand on the other, the balance available for monetary use has continuously fallen, the quantity of 14.6 million ounces available for monetary use during 1946 representing a fall of 65 per cent over the figure for 1940.

As regards silver, there was a considerable decline during the year in its industrial consumption in all countries excepting Canada, the decline being mainly due to shortage of supplies, particularly in the United States during the first half of 1946. The following table gives the quantity of silver consumed in arts and industry in some principal countries from 1944 to 1946.

(In millions of ounces)				
	1944	1945	1946	Percentage increase (+) or decrease (-) over 1945
1. United States ..	125.0	140.0	105.0	- 25
2. United Kingdom ..	16.0	20.0	15.8	- 21
3. Mexico	6.5	10.5	5.0	- 52
4. Canada	5.0	6.0	6.5	+ 8
Total	152.5	176.5	132.3	- 25

The monetary demand for silver is on the decline owing mainly to the prevailing high prices, and the obligation of some countries to return 410.8 million ounces of lend-lease silver, ounce for ounce, to the United States within five years after the declaration (which is yet to be made) by the United States President of the end of emergency. The British Empire's portion of the debt stands at 326.1 million ounces, the share of India alone being as much as 226 million ounces. Demonetisation of silver offered a convenient solution to the problem of repayment of the metal. In this respect India gave the lead by deciding in May, 1946 to replace the half and quarter rupee quaternary silver coins (of 50 per cent fineness) by pure nickel coins. In September, the United Kingdom decided to withdraw from circulation all silver coins and substitute cupro-nickel ones. It is estimated that the silver content of the coins in circulation in that country is about 236 million ounces. India's demonetisation programme was carried a step further by the introduction of an official Bill on 17th February, 1947 (passed into law on 18th April, 1947), which sought to authorise the Government to issue all coins including the rupee in nickel or in any other metal, without affecting in any way the legal tender character of the existing quaternary silver coins. It is also reported that the Australian Government are watching the trend of silver prices with a view to reducing the silver content of the coins. In Mexico, on the other hand, the demonetisation programme begun last year seems to have made little progress on account of the strong preference of the people for silver coins, and it was reported at the end of the year under review that the Bank of Mexico had decided to replace 100 million paper pesos by silver coins, estimated to consume 29 million ounces.

Price Trends.—The year 1946-47 witnessed the withdrawal of some of the restrictions on bullion trading, and as a result considerable arbitrage business among the main bullion centres was revived. But in view of the insistence by the principal supply centres, such as Mexico and the United States on payment in U.S. dollars, and the restrictions by some countries on re-export of silver or gold imported against dollars and restrictions on the use of dollar exchange, the bullion quotations in the principal world markets were not linked effectively. These obstacles were partially overcome by the ability of some Continental countries to spare part of their dollar exchange for the purchase of bullion in the New York and Mexican markets and resale for sterling to countries like India at a handsome profit. The announcement on 6th March, 1947 by the Government of India suspending imports of bullion on private account once again isolated India from the world markets and led to a sharp decline in the prices of silver in New York and London.

The London and the United States Treasury prices of gold remained unchanged at £8-12s-3d and \$35 per ounce respectively. Owing to restrictions on dealings in gold bullion official free market quotations are not available. It is, however, reported that foreign gold was quoted during the year in the New York free market at about \$40 to \$43 per ounce. In the United Kingdom, gold was made available at the official selling price of 175s. to authorised dealers by the Bank of England out of the revolving fund of 100,000 ounces created in 1945 for export in manufactured and semi-manufactured form.

Price movements of silver were largely governed by developments in silver legislation in the United States, the trend towards demonetisation and restrictions on imports and exports. Following the expiration of the Green Act on 31st December, 1945, the silver using industries in the United States were faced with an acute scarcity of supplies. Taking advantage of this situation, legislation was proposed by the silver producing interests to raise the price of silver to 90½ cents per ounce immediately and to \$1.29 after two years. This move met with resistance from the silver consuming interests but finally a compromise was reached on the basis of a 90½ cents price. The Silver Bill as finally signed by the President on 31st July, 1946, authorised the Treasury to sell or lease for manufacturing uses any silver, provided such silver is not pledged as monetary backing for silver certificates, at not less than 90½ cents per fine ounce and also to purchase all domestic silver mined after 1st July, 1946, if offered within one year after being mined, at a net price of 90½ cents. In the meantime, although the Office of Price Administration's ceiling price of 71.11 cents an ounce continued to be in force, except between 1st July and 26th July, it became increasingly difficult to obtain silver at that price, and for sometime the price ruled at 90½ cents. But from 1st August onwards, when the silver legislation came into effect, silver was sold freely at 90½ cents upto November, except on 3rd October, 1946 when the price declined by 1½ cents owing to large offerings. Following a precipitate fall in the price of silver in India during November, London offerings were switched on to the New York market, and this, coupled with Mexican and Continental offerings of demonetised coins in a rush for U. S. dollars, brought down the price to 70¾ cents on 20th January, 1947, at which level it remained for about four weeks. At this level a considerable volume of Continental buying in New York was reported to have been done but when later it was known that these deals were mainly for Indian parties and that abnormal profits were being earned on these, prices rose sharply and threatened to reach 90½ cents level. When this source of buying was

interrupted by the Indian ban on imports, prices fell again and a rally towards the end of the year proved short-lived.

The changes in the New York prices of silver were followed by sympathetic changes in the London market. The price at which silver was made available to essential consumers by the Treasury was pegged at 44*d.* per ounce since 24th September, 1945 for both spot and forward, and this was raised to 55½*d.* on 6th August, 1946, in conformity with the new U. S. Treasury price of 90½ cents. Following the sharp recession in the New York price in January, 1947, the Treasury's price was lowered to 44*d.* on 3rd February. Hitherto the forward rate was fixed at par with the spot rate but from 21st February, 1947 it was fixed at a discount, with a view to enabling the buyers of essential spot silver to hedge forward. Thereafter prices, both spot and forward, were adjusted in accordance with the changes in the New York market price, the quotation at the close of the year being 46*d.* for spot and 45½*d.* for forward.

Government control over the export and import of silver and its disposal for internal use as well as control over foreign exchange have resulted in the emergence of certain artificial differences in the price of silver on the London market as in the following categories :

- (1) " Official silver "—*i.e.*, silver which is made available for certain essential purposes to authorised domestic users at the official price fixed by the Treasury from time to time.
- (2) " Internal free silver "—silver for domestic users such as jewellers who do not have to account in detail for the use they make of the metal they acquire from private stocks or scrap silver sold by the trade.
- (3) " Exportable silver "—silver, the purchase of which does not involve any dollar payment ; a major part of this silver is reported to be from Russia.
- (4) " American silver "—silver, which can be purchased against dollars and resold for payment in dollars.

9. INTERNATIONAL TRADE

General.—The continued world shortage of essential commodities, especially foodstuffs and coal and the limited supply of the currencies of certain countries to buy even the available goods restricted the volume of international trade during the year. Most of the changes in trade control measures and the special commercial agreements worked out between sets of countries were generally prompted by these limitations ; in particular countries, however, the regulation of foreign trade was influenced by special considerations such as the minimising of imports competing with domestic products, the extension of Government's control over the country's economic structure and development, and the encouragement of trade with specific countries. Most of the war-devastated countries were precluded in varying degrees from resuming their pre-war pattern of foreign commerce by their low level of production, resulting from inadequate supplies of raw materials and fuel, dislocated commercial channels of trade and unstable level of internal prices. While the greater part of the import needs of Eastern and Southern Europe and a sizable share of China's imports were met by relief shipments through the UNRRA, many countries were also able to augment their foreign exchange resources through credits extended by the United States, Canada, Sweden and

Switzerland. Although export controls were generally utilised by individual Governments for preventing the undue drain of supplies needed internally and for holding down domestic price advances, they were also used in some cases to obtain specific imports by diverting exports to the required country. Very few countries relaxed their import controls during the year. Although tariff revisions were under contemplation, in many of the countries no major changes were effected in the import duties, which were deferred until the prospects of price-levels and trade policies became clearer. The conclusion of official bulk purchase contracts of a peacetime character—mostly temporary arrangements influenced by uncertainty of supplies and prices covering large parts of the importing country's needs of selected basic foods and industrial raw materials was a prominent feature of the trade of a number of countries, notably the United Kingdom.

Yet, on the whole, some progress was recorded during the year in regard to international collaboration in the sphere of trade. The first session of the Preparatory Committee of the proposed International Conference on Trade and Employment, consisting of representatives of seventeen nations (Russia having expressed inability to participate) was held in London between 15th October and 26th November, 1946 for work in connection with the preparation of an annotated draft agenda for the Conference. It gave detailed consideration to the appropriate sections of the agenda through six sub-committees specially set up for the purpose, using as a basic document the draft charter for an International Trade Organisation submitted by the United States, together with others submitted by the United Kingdom, Brazil and India. As a result, two further items were added to the agenda, the first particularly at the request of the Governments of Brazil, China and India and supported by the United Kingdom, viz., (i) the question of an international agreement relating to industrial development of the backward countries and (ii) the inclusion, in an appropriate international agreement, of an undertaking to promote high and steadily rising levels of effective demand. The Committee finally prepared draft texts for a Charter of an International Trade Organisation incorporating the principles upon which a broad identity of views was reached in the Committee between the various delegations. At the second meeting of the Committee, in session at Geneva, the draft charter and agenda are being further perfected, and detailed negotiations are being conducted among the representative delegations for a multilateral reduction of tariffs and elimination of preferences. The success of the projected International Conference in securing agreement among the countries on common operating principles and reciprocal undertakings would, among other things, seem to depend on the provision for an extended period of transition for the war-ravaged countries to continue their controls, the freedom to undeveloped countries to restrict imports when necessary in the interest of their industrialisation and the working out of satisfactory methods for commercial intercourse with countries resorting to State-trading.

United Kingdom.—Simultaneously with its progressive transition to peacetime footing, the United Kingdom continued to take vigorous measures in achieving a rapid expansion of its export trade, through facilitating a greater flow of man-power, higher priority and larger allocation of scarce raw materials to the export industries, extension of special credit terms and the conclusion of further trade and payments agreements with certain countries. Its import policy continued to be governed by considerations of protecting its balance of payments and was made effective through a combination of bulk purchasing and import licensing,

in order to ensure the flow into the country of the 'right type of goods in right quantities' and the use of the United States and Canadian credits for essential reconstruction and other needs. In order to make available to the British public limited quantities of consumer goods from the hard currency countries, the United Kingdom arranged with them during the year a system of token imports (representing 20 per cent of the pre-war value) of an expanding list of items.

The total value of the United Kingdom exports including re-exports during 1946 amounted to £962 million as against £450 million in 1945 and £532 million in 1938. The volume of exports compared with the 1938 figures stood at 84 per cent at the end of the first quarter and rose to 111 per cent by the end of the year. The total value of its imports during the year amounted to £1,298 million as against £1,104 million in 1945, and £920 million in 1938, representing in terms of volume roughly 70 per cent of the pre-war level. The commodity composition was of about the same pattern as in 1936-38, with food, drink and tobacco comprising nearly 50 per cent and raw materials or semi-manufactures 29 per cent of the net imports, as against 46 and 27 per cent respectively in the pre-war years. The export-import programme of the Government for 1947 envisages a narrower gap on its trade account, with imports and exports estimated approximately at 80-85 per cent and 140 per cent respectively of the pre-war levels. In addition, it has planned the allocation of at least 25 per cent of its manufacturing capacity to the production of exports as a permanent feature of its industrial expansion and a larger diversion of goods to hard currency countries.

United States.—With the rapid progress of reconversion and the resulting improvement in the supply situation in several lines of production, the United States relaxed during the year most of the controls and regulations. The cessation of lend-lease and the reduced activity of the armed forces in foreign countries contributed to diminish the role of Government in the country's international transactions, though this was partly offset by the relief shipments through the UNRRA and the disposals of surplus property of Government abroad. Except during the period of the shipping strikes in September and October, 1946, the flow of exports, particularly in the private sector, steadily increased under the stimulus provided by the loans to foreign countries and the dollar balances of foreigners accumulated during the war. The total value of exports, including re-exports during 1946 (*vide* table on page 23) amounted to 9.74 billion dollars as against 9.81 billion dollars in 1945; of the total, private or commercial exports recorded a sharp increase from 3.9 billion dollars to 8.1 billion dollars, its proportion in the two years being 40 and 83. The composition of exports (excluding re-exports) showed wide changes as compared with the pre-war period. The proportions of foodstuffs and finished manufactures increased respectively from 10.5 and 48.6 in the years 1936-38 to 22.9 and 52.0, while that of semi-manufactured goods declined from 17.7 to 9.4. Imports also recorded a steady increase during the year reflecting increased availability of supplies abroad, their value standing at 4.94 billion dollars as against 4.14 billion dollars in 1945. The composition of imports underwent relatively less changes as compared with the pre-war period, the proportions of foodstuffs, semi-manufactures and manufactures having declined slightly from 29.2, 20.4 and 19.4 in the years 1936-38 to 27.4, 19.2 and 17.5 respectively. The excess of commodity exports over imports aggregated 4.8 billion dollars, while the corresponding figure in 1945 was 5.7 billion dollars. The estimates for 1947 envisage a lower balance of commodity surplus based on a projected increase in commodity imports.

TABLE 11.—MERCHANDISE EXPORTS FROM AND IMPORTS INTO EMPIRE COUNTRIES AND THE UNITED STATES.

(In millions)

Country	1938	1939	1940	1941	1942	1943	1944	1945	1946
UNITED KINGDOM £									
Imports (retained) (a)	858.0	839.5	1,126.1	1,132.4	1,195.0	1,872.0	2,351.0	1,051.7*	1,247.3
Exports	470.8	439.5 (a)	411.2 (a)	365.4 (a)	270.9	232.8	265.0	393.4	911.7
Excess of Imports	387.2	400.0	714.9	767.0	924.1	1,639.2	2,086.0	658.3	336.6
UNITED STATES \$									
Imports (b)	1,960	2,318	2,625	3,345	2,745	3,381	3,919	4,136	4,935 (p)
Exports (incl. re-exports)	3,084	3,177	4,021	5,147	8,079	12,965	14,259	9,806	9,742 (p)
Excess of Exports	1,134	859	1,396	1,802	5,335	9,584	10,339	5,670	4,807 (p)
CANADA \$									
Imports (retained)	666	739	1,043	1,346	1,579	1,671	1,699	1,497	1,838
Exports	835	897	1,186	1,638	2,364	2,971	3,440	3,218	2,312
Excess of Exports	169	158	143	292	785	1,300	1,741	1,721	474
INDIA Rs.									
Imports (c)	1,634	1,604	1,633	1,828	1,138	1,108	1,800	2,413	2,626
Exports (incl. re-exports)	1,685	1,868	2,189	2,460	2,144	1,969	2,331	2,406	3,036
Excess of $\frac{\text{Imports (-)}}{\text{Exports (+)}}$	+151	+284	+566	+632	+1,006	+861	+531	-7	+410
NEW ZEALAND £NZ									
Imports (d)	55.4	49.4	49.0	49.2	53.9	95.2	86.4	55.1	71.6
Exports	58.4	58.0	73.7	67.5	81.3	71.9	77.8	81.5	99.4
Excess of $\frac{\text{Imports (-)}}{\text{Exports (+)}}$	+3.0	+8.7	+24.7	+18.3	+27.4	-23.4	-8.6	+26.6	+27.8
AUSTRALIA (e) £A									
Imports	140.0	124.4	145.0	136.2	187.1	265.7	263.1	233.0	194.6
Exports	141.7	121.5	149.7	135.0	159.3	125.6	146.7	155.3	189.5
Excess of $\frac{\text{Imports (-)}}{\text{Exports (+)}}$	+1.7	-2.9	+4.7	-1.2	-27.8	-140.1	-116.4	-77.7	-5.1

(a) Including imports or exports by Government departments of aircraft and other vehicles (except tyres and tubes for road vehicles) and arms, ammunition, and military and naval stores. (b) General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses. (c) Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way. (d) Including defence materials and equipment, also lend-lease supplies. (e) Year ended 30th June, including transactions on account of the Commonwealth Government. (p) Preliminary. * Excluding munitions.

10. BALANCE OF PAYMENTS

General.—For the success of the proposals for the expansion of world trade and employment it is recognized that, among other things, the securing of equilibrium in international accounts of the principal trading countries is necessary. During the later part of the inter-war period, equilibrium in international accounts was roughly achieved through the (then) creditor countries (excluding the United States), such as the United Kingdom, Germany, France and the Netherlands allowing an excess of imports over exports on their trade account, and financing this excess with their earnings on services account and interest receipts from foreign investments. The mutual interdependence of creditor and debtor countries as regards the exchange of goods and services—the former specialising in the production and export of a relatively large quantity of capital and consumer goods and provision of services and the latter dealing in raw materials and foodstuffs—facilitated the functioning of a comparatively simple mechanism, the gap in the international payments of the debtor countries not covered by current transactions being closed by international loans. The United States then was the only creditor country which obtained an excess of commodity exports over imports. Much of this, however, has now changed, particularly during the years of the war. With the disinvestment of £1,200 million of its foreign assets, the increase of £3,000 million in its external sterling liabilities and the enormous wartime material destruction within its borders, the United Kingdom's international investment position deteriorated. After the extensive damage to and considerable dismantling of the German industry, the future course of Germany's trade balance constitutes an intricate problem in the reconstruction of Europe. France and the Netherlands face sizable deficits in their balance of international payments, owing to the heavy wartime dislocation and loss of foreign assets. On the contrary, the United States and Canada emerged from the war as the two major creditor countries with their productive capacity not only intact but considerably increased; to maintain a high level of domestic employment both the countries plan to increase their exports to impoverished countries to many times the pre-war level. In order to tide over difficulties caused by the loss of income from investment by the former creditor countries, and generally to assist the rehabilitation of the war-shattered economies of these and other countries, the United States, followed by Canada extended liberal long-term credits. Although, as a short-term measure, these credits will assist the financing of the adverse trade balances of the war-ravaged countries, in the long run, however, stability in world trade and equilibrium in the balance of payments are possible of attainment only if the recipient countries are enabled, at the end of the transition period, to build up an export surplus to service and repay the debts, which in turn involves the willingness of the creditor countries to see that their purchases abroad exceed sales. The main problem in the realm of international trade and balance of payments calling for remedial action in the years ahead seems to lie, therefore, in reconciling the limited import requirements of the United States and Canada with the urgent need of the debtor countries to expand their exports to them, and also in the United States and Canada being able to find markets for their expanded food output in the face of the greater measure of agricultural self-sufficiency and the relative financial inability of the pre-war creditor countries to purchase their products. In addition, of course, there are structural defects in the balance of payments of individual countries which also call for specific solutions.

United Kingdom.—The international transactions position of the United Kingdom during 1946 did not turn out to be as pessimistic as was anticipated at the

time of the Washington negotiations when the deficit for 1946 was officially estimated at £750 million. While no correct appraisal of the real position was possible in the absence of official figures showing separately the position of the country's international payments with the sterling area, the dollar area and the inconvertible currency countries, yet there were indications that the actual overall deficit might not be more than £450 million. The calculation was based on the assumption (a) of an adverse balance of £200 million on commodity trade (with payments for imports at £1,100 million and receipts for exports and re-exports at £900 million adjusted on f. o. b. basis) and (b) £ 300 million for net overseas Government expenditure offset by £50 million for receipts of interest, profits and dividends. As against this estimated deficit, the United Kingdom utilised upto the 31st December, 1946, £150 million from the United States and £130 million from the Canadian credits or roughly to the extent of 62 per cent of the total deficit. This considerable improvement over the anticipated position was due mainly to the rapid expansion in the volume of exports which had reached the level of the monthly average for 1938 as early as July, 1946 from about 56 per cent of that level in the quarter ended December, 1945, and which subsequently rose to 117 per cent by October, 1946.

Among the factors which have a bearing on this deficit in the balance of payments mention may be made specially of the following. Firstly, the curtailment of imports during 1946 was governed not by exchange shortages but by the inadequacy of world supplies, and this rendered necessary the drawing on stocks for keeping up the level of production. For this reason the level of imports for 1947 at £1,450 million, as envisaged in the White Paper, Economic Survey for 1947, provides for no more than a modest rise in import prices, and also for a margin representing the extent to which Britain had to draw on stocks in 1946. Secondly, if the conditions of a sellers' market which accounted for the rise in exports were to disappear with an improvement in the global supply position, Britain would have to face increased competition. Thirdly, a distinction has to be made between the country's global deficit and the deficit incurred in trade with hard currency countries. While the United Kingdom secured 42 per cent of the imports from the latter, it sent to them only 14 per cent of its exports, the resulting dollar deficit constituting "the hard core of the country's balance of payments problem calling for constant watching". Fourthly, there was the difficulty of the reduced purchasing power (to the extent of 23 per cent) resulting from increased dollar prices. A study of the unofficial advance estimates of Britain's balance of payments during 1946-49 indicates that the anticipated dollar crisis resulting from the full utilisation of the American and the Canadian credits before Britain regains its equilibrium in its current balance of payments might not be before 1949. The pertinent problem in regard to Britain's balance of payments, however, does not relate to when the dollar credits are likely to be exhausted, but whether before it occurs there will be equilibrium in its balance of payments. This in turn would depend on a number of uncertain factors, such as the likely changes in the terms of trade, the nature of the sterling balances settlements, and the rate of increase in British productivity.

United States.—The balance of international transactions of the United States during 1946 reflects not merely the increasing share of the country in world commerce but also the significance of its credits and contributions in securing equilibrium in international accounts. The total receipts of the country under all items aggregated \$15.3 billion, which was about \$1 billion less than in 1945 and only about \$2.5 billion less than in 1944, which marked the peak of the lend-lease period.

Of these, private or commercial exports accounted for nearly \$8 billion as against \$3.9 billion in 1945, Government transactions for only \$4 billion, being less than half the corresponding figure for 1945, and service transactions for \$3.1 billion. The payments of the country, however, amounted to \$5.3 billion under imports and \$1.9 billion under services, leaving an excess of receipts over payments on current account to the tune of \$8.1 billion. Nearly 40 per cent or \$3.2 billion of this large credit balance required no outlay on the part of foreigners as they were covered by Government and private contributions. The remainder was financed by loans and credits (\$3.5 billion) and foreign gold and dollar resources (about \$1.4 billion). The official estimates of international transactions for 1947 envisage receipts under trade and services at \$12 billion and \$3.2 billion respectively, and payments under the same items at \$6.7 billion and \$1 billion respectively, leaving an uncovered balance of \$7.5 billion. About one-fourth of this would be in the shape of contributions requiring no outlay, while the rest would be financed by loans and/or foreign credits as in 1946.

11. FOREIGN EXCHANGE

In the sphere of foreign exchange, the main changes in the United Kingdom regulations affecting Indian trade were the provision of facilities for the finance of business in sterling with merchants resident in a country other than that for which goods were intended or from which they originated and for the finance of trade between two non-sterling area countries through sterling area intermediaries. This was of importance to India as it meant that the import of goods from European countries into neighbouring countries, such as Iran and Afghanistan could be financed in sterling or rupees through merchants in India. Another important development was the establishment by the Bank of England of a system of "transferable account" for Belgium, Holland and Portugal, under which arrangement the monetary authorities in these countries nominated the sterling accounts of certain of their banks as "transferable" and undertook that all transactions passing through the accounts would be limited to current payments. In view of these undertakings, the Bank of England agreed to allow transfers to take place between Argentine, Canadian and United States sterling accounts, and Belgian, Dutch and Portuguese "transferable" accounts. This system is in accordance with the United Kingdom's obligation to make sterling multilaterally convertible in July, 1947. This arrangement only affected India indirectly as no system of "transferable" rupee account has been established here.

During the war, exchange control in the United Kingdom was operated under powers conferred by the Emergency Powers (Defence) Act, which were later continued under the Supplies and Services (Transitional Powers) Act, 1945. The Exchange Control Act replaces these powers as the basis of exchange control in peacetime. While incorporating the main features of the existing legislation, the new Act introduces several changes. The power to require foreign securities owned by residents in the United Kingdom to be sold to the Treasury has been given up. References to "enemy" interests have been dropped as they are provided for in the Trading-with-the-enemy legislation. During the war, all immediately usable foreign securities were registered with the Bank of England and those in the United Kingdom not acquired or pledged by the Treasury were removed for safe custody together with many British bearer securities to Canada. These were brought back after the war, and under peace conditions, new safeguards were

needed against the transfer of British-owned securities to foreign ownership, except in duly authorised transactions and for value received. While securities on a United Kingdom register can be transferred only with the co-operation of the British Registrar who is required to satisfy himself that the transfer which he records is duly authorised, the new Act provides a parallel safeguard for bearer securities by requiring them after a fixed date to be lodged with or to the order of an approved bank chosen by the owner of the security. Although foreign exchange transactions are still restricted to the banks listed as authorised dealers, these now operate as principals and no longer as agents of the Bank of England.

On 6th July, 1946, the external value of the Canadian dollar was raised from 0.90909 U.S. dollar, to one U.S. dollar, a revaluation by approximately 10 per cent. Consequently, the official exchange rate for the Canadian dollar in London was adjusted from \$C4.43/4.45 to \$C4.02/4.04. On 15th July, 1946, the Swedish krona was revalued from 4.20 to 3.60 to the U.S. dollar, a revaluation by 16.6 per cent. The sterling rate was adjusted from S.kr. 16.92 to S.kr. 14.50. These developments were preceded by the temporary abandonment of price control in the United States, following the lapse of the Office of the Price Administration on 30th June, 1946, resulting in an upward movement of the United States prices. The new Canadian measures were adopted, according to an official announcement, to insulate Canada against unfavourable external conditions and to ease inflationary pressures.

On 9th September, 1946, the exchange rate of the Turkish pound was raised from 728 to 1128 piastres to the pound and 180 to 280 to the U.S. dollar. Throughout the war, the exchange was nominally kept at its pre-war level, as the official buying rate for sterling was 520 piastres; but a system of premium allowances to exporters and charges to importers prevailed. The Anglo-Turkish Payments Agreement concluded on 4th May, 1945 required that the Turkish Central Bank should publish daily its buying and selling rates against sterling and the amount of premium (which had stood at 40 per cent during the period preceding the revaluation). The new rate against sterling is 1128.40/1139.68.

The Chinese dollar which had been revalued at NC. \$2,020 to the U.S. dollar in March, 1946 was raised to NC. \$3,350 to the U.S. dollar on 19th August, 1946. The inflationary pressures, however, continued and following a wave of speculative activity in dealings in U.S. dollar and gold, the official foreign exchange rate was altered on 16th February, 1947 from NC. \$3,350 to NC. \$12,000. This revaluation was accompanied by several currency control and other administrative measures aimed at improving national production and the state of public finances.

12. PUBLIC FINANCE

The general pattern of public finance in the leading countries discloses similarities both as regards the objectives and means. Budgetary policy being an important instrument of attaining equilibrium in internal economy through measures calculated to stem inflationary tendencies and of meeting the threat of possible deflation, the principal belligerent countries have addressed themselves to the task of securing balanced budgets. The figures for 1946-47 showed a record surplus of \$C352 million in Canada while other countries showed substantial reductions in their deficits. In the United States, the net deficit has been brought down from

TABLE 12.—ANNUAL REVENUE, EXPENDITURE AND DEBT OF THE EMPIRE COUNTRIES,
UNITED STATES, FRANCE AND THE U.S.S.R.

Country	Years	Total Revenue	Taxes on Income	Percentage of 3 to 2	Defence Expenditure	Total Expenditure	Percentage increase in 6	Percentage of 2 to 6	Floating or Short-term Debt	Public Debt (Year-end figures)
	1	2	3	4	5	6	7	8	9	10
UNITED STATES (In millions of \$)										
	July-June									
	1938-39 ..	5,165	2,189	42	1,206	9,027	..	57	1,308	40,440
	1939-40 ..	5,387	2,125	39	1,657	9,287	+ 3	58	1,302	42,968
	1940-41 ..	7,607	3,470	46	6,301	13,785	+48	55	1,603	48,961
	1941-42 ..	12,799	7,960	62	26,011	34,290	+149	37	2,508	72,422
	1942-43 ..	22,282	16,094	72	72,109	79,702	+132	28	11,864	136,696
	1943-44 ..	44,149	34,655	78	87,039	95,573	+20	46	14,734	201,003
	1944-45 ..	48,457	35,173	76	90,029	100,397	+ 5	46	17,041	258,682
	1945-46 ..	43,038	30,885	72	48,542	63,714	-37	63	17,039	269,422
	1946-47 ..	40,230	27,134	67	18,126	42,523	-33	93	..	260,400†
	1947-48 (Budget)	37,730	26,661	71	13,579	37,528	-12	101	..	260,200†
	Column 2: Net Revenue. Column 9: Treasury Bills. †Estimated.									
UNITED KINGDOM (In millions of £)										
	April-March									
	1938-39 ..	927	420	45	272	927	..	100	920	8,163
	1939-40 ..	1,049	487	46	650	1,318	+42	80	1,489	8,931
	1940-41 ..	1,409	696	49	3,220	3,867	+193	36	2,813	11,395
	1941-42 ..	2,074	1,114	54	4,085	4,776	+24	43	3,312	14,074
	1942-43 ..	2,820	1,460	52	4,840	5,623	+18	50	4,097	16,865
	1943-44 ..	3,039	1,760	58	4,950	5,788	+ 3	53	4,933	19,593
	1944-45 ..	3,238	1,901	59	5,125	6,058	+ 5	53	6,116	22,308
	1945-46 ..	3,284	1,897	58	4,410	5,475	-10	60	6,487	23,271
	1946-47 ..	3,341	1,589	48	1,653	3,910	-29	85	6,955	25,612
	1947-48 (Budget)	3,429	1,430	42	899	3,181	-19	108	..	..
CANADA (In millions of Canadian \$)										
	April-March									
	1938-39 ..	502	142	28	34	553	..	91	270	4,438†
	1939-40 ..	562	134	24	118	681	+23	83	395	4,748†
	1940-41 ..	872	272	31	752	1,250	+84	70	1,035	5,323†
	1941-42 ..	1,489	645	43	1,340	1,885	+51	79	1,075	6,685†
	1942-43 ..	2,240	1,365	62	3,724	4,378	+132	50	2,118	8,669†
	1943-44 ..	2,765	1,620	59	4,587	5,322	+22	52	2,348	11,603†
	1944-45 ..	2,687	1,539	57	4,418	5,246	- 1	51	2,436	14,557†
	1945-46 ..	3,013	1,431	47	4,003	5,136	- 2	59	..	17,318†
	1946-47 (Estimated)	2,984	1,413	47	1,313	2,632	-49	113	..	..
	1947-48 (Budget)	2,290	1,095	45	..	2,100	-20	117	..	..

† Direct and Guaranteed Funded Debt.

COMMONWEALTH OF AUSTRALIA

(In millions of Australian £) July-June

1938-39	..	95	12	13	14	94	..	101	..	1,205
1939-40	..	112	16	14	56	109	-16	103	..	1,341
1940-41	..	150	43	29	170	256	+135	59	..	1,426
1941-42	..	210	78	37	320	421	+64	50	..	1,629
1942-43	..	261†	108†	41	562	663†	+57	39	..	2,006
1943-44	..	300†	151†	49	544	686†	+3	45	..	2,367
1944-45	..	343†	182†	53	460	609†	-11	56	..	2,630
1945-46	..	357†	180†	50	378	610†	-16	70	..	2,794
1946-47	..	365†	162†	44	221	424†	-17	86	..	..

† Excluding grants to States for reimbursements in respect of (1) Income-Tax and (2) Entertainments Tax.

UNION OF SOUTH AFRICA

(In millions of South African £)

April-March											
1938-39	..	47	17	36	2	65	..	72	..	279	
1939-40	..	49	18	37	4	69	+6	73	18	294	
1940-41	..	67	33	49	60	122	+77	55	35	336	
1941-42	..	85	43	51	72	131	+7	65	35	381	
1942-43	..	99	58	59	96	162	+24	61	37	430	
1943-44	..	113	61	54	103	177	+9	64	40	475	
1944-45	..	115	60	52	101	186	+5	62	38	541	
1945-46	..	134	68	51	83	131	-30	102	53	584	
1946-47	..	139	60	43	18	132	+1	105	49	547*	
1947-48 (Budget)	..	140†	59	42	13*	120	-9	117	..	..

† On the basis of existing taxation. * Provisional.

29

FRANCE

(In billions of francs)

January-December											
1938	..	63	..	..	..	90	..	70	96†	421†
1939	..	73	..	..	..	140	+56	52	130†	483†
1940	..	82	..	..	..	315	+125	26	253†	709†
1941	..	91	..	..	130*	279	-11	33	321†	881†
1942	..	109	..	..	126*	303	+9	36	421†	1,067†
1943	..	135	..	..	220*	432	+43	31	510†	1,334†
1944	..	138	..	..	138*	372	-14	37	613†	1,680†
1945	..	207	..	..	..	444	+19	47	746†	1,832†
1946	..	373	..	..	..	584	+32	64	897†	2,016†¶

* Occupation Costs. † Including medium-term debt. ‡ Domestic Debt Only. ¶ Period ended 30th June, 1946.

U.S.S.R.

(In billions of roubles)

January-December											
1938	..	128	..	..	23	124	..	103	..	..
1939	..	156	..	..	41	153	+23	102	..	..
1940	..	178	..	..	56	173	+13	103	..	..
1941	..	217	..	..	71	216	+25	100	..	..
1942	..	183	..	..	108	..	..	..	..	..
1943	..	210	..	..	125	210	..	100	..	..
1944	..	269	..	..	138	264	+26	102	..	..
1945	..	302	..	..	128	299	+13	101	..	..
1946	..	334	..	..	72	319	+7	105	..	..

\$53.9 billion in 1944-45 to \$2.3 billion in 1946-47; in the United Kingdom from £2,200 million in 1945-46 to £569 million in 1946-47. The prospects for 1947-48 according to the budget estimates are that there may be surpluses in the United States, United Kingdom and South Africa. The Canadian budget for 1947-48 discloses a surplus of \$C 190 million.

The drive for balanced budgets has been facilitated both by a fall in total expenditure and the maintenance of revenue at a comparatively high level. In Britain, Australia and South Africa as well as Russia, total revenue during the financial year 1946-47 (*vide* table on pages 28 & 29) showed increases, the increase in the last named country being most marked with the total for the year 1946 rising to 334 billion roubles from 302 billion roubles in 1945 mainly on account of the reported rapid improvement in consumption. Total expenditure on the other hand showed declines with the exception of South Africa; and Russia where it increased by 7 per cent in 1946. In the United States, public expenditure fell by about 58 per cent from \$100.4 billion in 1944-45 to \$42.5 billion in 1946-47; and in the United Kingdom by 29 per cent from £5,475 million in 1945-46 to £3,910 million in 1946-47, the decline in total expenditure being due mainly to the drop in defence expenditure.

As a sequel to the cut in direct war costs, increases have been made possible in the grants made by some of the countries towards promoting national economy and social services. In the United States, expenditure for other than national defence purposes rose by 49 per cent from \$18.7 billion in 1945-46 to \$27.8 billion in 1946-47 (over a quarter of the increase being on account of the additional costs of the Veterans Administration), while in the United Kingdom the corresponding expenditures more than doubled from £1,065 million in 1945-46 to £2,257 million in 1946-47, the largest increase occurring under social services. A point of interest is the huge outlay which some countries have made on account of cost of living subsidies, Britain, for example, spending £445 million (or 11 per cent of total expenditure) during 1946-47 and South Africa spending by way of additional food price subsidies a sum equal to approximately one-fourth of the increase of £SA9.5 million in its total expenditure. In Australia also, the estimated expenditure under price stabilisation subsidies for 1946-47 shows an increase of £A2.8 million.

The budgets also contain substantial concessions by way of tax relief to industry as well as individuals either through withdrawal or through substantial reduction of some of the heavy wartime imposts. In Britain, the relief given during 1946-47 was calculated to result in exemption from Income-Tax of about 2 million people, while the Excess Profits Tax which had been reduced to 60 per cent from 1st July, 1946 was totally abolished with effect from 31st December, 1946. In South Africa, the Excess Profits Tax and Trade Profits Special Levy were abolished with effect from 1946-47 while in Australia the various reductions in taxation including the abolition of special war excise duty announced in November, 1946, brought the total amount of relief afforded since 1945-46 to £A61 million.

13. PUBLIC DEBT

The changes in the volume and composition of public debt in the various countries during the year reflect the monetary and budgetary policies of the respective countries. In the United Kingdom, Australia and Canada, the pursuit of cheap

money policy by the authorities resulted in additions to the public debt. A slight change in the composition of the debt was also noticed. In the United States, however, the almost complete removal of price controls brought inflationary conditions into being and these were sought to be neutralised by a budgetary policy aimed at securing a surplus and the maximum possible debt redemption.

The total national debt of the United Kingdom stood at £24,785 million at the end of December, 1946 as against £24,372 million at the close of the preceding year, showing an increase of 1·7 per cent. Of this, £6,720 million or 27·1 per cent formed the floating debt, which represented an increase of about 7 per cent over the previous year. This increase was partly due to the decline in small savings and subscriptions to Government loans, the "tender" treasury bills and the treasury deposits replacing them in a large measure. There was a further rise in the total outstanding treasury bills from £4,226·5 million at the end of 1945 to £4,596·1 million at the end of 1946. Treasury deposits also increased during the same period from £1,636 million to £1,676 million. The average discount rate for treasury bills declined from 18s. 1·62*d.* in 1945 to 10s. 1·47*d.* during 1946. The Government floated during the year loans at a progressively cheap rate brought about both by a reduction in the rate of interest and an increase in the period of maturity. The technique employed by the authorities in effectively enforcing the cheap money policy was worked out through tactical devices, such as the repeated declarations of intention to keep the rates down, advance intimation of a probable reduction, warnings that the 'tap' would not be kept open for long calculated to induce a last minute rush for securities, and long 'tap' holidays. By these means, a cheapening of the borrowing rate was effected and the Government completed conversion operations during the year through long-term loans bearing 2½ per cent interest in lieu of loans carrying 3 per cent.

During the year, the United States started reducing the public debt. The prompt cancellation of war contracts, the speedy demobilisation of the armed forces and the curtailment of war emergency agencies contributed to improve the budgetary outlook by ensuring a small surplus, which was utilised towards debt redemption. This was also found necessary to prevent the threat of runaway inflation consequent on the elimination of controls. Between March, 1946, marking the beginning of debt retirement programme and December of the same year, the marketable debt was reduced by \$23 billion, the method adopted being the payment of a part of the maturing obligations in cash and the rest in exchange for ½ per cent one-year certificates. It was estimated that about seven-eighths of the debt redeemed was held by the commercial banks and the Federal Reserve Banks, justifying it as an instrument of anti-inflationary drive. The total of outstanding public debt as on 31st December, 1946 amounted to \$259·15 billion as against \$279·21 billion as at the end of February, 1946, which represented the peak level.

A slight addition to the public debt took place in Australia, the total as at the end of June, 1946 being £A2,794 million, showing an increase of £A164 million over that of 30th June, 1945. Of this amount, the internal debt formed £A2,266 million, and the external debt, £A528 million, the corresponding figures for the previous year being £A2,067 million and £A563 million respectively. Of the internal debt, £A1,827 million constituted the funded debt and £A439 million the floating debt, which showed an increase over the corresponding figures for the previous year at £A1,584 million and £A386 million. The Australian Government successfully floated

during the year loans of varying maturities carrying interest from 2 to 3½ per cent representing a reduction in the effective rates of interest.

In South Africa also, the public debt rose by £5A31 million during the period November, 1945 to October, 1946. In Canada, the Dominion Government domestic bond issues rose during 1946 only by \$C208 million, as against the annual increases ranging from \$C440 million to \$C3,550 million during the preceding six years. A new feature of Canada's post-war public borrowing programme was the issue of ten-year registered bonds in denominations from \$C50 to \$C1,000 bearing an annual coupon of 2½ per cent, sales of which were to be effected only to individuals, the holdings being limited to \$C2,000 per person. Reductions were, however, effected during the year in the total of provincial, municipal and corporate bonds.

14. THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The first meeting of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, which was held in March, 1946, dealt with the procedural steps necessary before these institutions could begin operations, and the year under review witnessed the process of the setting up of these two organisations. India, by virtue of being one of the five largest quota holders appointed an Executive Director on the Fund and one on the Bank. In view of the inconsistency between Section 3(b) (i) and Section 3(f) of Article XII of the Articles of Agreement of the International Monetary Fund and between Section 4(b) (i) and Section 4(d) of Article V of the Articles of Agreement of the International Bank for Reconstruction and Development, these Sections were interpreted to mean that any member having one of the five largest quotas in the Fund, or one of the five largest subscriptions in the Bank at the date of a regular election, or at any date between regular elections, would be entitled to appoint an Executive Director on the Fund, or the Bank, who would hold office until the next regular election without prejudice to the right of a subsequently admitted member to appoint a Director on the Fund or the Bank if it had one of the five largest quotas or one of the five largest subscriptions. In the absence of this interpretation, if U.S.S.R. should join the Fund or the Bank, India, which would then take the sixth place, would lose her Executive Directorship until the next election. Applications for membership of the Fund and the Bank were received from Lebanon, Italy, Syria and Turkey by the Boards of Governors at their meeting in March, 1946 and were referred to the Executive Directors for their consideration and recommendations. It was agreed to admit these countries to membership at the meeting of the Boards of Governors of the Fund and the Bank in September, 1946. The quota of Lebanon in the Fund was fixed at \$4,500,000, that of Italy at \$180,000,000, that of Syria at \$6,500,000 and that of Turkey at \$43,000,000, their subscriptions to the Bank, in terms of the number of shares of the capital stock of the Bank at the par value of \$100,000 per share, being fixed at 45, 1800, 65 and 430 respectively. At the inaugural meeting of the Board of Governors of the Fund, Paraguay requested for an increase in its quota in the Fund. France made a similar request on 6th September and China on 18th September, 1946. At the first annual meeting of the Board of Governors of the Fund, the quota of Paraguay in the Fund was adjusted to \$3,500,000, provided that this adjustment would become effective when Paraguay applied for a proportionate increase in its subscription to the Bank. The quota of France was adjusted to \$525,000,000, it being understood that it had already applied for a

proportionate increase in its subscription to the Bank. The Governor for India while making it clear that India would have preferred the Board not to entertain any such applications for changes in quotas so soon after the Fund had started and even before any experience had been gained as to how the present quotas worked, stated that India would not object to France being granted the additional quota provided that the relative positions of the different countries were not disturbed. He added that while the grounds on which France's quota was increased were noted, it was presumed that the same principles would be followed when India or any other country finds it necessary to come up with a request for a change of quota. It was possible that India might have to come up for revision of her quota in a short time, if, when trade and exchange operations start, the present quota was found inadequate for India's requirements. China withdrew her request for an increase in quota in view of the recommendation by the Board of Executive Directors that the quotas of Paraguay and France may be increased without disturbing the relative positions of the member countries. The subscription of France to the Bank was increased by 750 shares of the capital stock of the Bank at the subscription price of \$100,000 per share, in addition to the 4,500 shares subscribed to by France. The subscription of Paraguay was increased by 6 shares in addition to the 8 shares already subscribed to by Paraguay.

At the first Annual Meeting of the Boards of Governors of the Bank and the Fund, Dr. Hugh Dalton, Chancellor of the Exchequer, United Kingdom, was elected Chairman and Sir Chintaman D. Deshmukh, C.I.E., was elected one of the four Vice-Chairmen. Dr. B. K. Madan was appointed by the Government of India as the Alternate Director of the Bank and the Fund for India. Mr. Camille Gutt of Belgium was elected in May, 1946 as the Managing Director of the Fund. In September the thirty-nine members of the Fund were notified to communicate to the Fund, within thirty days, the par value of their currencies, expressed in gold or U.S. dollars, and based on the rates of exchange that prevailed sixty days before the Fund Agreement came into effect. According to the Articles of Agreement, the Fund could notify a member, or a member could notify the Fund that the par value communicated by it was unsatisfactory and could not be maintained without excessive dependence on the Fund. In such cases agreement on a suitable par value was to be reached between the Fund and the member within a reasonable period determined by the Fund. Before making a final decision as to the most satisfactory rate for the rupee, the Government of India invited proposals and comments from interested bodies and persons. After a thorough examination of the various proposals had been made, the Government decided that the *existing* par value should be maintained, which, based on the rupee-sterling rate of 1s. 6d. and the London/New York parity of 4.03 dollars per pound, works out to Rs.330.852 per \$100, or, with the U.S. Treasury's buying rate for gold of \$35 per fine ounce, the gold content of the rupee equals 0.268601 grammes. This par value was accepted by the Fund. On 18th December, 1946, the schedule of par values of the currencies of member countries was announced by the Fund. Eight of the thirty-nine members—Brazil, China, the Dominican Republic, Greece, Poland, Yugoslavia, France in respect of French Indo-China and Netherlands in respect of the Netherlands Indies—requested more time for the determination of their initial par values to which the Fund agreed. The initial par values were, in all cases, those which were proposed by the members of the Fund, and were based on existing rates of exchange. The Fund recognised that in some cases the initial par values that were established may later be found incompatible

with the maintenance of a balanced international payments position at a high level of domestic economic activity. At such a time, the Fund would be faced with new problems of adjustment and would have to recognise the unusual circumstances under which the initial par values were determined. It would see that the necessary exchange adjustments were made in an orderly manner and competitive exchange depreciation was avoided. At the request of the Governor for the United Kingdom, having regard to the intention of the Government of the United Kingdom to maintain full employment, the Executive Directors interpreted the Articles of Agreement to mean that steps which are necessary to protect a member from unemployment of a chronic or persistent character, arising from pressure on its balance of payments, are among measures necessary to correct a fundamental disequilibrium; and that in each instance in which a member proposes a change in the par value of its currency to correct a fundamental disequilibrium the Fund will be required to determine, in the light of all relevant circumstances, whether in its opinion the proposed change is necessary to correct the fundamental disequilibrium. At the request of the Governor for the United States, the Executive Directors interpreted the Articles of Agreement to mean that authority to use the resources of the Fund is limited to use in accordance with its purposes to give temporary assistance in financing the balance of payments deficits on current account for monetary stabilization operations.

India was called upon to pay to the Fund its subscription of \$400 million by 1st March, 1947. This had to be paid partly in the form of gold and partly in the form of rupees. Under the rules of the Fund, the gold subscription had either to be 25 per cent of a country's quota or 10 per cent of its net official holdings of gold and U.S. dollars whichever was less. As 10 per cent of India's gold and dollar holdings was the lower figure, gold of this value was transferred to the Fund. Of the rupee subscriptions, a certain amount was credited to the Fund's account in the books of the Reserve Bank and the balance was paid in the form of non-negotiable non-interest-bearing promissory notes convertible on demand into rupees by crediting the par value to the account of the Fund. After the receipt of the subscriptions, the Fund announced that it was in a position to commence operations and sell the currencies of members in accordance with its rules and regulations from 1st March, 1947.

Mr. Eugene Meyer, who was unanimously elected President of the Bank on 4th June, 1946 resigned the Presidentship on 4th December, 1946. Mr. Harold D. Smith, the Vice-President, also tendered his resignation, but agreed to stay at his post until a successor to Mr. Meyer was appointed. On Mr. Smith's death, Mr. Emilio Collado was elected on 24th January, 1947 to act in his place. In March, 1947, Mr. John J. McCloy was elected President of the Bank. The date for the formal commencement of the operations of the Bank was fixed as 25th June, 1946 and the first two per cent of the subscriptions of each member, payable in gold or U.S. dollars became due by 24th August, 1946. The second interim report of the Select Committee of the Central Legislative Assembly on Bretton Woods, released on 17th April, 1946, stated that in the view of the Committee "the final decision whether it would be to India's advantage to remain a member of the Bretton Woods institutions may be determined to a very considerable extent by the outcome of negotiations which His Majesty's Government are committed to undertake with the Government of India on the subject of liquidation of sterling credits." The Committee recommended "that Government should take advantage of every possible

provision in the Articles (of Agreements) to postpone payment of the subscriptions due to the Fund and the Bank till the last moment." The third interim report of the Committee, released on 29th July, 1946, recommended the payment of that portion of the subscriptions without the payment of which India would commit default to the Bank, but left the question of the payment of the balance of the subscriptions and that of India's membership of the Fund and the Bank to be decided by the Legislature. In October, 1946, the Central Legislature, while approving the payment of India's subscriptions to the Bank, also approved the continued membership of the Fund and the Bank. The balance due on account of 2 per cent of India's subscription amounting to \$8,000,000, of which \$40,000, was paid on 27th December, 1945, was paid in U. S. dollars on 12th August, 1946. In payment of the 2 per cent of its capital subscriptions, the Bank received until the time of the first annual report \$143,786,883.70 in gold and U.S. dollars out of a total of \$153,400,000. The unpaid amount was accounted for by the grant of postponement of the payment of $\frac{1}{2}$ per cent of the subscriptions to seven ex-enemy-occupied countries, and the requests by Czechoslovakia and Yugoslavia for the postponement of the remaining $1\frac{1}{2}$ per cent of their subscriptions payable in gold or U.S. dollars on the ground that they had not yet recovered possession of their gold reserves seized or immobilised as a result of the war. Two additional calls were made for the payment of 3 per cent and 5 per cent of the subscriptions in local currencies, in both cases by 25th November, 1946 and India paid \$32,000,000 (Rs.10,58,72,640) on this account partly by crediting a certain amount to the Bank's account with the Reserve Bank of India, the balance being paid in the form of non-negotiable non-interest-bearing promissory notes convertible on demand into rupees by crediting the par value to the account of the Bank. Until the time of the first annual report of the Bank, as a result of the various payments, the Bank had capital resources amounting to nearly \$242,000,000, of which \$14,000,000 were in gold, \$9.4 million being held in the Federal Reserve Bank of New York and \$4.6 million being held in the Bank of England. Another call was made for the payment of 5 per cent of the subscriptions payable in the local currencies of the members by 25th February, 1947. India paid \$20,000,000 (Rs.6,61,70,400) on account of this, partly in cash and partly in non-negotiable non-interest-bearing securities. Thus during the year under review, India paid \$60,000,000 to the Bank (15 per cent of its capital subscription), of which \$52,000,000 were paid in Indian currency. The President of the Bank was authorized to invest the dollars received by the Bank in payment of the first 2 per cent of the Bank's subscribed capital at current market prices, in bills, notes and certificates of the United States Treasury maturing not more than twelve months after the date of purchase. Most of the funds required by the Bank, in addition to its subscribed capital, are expected to be sought, for the present, in the United States. A number of States in the United States have legislated to enable institutional investors to purchase securities issued or guaranteed by the Bank. Preliminary study of the possibilities of marketing the Bank's securities in Canada has also been undertaken by the Bank.

15. MONETARY AND FINANCIAL AGREEMENTS

During the year under review, the Government of the United Kingdom concluded monetary agreements with Switzerland and Portugal on the lines of similar agreements with other countries concluded in the previous year. These Agreements seeking to stabilise monetary relations and to facilitate the mechanism of payments between the countries concerned provided for fixed rates of exchange

between their currencies and for reciprocal facilities for payments in these currencies. The Anglo-Swiss Agreement and the Anglo-Portuguese Agreement provide for mutual credits amounting to £5 million in each case ; any payments in excess of these amounts are to be covered by gold. In each case, the currencies of any of the two agreeing countries at the disposal of residents of the other country would be freely available for making payments within their monetary areas. Each country also undertook to provide the currencies of its monetary area, in return for payment in its own currency, to the other country. The contracting Governments undertook to co-operate with a view to assist each other in keeping capital transactions within the scope of their respective policies. The Anglo-Netherlands Monetary Agreement of September, 1945, which contained similar provisions, was amended in September, 1946 so as to extend the limit of the mutual credit provided by the United Kingdom and the Netherlands from £5 million to £10 million. The Anglo-Austrian Agreement and the Anglo-Hungarian Agreement provided for some relaxations of the general prohibitions under the Trading-with-the-enemy legislation in force in the United Kingdom so as to permit a limited amount of transactions between the United Kingdom and these countries. These Agreements also provided for the opening of accounts with the Bank of England by the Austrian National Bank and the National Bank of Hungary through which the payments between the sterling area and these countries would be channelized. It was provided that except as might be agreed between the Bank of England and the Central Banks of the two countries, the provisions of the agreements would not be used for the purposes of effecting transfers of capital between the sterling area and these countries. The Agreements were to be effective until the entry into force of Treaties of Peace with these countries. In the Anglo-Argentine Agreement of September, 1946 provision was made for the use of funds accumulated in the Argentine Special Accounts for the repatriation of sterling debt and British investments in Argentina ; the balances outstanding from time to time are to carry $\frac{1}{2}$ per cent interest. In each of the four years beginning from the date of the Agreement, £5 million may be used in payment for current transactions anywhere and at the end of the four years further discussions are to take place. From the date of the Agreement, all sterling received by Argentina (including interest on the pre-arrangement accumulated balances) was made freely available for current transactions anywhere. A supplementary Agreement was concluded between the United Kingdom and France in April, 1946 under which the provisions of the Anglo-French Financial Agreement of March, 1945, for a mutual credit between the United Kingdom and France upto £100 million to be available upto 28th February, 1946, and for the manner in which any final balance due to either country remaining after the termination of the credit arrangement was to be settled, were extended for a period of ten months terminating on 31st December, 1946, subject to the stipulations laid down in the new Agreement. In order to keep the account of the Bank of France at the Bank of England in funds, the French Government undertook to provide funds during the period from 1st March, 1946 to 31st December, 1946 by refunding part of the dollars held in the Bank of Canada in connection with munition contracts, by selling U.S. dollars to the Government of the United Kingdom upto the equivalent of £10 million, reducing its programme of supplies correspondingly, and by utilising sterling balances requisitioned by it, and, if these measures were not adequate for the purpose, by purchasing sterling against gold or against the transfer of securities acceptable to the Government of the United Kingdom. It was also provided that if the total deliveries of gold made by the French Government between 1st March, 1946 and 31st December, 1946 on this account were less than one-third

of the gross total of the payments made during the period from the franc area to the sterling area the French Government would before 1st April, 1947 sell gold equivalent to the deficiency, to the Government of the United Kingdom, the French Government having the right to repurchase before 1st April, 1947 any excess in such gold deliveries. A further financial Agreement was concluded between France and the United Kingdom on 3rd December, 1946. Taking into account the payments in gold amounting to £50 million by the French Government and the payments effected upto 16th September, 1946 by means of the transfer of requisitioned securities, the French debt to the United Kingdom was determined at £99 million. This debt was to bear interest at $\frac{1}{2}$ per cent per annum as from 1st September, 1946. The payment of this sum and the interest due on it would be effected by twelve equal annual payments over the period 1st September, 1950 to 1st September, 1961. During the year under review, the Anglo-U.S. Financial Agreement, the terms of which were reported last year, was also ratified.

16. INTERNATIONAL CONFERENCES

During the year a number of international conferences were held and India actively participated in most of these through her representatives on a number of committees.

The Peace Conference opened at Paris on 29th July, 1946, to consider the draft treaties with Italy, Roumania, Bulgaria, Hungary and Finland and concluded its labours on 15th October, the first peace pact covering the five peace treaties being signed on 10th February, 1947 by twenty-one nations including India. The United Nations Assembly—one of the four overall instruments of international action created under the United Nations Charter—held a seven-week session between 23rd October and 16th December, 1946 at Flushing Meadow and passed *inter alia* a unanimous resolution calling for a general reduction of armaments with effective safeguards for those complying with the regulation of the atomic bomb. During this session the Indian delegation, which was the first one to be chosen by a wholly popular Indian Government, succeeded in getting a resolution adopted, calling on the Assembly to prevent South Africa from annexing South West Africa, and also to establish a United Nations Trusteeship there. Of the work done by the United Nations Economic and Social Council during the year, mention may be made of the creation of two Economic Commissions one for Europe and the other for the Far East, India being included in the latter with its Headquarters at Shanghai; the Council also adopted the report by a Special Committee on the constitution of an international refugee organisation. The International Conference of Agricultural Producers, which met in London on 21st May, 1946 decided to establish an International Federation of Agricultural Producers as a complementary to the Food and Agricultural Organisation with the primary object of securing optimum nutritional consumption requirements of the peoples of the world, and also agreed to encourage the creation of regional organisations to cater to the special needs of the peasant masses of Asia and Africa. The United Nations Food and Agricultural Organisation held its first session on 20th May, 1946 and, in pursuance of the recommendation of Mr. Herbert Hoover, decided to replace the Combined Food Board by a new International Emergency Food Council which was brought into being immediately and which at a meeting held in Washington on 20th June elected India and Australia to the Committee. The task of allocating foodgrains to deficit countries was to be carried out by this Council pending the establishment of a permanent body for the

purpose. At the second session of the Food and Agricultural Organisation at Copenhagen on 2nd September, the Indian delegation suggested a double-decker price system with a higher price for primary products to be sold in competitive markets and a lower price for the poorer consumers. The Preparatory Commission set up by the Conference for the creation of a World Food Executive Organisation issued its report on 24th January, 1947 recommending the adoption of a plan by which surplus produce would be shipped to the needy countries at prices they could afford, the creation of a famine reserve of basic foods held nationally but to be available for use internationally, the accumulation of buffer stocks of commodities as an instrument of price support and the creation of a World Food Council to be associated with the Food and Agricultural Organisation to supervise and review the new schemes. The Permanent Migration Committee of the International Labour Office which was created over six years ago held its first meeting on 28th August, 1946, and issued a report recommending practical means of distributing surplus people of over-populated European and Asian countries to sparsely settled areas, particularly in North and South America. The twenty-ninth annual session of the International Labour Conference was convened at Montreal on 19th September, the main achievement of which was the formulation of a series of Conventions designed to protect children and young workers, subject to ratification by individual countries. The Preparatory Committee of the proposed International Conference on World Trade and Employment (referred to in detail in paragraph 9) met on 15th October in London. It recognised that tariffs and subsidies might be used for protective purposes, and at the instance of India and other countries, a new clause recognising the need for the industrial development of undeveloped countries was incorporated in the original proposals. The Inter-Asian Relations Conference called by the Indian Council of World Affairs in New Delhi in March, 1947, although not an international conference, constituted a landmark as dividing the past of Asia from its future, its main achievement being the decision to create a permanent Asian Relations Organisation and to set up a General Council for organising cultural co-operation, composed of representatives of all the countries who had attended the Conference.

PART II

**INDIAN
CURRENCY AND FINANCE**

INTRODUCTORY

17. *General.*—For India the year has been a very difficult one, the progress of transition to a peace economy having been rendered painfully slow. Inflationary conditions continued; shortages of consumer goods persisted; speculative activity was on the increase, particularly on the stock exchanges; the general price-level showed an almost continual rise, surpassing the 1944 wartime peak level, while the cost of living continued to move up and there was widespread labour unrest. Industrial production was hampered by the virtual non-availability of capital goods, difficulties of transport, reduction in working hours to 48 per week and frequent strikes. The food position continued to cause grave anxiety, the threatened famine having been kept at bay through stringent rationing over wide areas and partly through some, though inadequate, imports from abroad. Demobilisation could not reach the provisional target while the development plans, particularly of the provinces, could be put through only partially, the 'Works Programme' being restricted to avoid competitive increases in building costs. The grave economic problems which the country had to face were greatly aggravated by frequent outbreaks of serious internal disturbances.

18. *Reconversion.*—The need to counter inflationary trends continued to be kept constantly in view, the measures adopted by Government aiming, on the one hand, at drawing off the excess purchasing power in the hands of the community and, on the other, at increasing the production and supply of goods. Government pursued its policy of tapping the small savings in an effort to keep a check on inflation. To augment the supply of goods, they adopted a number of measures though many of these have contributed only slightly to the supply stream. Two committees were set up early in the year to devise ways and means of expediting the cancellation of the pending war contracts and releasing for civilian production and consumption the country's limited resources of productive capacity and essential raw materials, the contracts in respect of warlike stores actually cancelled upto the end of March, 1947 being of the value of about Rs. 23·50 crores. Measures were taken to feed the main stream of supplies with a part of the large quantity of stocks including American surpluses held by the Defence authorities. The reduction in the requirements of the Defence Department enabled Government to release, for civilian production and consumption, supplies of certain essential goods like cement, steel, timber, coal, cotton textiles, leather goods, paper and sugar. Government also set up a development wing in the reconstituted Department of Industries and Supplies to expedite reconversion of industry to civilian production by according necessary priorities and transport facilities. The list of articles covered by the Open General Licence System (introduced in March, 1945) was further extended by the inclusion in April, 1946 of certain kinds of machinery *e.g.*, dyeing and bleaching, sizing and doubling and printing machines and, again in September of a further hundred categories of articles. From October, 1946 the policy and procedure relating to the issue of licences for imports from hard currency countries were also considerably liberalised. With the expiry of the Defence of India Act on 30th September, 1946, Government allowed a majority of wartime emergency measures to lapse excepting certain essential general controls, such as those over Capital Issues, imports, exports

and foreign exchange and some over the production, supply and distribution of certain essential commodities. In December, the Capital Goods Registration Scheme of 1944, according to which advance registration of requirements was necessary, was abolished, and the procedure for dealing with applications for imports was considerably simplified. Towards the close of the year, however, certain restrictive measures had to be taken with a view to conserving foreign exchange as well as checking non-essential imports.

The progress of demobilisation was somewhat slow, particularly during the latter half of the year owing to serious internal disturbances. As against the target fixed in October, 1945 of 1½ million men to be released by 1st April, 1947, the total released upto January, 1947 came to 1,333,942. As at the end of February, 1947 there were as many as 179 training centres, the teaching courses at these centres being supervised by a sub-committee appointed by the Central Employment Advisory Committee. To accelerate re-employment, Government created in October, 1946 mobile sections in their Employment Exchanges, the total number of persons placed in employment by the Resettlement and Employment Organisation upto the end of February, 1947 being 139,961.

19. *Reconstruction.*—The Department of Planning and Development was abolished early in July and its functions were transferred partly to the Department of Industries and Supplies and partly to the Co-ordination Committee of the Cabinet under which a Development Board was set up to co-ordinate various post-war plans. The Central Development Schemes during the year included those of agriculture, technical schemes for training and financial assistance to various scientific, medical and technological institutions. Government decided early in October to create a National Housing Board with Regional Housing Boards in the provinces, and also approved later a special scheme for the housing of coal miners, the Centre paying a subsidy of 20 per cent of the cost of the houses, subject to a maximum of Rs. 400 per house. The plan for the development of broadcasting announced on 14th March, 1947 is estimated to cost a non-recurring expenditure of Rs. 3½ crores and recurring expenditure of Rs. 86 lakhs. Government also assumed with effect from 1st April, 1947 financial responsibility for the construction and maintenance of National Highways. Three major power and irrigation schemes *viz.*, the Damodar, Mahanadi and Kosi river schemes received Government's attention. In regard to the first of these—which is one of India's gigantic post-war projects—an agreement was reached early in January, 1947 between the representatives of the Central Government and the two Provincial Governments of Bengal and Bihar. This twenty-year project, estimated to cost Rs. 55 crores, is designed to control floods, provide permanent irrigation for about 800,000 acres and generate 300,000 kilowatts of hydro-electric power to the benefit of about five million people in the rural areas and about two million in the urban areas.

The Planning Advisory Board appointed by the Interim Government in October, 1946 submitted its report in February, 1947. The report recommended *inter alia* the establishment of a wholtime non-political Planning Commission assisted by the Scientific Consultative Committee, a Permanent Tariff Board, a Central Statistical Office and a Consultative Body representing the provinces and States, agriculture, industry etc. The report stresses the importance of adequate trained personnel, and in this connection recommends a number of measures including expansion of technical education, training in India and abroad, and employment of foreign experts.

20. *Food*.—The food situation continued to be serious mainly as a result of exceptionally bad harvests in parts of the country and failure to receive sufficient imports from abroad. The total imports of foodgrains during the whole of 1946 amounted to only 2·17 million tons as against the estimated minimum requirements of 4 million tons. The threatened crisis was, however, averted by Government's prompt action in effecting drastic ration cuts and a further tightening up of the procurement machinery. With a view to meeting the situation arising from recurring shortages and the country's continued dependence on imports, Government have decided on an immediate 'Five-Year Plan' aiming at making the country self-sufficient in the matter of food. The proposed plan has for its target the raising of the present annual production of 52½ million tons by 3 to 4 million tons by 1951 by improving the present rate of yield as well as by bringing further cultivable land under the plough. This extra output together with increased production of vegetables and other kinds of food, particularly protective foods, will, it is hoped, not only cover the present deficit but also meet the requirements of a growing population.

II. PRICES AND TRADE

21. *Price Trends in India*.—Compared with the conditions in the two previous years, the price situation in the country during the year under review deteriorated further. It was expected that the reduction in the volume of demand for Defence requirements, the availability of larger industrial capacity to the civilian sector of the economy and the augmentation of supplies in certain lines through imports would help to improve the supply position and lower the level of prices. Contrary to these expectations, however, the inflationary conditions were intensified by the operation of other causes, such as the inadequacy of capital equipment and lack of trained personnel, the reduction in working hours and the country-wide outbreak of strikes and civil commotion and bottle-necks in internal transport and distribution which accentuated the prevailing scarcities. Production of iron and steel, sugar, cotton textiles, cement, paper etc., recorded a decline. There was also a decline in domestic production of foodgrains occasioned by famine conditions; failure of crops in some areas and the irregularity in the arrival and inadequacy of foreign imports contributed to render the food situation grave. Price controls were continued through emergency legislation in respect of food-stuffs (including sugarcane), edible oils and oil-seeds, cotton and woollen textiles, paper, petroleum and petroleum products, spare parts of mechanically-propelled vehicles, coal, iron and steel and mica. The decontrol of the rest of the commodities in the context of the conditions mentioned above actually tended to raise their prices. Another contributory factor was the addition to wages and allowances conceded in certain industries in response to the demands of labour. Besides, there was also the influence of international forces, such as the rise in the price-levels in the United Kingdom and the United States, the persistence of demand from markets opened during wartime and the general prevalence of conditions of a sellers' market abroad, all of which helped to bring about a rise in the prices of industrial raw materials. The concrete remedial action taken by Government in this sphere related to the appointment in February, 1946 of the Commodities Prices Board to advise them in the formulation and administration of an appropriate and consistent price policy. The main function of the Board would be to keep under constant review the movements of commodity prices and to advise Government on price-levels in respect of controlled commodities and on the question whether other commodities should be brought under

control. In determining the price-levels the Board would have to take into account a variety of factors, such as the cost of production, the current prices in relation to pre-war price-levels and their bearing on other commodities and would, in addition, undertake periodical reviews to explore the possibilities for a reduction in the cost of living. The first list of commodities referred for examination to the Board included foodgrains, cotton and cloth, to be followed later by other articles, such as iron and steel and cement. Government also appointed an *ad hoc* Committee in response to the demands from the cotton textile industry, to examine and report on the industry's claim for an increase in the prices of cotton textiles, especially of the coarser varieties.

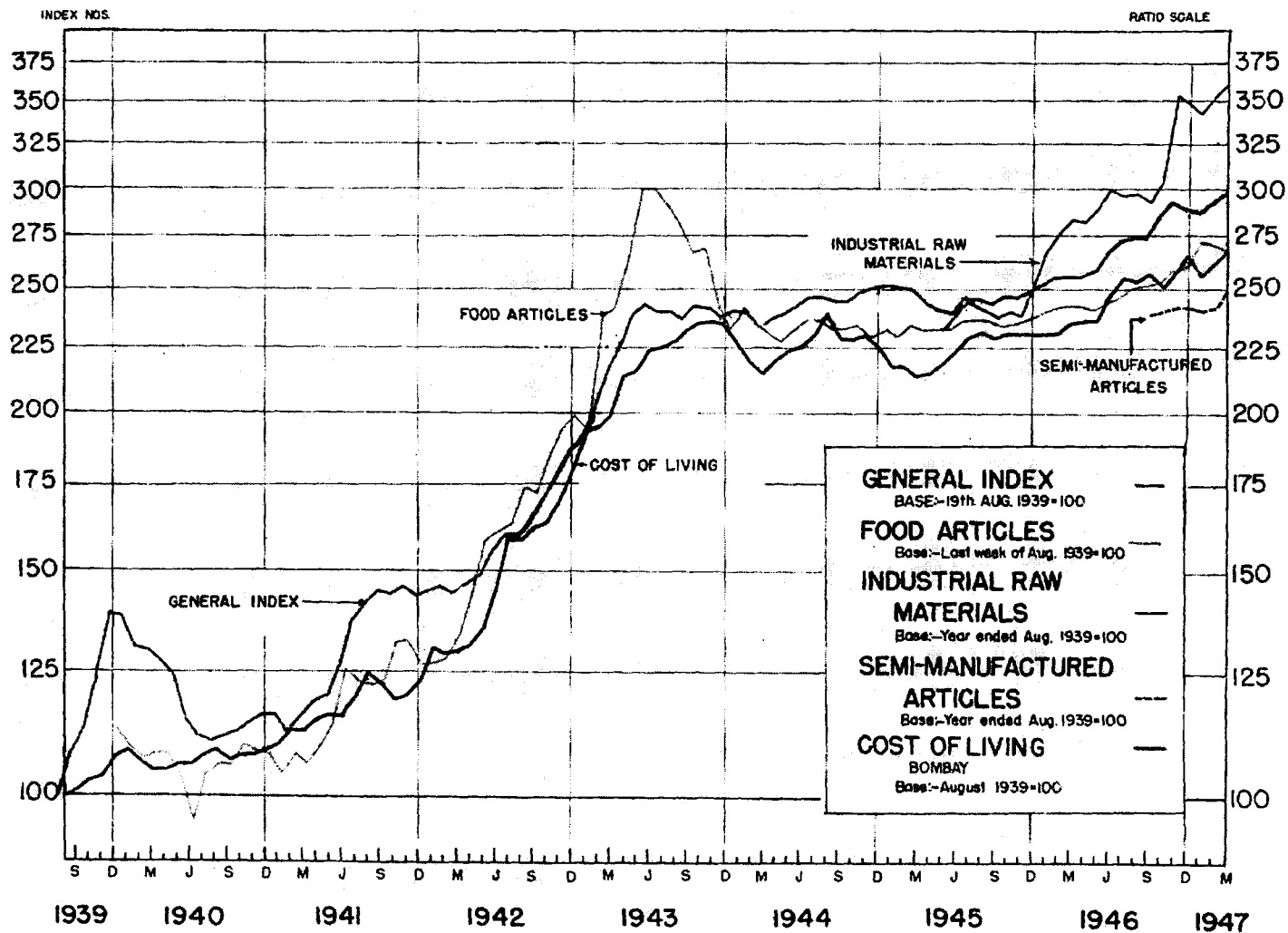
The Economic Adviser's index number of wholesale prices (*vide* Statement II) averaged during the year 275·4 as against 244·9 in 1945-46, thus showing a sharp rise of 12 per cent. The rise in the index number was steady and persistent throughout, the pace being relatively higher after September following the relaxation of most of the controls. The maximum rise during the year was recorded by the group comprising the chief articles of export and the least by the manufactured articles, the others coming in between, indicating a movement contrary to that witnessed during the early period of the war when manufactured articles led the way. The group index for the chief articles of export rose by 66·4 points to 327·4, while those for agricultural commodities, raw materials and all primary commodities increased by 40·1, 40·8 and 41 points to 335·8, 247·1 and 298·1 respectively. Chief among the causes for the rise in these groups was the fixation by Government of higher prices for sugar and an increase in the 'floor' prices for cotton. The food index issued by the Economic Adviser, (*Base*: week ended 26th August, 1939=100), notwithstanding the heavy subsidies sanctioned by Government during 1946 in regard to imported foodgrains, rose steeply from 244·6 in April, 1946 to 271·8 in March, 1947, as against a rise of 11·1 and 2·8 points in the two previous years. According to the series recently issued by the Economic Adviser, the index for industrial raw materials showed the maximum rise from 283·5 in March, 1946 to 362·9 in March, 1947.

The Bombay cost of living index (*vide* Statement I) averaged higher at 255 during the year as compared with 231 and 228 in the two previous years. The movement of the index was erratic mainly due to fluctuations in the food group which rose from 297 in April to 334 in July, 1946 and after a slight recession to 332 in August, rose to 339 in September after which it fluctuated within narrow limits, while the other groups, fuel and lighting, clothing, and housing remained almost at constant levels. The miscellaneous group, however, recorded irregular movements. The accompanying graph depicts the trends in the index numbers of (i) wholesale prices issued by the Economic Adviser and (ii) the Bombay cost of living (figures for January-March, 1947 are provisional).

22. *India's Balance of Trade in Merchandise.*—The movements in the recorded foreign sea-borne trade during the year were mainly influenced by the extension or relaxation by Government of import and export trade controls.

Government's import policy during the year had to be adjusted to the deterioration in the country's balance of payments position caused to a considerable extent by large imports of food. In the first quarter of the year, it was decided that a more liberal policy should be adopted in the issue of import licences, which upto then had been granted freely only for goods in essential categories, in order to counter

WHOLESALE PRICES AND COST OF LIVING



inflationary tendencies and to encourage the production of food through consumer goods being made increasingly available to cultivators. In accordance with this new policy, a large number of items was added to the Open General Licence No. VII which permitted the import of goods from Empire countries within the sterling area without individual licences; and a new Open General Licence No. VIII was also issued, covering the import of a limited range of goods from all countries. In addition, licences were issued freely for importing a large number of consumer goods. The full effects of this relaxation were not, however, felt until the last quarter of 1946 when imports arrived in large quantities. It was found that the goods received were mostly of a luxury and non-essential variety, essential goods being still in short supply in the leading manufacturing countries. In certain cases the volume of imports was even found to exceed the demand. Also, owing to rising prices, imports of foodgrains had led to a larger utilisation of foreign exchange than was originally anticipated, while exports had not expanded both on account of increased internal consumption and the continuance of restrictions on acreage under the leading cash crops, such as cotton and jute, in order to grow more food. As a result, India had, during the year, a heavy adverse balance of payments (as distinguished from the favourable trade balance on private account) indicated by a fall in the sterling balances. It was, therefore, felt necessary that the import policy should be reviewed and early in March, the Open General Licence No. VIII was cancelled and the issue of licences for non-essential commodities was severely curtailed. In accordance with this new policy, the Reserve Bank ceased issuing licences for the import of gold and silver which, owing to the high prices prevailing in India, had been imported in very large quantities during the first quarter of 1947.

The diversion of acreage from cash crops to food crops necessitated by the country's overall food shortage continued to influence not only the volume of production of the cash crops, which constituted the bulk of India's exports, but also Government's export policy, which was governed by the desire to conserve essential raw materials to be exchanged against food imports from other countries. The relaxation of export controls was consequently gradual and was applied only to such articles as were in excess of domestic needs, although there was also the awareness of the need to secure as great an expansion of exports as possible to provide for the increased import requirements of the country. While control over exports in respect of a large number of commodities of a non-essential nature was removed in July, it was retained or modified in respect of items, such as foot-ware, sheepskins, raw hides, oil-seeds, long staple cotton etc., and the export of groundnuts was altogether prohibited during the year. The export of cloth and jute to some countries was permitted in order to secure imports of needed food-stuffs. Adequate peacetime powers to regulate the exports from and imports into the country for a period of three years with effect from 25th March, 1947 were also taken in hand by Government through the Imports and Exports (Control) Act, 1947, this legislation being intended to help the Government to take such measures as are necessary to ensure a smooth and orderly transition in the trade of the country.

The future of India's commercial policy is bound up also with the decisions likely to emerge out of the discussions for multilateral reduction of tariffs and preferences at the second meeting of the Preparatory Committee on World Trade and Employment in session at Geneva. This country has already played a significant role in espousing the cause of industrially-backward countries (a) by securing, at the first session of the Committee, international agreement for the proposed inclusion in the charter of clauses relating to the development of backward countries, (b) by

pressing the need, in certain cases, for reservations in regard to the use of quantitative restrictions for development purposes and (c) by securing recognition within limits of their right to develop their resources through the method of tariff protection.

The published wartime returns on India's sea-borne trade were inadequate for drawing up a balance of payments statement for the country because of the exclusion therefrom of the trade on Defence account partly involving financial payments between Governments, and the inclusion of figures of lend-lease imports and reverse lend-lease exports not resulting in money transfers. The elimination of lend-lease transactions and the decline in the stores imported on Defence account make the figures of trade relating to 1946 less vitiated for this purpose and also render them comparable with those of the pre-war period. The total value of India's foreign trade on the basis of the published figures (*vide* Statement III) registered a further sharp increase from Rs.481·9 crores in 1945 to Rs.566·2 crores in 1946, the rise in exports exceeding that in imports. Exports (including re-exports) rose from Rs.240·6 crores in 1945 to Rs.303·6 crores in 1946 showing an improvement of Rs.63 crores, while imports registered a smaller rise by Rs.21 crores at Rs.262·6 crores. As a result, the small adverse balance of trade of Rs.72 lakhs during 1945 was converted during the year into a sizable surplus of Rs.41 crores.

23. *Direction of Trade (Excluding Re-exports).*—The table on page 47 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 1944 to 1946 and compares them with the pre-war position in 1938. The emergence of an unfavourable trade balance with the Empire countries as a whole, on the pattern of the pre-war position, the appearance of a sizable deficit with the United Kingdom amounting to Rs.30·84 crores and the restoration of the usual surplus balance with the United States amounting to Rs.23·66 crores constituted noticeable developments in the direction of India's trade during the year. The value of imports from the United Kingdom showed a hundred per cent increase from Rs.50·43 crores to Rs. 100·88 crores, while the value of exports to that country improved moderately from Rs.64·02 crores to Rs.70·04 crores. There were further falls in the favourable trade balances with Ceylon, Australia and Canada. Following the operation of economic sanctions against South Africa, exports to that country receded by Rs.2·53 crores, while imports declined by Rs.0·73 crore. Trade with Burma was revived in 1946, and showed an export surplus of Rs.2·86 crores. As regards trade with 'other' Empire countries the favourable balances improved from Rs.1·62 crores to Rs.6·10 crores. The balance of trade with the Empire countries as a whole for the first time since the war was unfavourable to the extent of Rs.8·20 crores as against a surplus balance of Rs.40·10 crores in the previous year. The percentage values of imports from and exports to Empire countries in relation to the total were at 56·8 and 50·8 respectively, showing a close similarity to the proportions in 1938. Imports from the Empire countries increased by about 66 per cent from Rs. 90·06 crores in 1945 to Rs.149·11 crores in 1946, but exports to them, despite an expansion from Rs.130·16 crores to Rs.140·91 crores, fell in percentage terms from 59·7 to 50·8. Exports to the non-Empire countries rose by 55 per cent from Rs. 87·97 crores in 1945 to Rs.136·64 crores in 1946, while during the same period imports declined by nearly 23 per cent from Rs.147·48 crores to Rs.113·47 crores. Imports from the United States showed a sharp decline from Rs.71·06 crores to Rs.46·41 crores, but exports improved from Rs.50·70 crores to Rs.70·07 crores. Noticeable reductions in the unfavourable trade balances with Iran and Egypt were achieved respectively

TABLE 13.—DIRECTION OF INDIA'S SEA-BORNE TRADE.

		1938			1944			1945			(In lakhs of rupees) 1946		
		Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)
I. BRITISH EMPIRE													
	1. United Kingdom ..	48,12	55,14	+ 7,02	38,60	65,66	+27,06	50,43	64,02	+13,59	1,00,88	70,04	— 30,84
	<i>Percentage</i>	<i>31.4</i>	<i>34.1</i>	..	<i>21.3</i>	<i>30.0</i>	..	<i>21.2</i>	<i>29.3</i>	..	<i>38.4</i>	<i>25.2</i>	..
	2. Burma	22,73	10,13	—12,60	12	..	— 12	..	..	..	3,75	6,61	+ 2,86
	3. Ceylon	1,09	5,06	+ 3,97	3,50	18,23	+14,73	3,12	17,04	+13,92	4,31	14,01	+ 9,70
	4. Australia	2,04	2,95	+ 91	8,09	13,68	+ 5,59	8,40	12,34	+ 3,94	9,97	11,08	+ 1,11
	5. Canada	70	2,04	+ 1,34	3,02	5,65	+ 2,63	5,19	7,83	+ 2,64	6,86	6,94	+ 8
	6. South Africa ..	27	1,41	+ 1,14	2,67	12,67	+10,00	2,80	7,39	+ 4,59	2,07	4,86	+ 2,79
47	7. Other countries ..	12,93	8,48	— 4,45	17,92	25,61	+ 7,09	20,12	21,74	+ 1,62	21,27	27,37	+ 6,10
	Total British Empire ..	87,88	85,21	— 2,67	73,92	1,40,90	+66,98	90,06	1,30,16	+40,10	1,49,11	1,40,01	— 8,20
	<i>Percentage to Total Trade..</i>	<i>57.3</i>	<i>52.7</i>	..	<i>40.9</i>	<i>64.4</i>	..	<i>37.9</i>	<i>59.7</i>	..	<i>56.8</i>	<i>50.8</i>	..
II. FOREIGN COUNTRIES													
	1. United States ..	11,41	13,43	+ 2,02	39,14	48,20	+ 9,06	71,06	50,70	—20,36	46,41	70,07	+ 23,66
	<i>Percentage</i>	<i>7.4</i>	<i>8.3</i>	..	<i>21.6</i>	<i>22.0</i>	..	<i>29.9</i>	<i>23.2</i>	..	<i>17.7</i>	<i>25.2</i>	..
	2. Japan	15,58	14,53	— 1,05	..	..	..	..	..	..	..	..	..
	3. Egypt	2,60	1,31	— 1,29	13,59	4,35	—9,24	17,98	2,99	—14,99	12,63	2,36	—10,27
	4. Iran	3,41	66	— 2,75	47,57	3,09	—44,48	51,30	1,29	—50,01	25,57	2,65	—22,92
	5. Other Foreign countries	32,54	46,55	+14,01	6,68	22,30	+15,62	7,14	32,99	+25,85	28,86	61,56	+32,70
	Total Foreign countries	65,54	76,48	+10,94	1,06,98	77,94	—29,04	1,47,48	87,97	—59,51	1,13,47	1,36,64	+23,17
	Total Trade	1,53,42	1,61,69	+ 8,27	1,80,90	2,18,84	+37,94	2,37,54	2,18,13	—19,41	2,62,58	2,77,55	+ 14,97

from Rs.50.01 crores and Rs. 14.99 crores in 1945 to Rs.22.92 crores and Rs.10.27 crores in 1946. Though imports from the 'other' foreign countries showed a proportionately greater increase than exports, there was a net favourable trade balance of Rs. 32.70 crores with them in 1946 as against Rs. 25.85 crores in the previous year. Trade balances with the foreign countries as a whole were favourable to the tune of Rs.23.17 crores, reversing the position of heavy deficits with these countries during the two previous years.

24. *Composition of Trade.*—The following table gives the composition of India's imports and exports (including re-exports) according to main commodity groups during the years 1944 to 1946. Although the exclusion of trade on Government account detracts from the value of these figures, they serve as a rough guide to the distribution of trade over the constituent categories.

	1938		1944		1945		1946	
	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age
IMPORTS								
Food	20.70	13.5	16.21	9.0	21.75	9.2	33.69	12.8
Raw Materials ..	38.62	23.9	104.86	58.0	128.05	54.0	76.60	29.2
Manufactured Articles ..	93.61	61.0	57.64	31.9	84.47	35.6	145.41	55.4
EXPORTS (Including re-exports)								
Food	39.65	23.5	51.90	22.5	53.25	22.3	58.43	19.2
Raw Materials ..	74.70	44.3	57.19	24.7	75.75	31.7	104.49	34.4
Manufactured Articles ..	51.34	30.5	119.33	51.5	105.31	44.0	135.78	44.7

The most striking development in the composition of imports in 1946 was the pronounced trend to a return to the pre-war pattern. The value of the imports of food showed an absolute increase, rising from Rs.21.75 crores in 1945 to Rs.33.69 crores in 1946, the relative increase in percentage terms being from 9.2 to 12.8. The value of imported manufactures attained considerable increase from the moderate level of Rs.84.47 crores in 1945 to Rs.145.41 crores, accounting in terms of proportion to the total for 55.4 per cent as against 35.6 per cent in 1945. The value of raw materials sustained a sharp set-back, declining from Rs.128.05 crores to Rs.76.60 crores, the fall in percentage being from 54.0 to 29.2.

Exports, on the other hand, retained their main wartime characteristics. While the value of food materials exported increased from Rs.53.25 crores in 1945 to Rs.58.43 crores in 1946, in terms of percentage there was a decline from 22.3 to 19.2. The principal items comprising this group related to tea, fish, vegetables and fruits, tobacco etc. Raw materials substantially increased from Rs.75.75 crores in 1945 to Rs.104.49 crores in 1946, accounting for 34.4 per cent of the total exports in 1946 as against 31.7 per cent in 1945. Manufactured articles also increased considerably in value from Rs.105.31 crores in 1945 to Rs.135.78 crores in 1946, but showed only a slight increase in their proportion to total exports.

25. *Imports and Exports.*—The table on page 49 shows changes in the value of important commodities entering into the foreign sea-borne trade of India during 1944-46 and compares them with the pre-war year 1938.

TABLE 14.—INDIA'S IMPORTS AND EXPORTS OF CERTAIN COMMODITY GROUPS.

	(In lakhs of rupees)					Increase (+) or decrease (—) over 1945
	1938	1944	1945	1946		
IMPORTS						
Grain, pulse and flour	10,83	6,93	9,55	16,30	+	6,75
Oils—vegetable, mineral and animal	16,28	71,09	89,02	38,22	—	51,70
Cotton, raw and waste	11,07	22,14	24,49	22,93	—	1,56
Wool, raw	72	2,47	2,15	2,80	+	65
Dyes and colours	3,79	7,94	10,00	12,29	+	2,29
Machinery	19,81	14,83	19,67	31,15	+	11,48
Cotton yarns and manufactures ..	14,61	1,52	1,46	3,52	+	2,06
EXPORTS (Including re-exports)						
Grain, pulse and flour	8,16	70	3,24	33	—	2,01
Tea	23,47	40,65	36,59	31,02	—	5,57
Oils—vegetable, mineral and animal	1,08	1,24	3,05	3,85	+	80
Seeds	15,94	11,25	13,71	6,94	—	6,77
Cotton, raw and waste	23,93	9,01	10,09	29,24	+	19,15
Jute	12,24	7,95	12,65	18,08	+	5,43
Hides and skins, raw, tanned or dressed and leather	11,58	14,04	21,41	33,41	+	12,00
Metals	3,56	3,47	1,24	1,37	+	13
Cotton yarns and manufactures ..	8,03	40,80	32,15	27,16	—	4,99
Jute manufactures	26,18	60,59	56,18	64,72	+	8,54

26. *Tariff Board.*—During the year under review, Government referred to the Tariff Board about thirty applications received from the various industries seeking protection through tariff or other types of State assistance, in addition to the ten which were already under the Board's consideration as at the end of last year. Of these, the Board completed its enquiries and reported to Government on twenty-five applications, and Government published their final orders in respect of nineteen industries listed below.

1. Calcium Chloride
2. Photo-chemicals
3. Bichromates
4. Phosphates and Phosphoric Acid

5. Butter colour and Aerated water powder colour industries
6. Cocoa and Chocolate
7. Hurricane Lanterns
8. Coated Abrasives
9. Antimony
10. Caustic Soda and Bleaching Powder
11. Aluminium
12. Bicycles
13. Sewing Machines
14. Woodscrews
15. Paper and paper-pulp
16. Cotton Textiles Manufacturing
17. Sodium Sulphide
18. Iron and Steel Industry
19. Sugar Industry

The Tariff Board outlined in its report on the calcium chloride industry, the broad principle according to which it adjudged an industry to be deserving of protection. This principle, to quote the report itself, is that "unless an industry suffers from inherent handicaps which cannot be remedied, there would be a *prima facie* case for keeping alive the industry until a fuller and more detailed examination is undertaken at a later stage as part of a long-term policy of protection." In accordance with this, the Board recommended protection to most of the industries generally through the conversion of the existing revenue duties into protective duties. The Board emphasised the need for effecting a reduction in costs generally by all the industries and to be helpful in this respect recommended (i) the removal of revenue duties on the imports of constituent raw materials, and on the machinery used and (ii) the payment of a subsidy, where necessary, to equalise the local cost of production with the landed cost of the imported articles. In addition, the Board has generally indicated to the industries concerned the particular items of cost where reduction could be effected without endangering efficiency. In fact, the Board has, in preparing the cost estimates for various industries, assumed that the suggestions will be carried out. The Board has generally recommended, except in one or two cases, the retention of the preferential treatment in regard to duties on articles from the United Kingdom and Burma.

Broadly, the industries on which Government's decisions were published may be classified into four groups. In the first category are industries already enjoying protection but whose claims for the extension of protection were denied after *prima facie* examination, and the protection on which was allowed to lapse from 31st March, 1947 (items 15, 16 and 18 above); in the second group are industries which were either granted protection or allowed to continue the existing protection for a period of one year from 31st March, 1947 (items 1, 3 and 19), and in the third are

those which have been granted protection for a period ranging from two to three years (items 2, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14); finally there are the industries for which protection was denied (items 5 and 17).

27. *Trade Agreements.*—To facilitate the import of urgently required food-stuffs, India concluded during the year two trade agreements, one with Indonesia and the other with Argentina. The former Agreement provided for the supply by Indonesia to India of 700,000 tons of paddy; delivery was to be at the Indonesian ports in bags to be supplied free for the purpose by the Government of India. The value of the paddy supplied was to be set off against the amount due to the Government of India on account of consumer goods, such as textile piece-goods, yarn, agricultural implements, utensils etc., supplied to the Indonesian Republic; the balance, if any, was to be paid in India to the authorised agents or bankers of the Indonesian Republic. The Indo-Argentine Trade Pact envisaged an immediate export from Argentina of 140,000 tons of maize, and 25,000 tons of wheat which India had already purchased. In return, India undertook to deliver to Argentina 30,000 tons of jute before the end of the year and a further 30,000 tons during the first six months of 1947, and also its purchases in India of rubber tyres for trucks and anti-locust insecticides.

In February, 1946, Government had despatched a Trade Mission to China with a view to examining the possibilities of a resumption and development of trade between the two countries. The report of the Mission, submitted to Government in August, 1946 referred to the wide range of commodities, particularly raw materials and consumer goods, which India could supply to China; it further stressed the opportunity available to India, with the elimination of German and Japanese competition in the Chinese market, to meet to a certain extent the demand for goods previously catered for by these countries. The more important recommendations of the report comprised, (1) the fixation of an agreed rate of exchange between the currencies of India and China and the establishment of Special Accounts Arrangements to be operated by the Central Banks of the two countries, (2) the examination by Government of the possibility of guaranteeing the risk involved by means of an insurance arrangement on the lines of the British Export Credit Guarantee Insurance Scheme, (3) the removal of restrictions on the free movement of goods between the two countries, (4) the appointment of an Indian Trade Commissioner in China and (5) the desirability of India having her own regular shipping and air services to China. The report also mentioned the existence of bright prospects in China for Indian banking and insurance companies.

The Australian Industrialists' Delegation which visited India in October, 1946, with a view to exploring possibilities for increasing the volume of trade between the two countries and to reciprocate the Indian Delegation's visit to that country, observed that production in the two countries (Australia and India) was complementary and that Australia was not in need of foreign capital though its main deficiency was labour. The Delegation hoped that Australia would be able to trade with India and withstand competition of British and American manufactures both in respect of capital and consumer goods, because of the rigid Australian price control system which kept down the cost of living. The hope was also expressed that the close relations maintained during the war years would continue in peacetime also between the two countries. Trade Commissioner's offices were opened during the year in Colombo and Paris.

III. BULLION

28. *Production of Gold and Silver.*—The estimated production of gold in India in 1946 amounted to 131,766 ounces valued at Rs.3,48,08,064 as compared with 168,366 ounces valued at Rs.3,39,64,974 in 1945. The production of silver in 1946 is placed lower at 11,378 ounces valued at Rs.40,652 as against an output of 14,154 ounces valued at Rs.48,622 in 1945.

29. *Price Trends.*—During the year under review, the bullion market in India started shedding to a certain extent its wartime insularity following the partial relaxation of control over the movements of bullion and was subjected in a fuller degree to the impact of developments in foreign centres. Although the market was generally firm during the greater part of the year, it recorded abnormal fluctuations during some months. Early in the year in May prices in Bombay reached the highest levels on record which, however, lasted only for a while and the quotations came down in July following arrivals from upcountry centres and on reports of offerings from abroad. From August to the middle of October, prices were fairly well maintained. Thereafter the market presented a weak tone, and prices, particularly in the silver section, registered a precipitate fall during the last week of November. But in December followed a recovery under bull support, which gathered momentum following the announcement on 6th March, 1947 by the Government of India of the ban on imports of bullion.

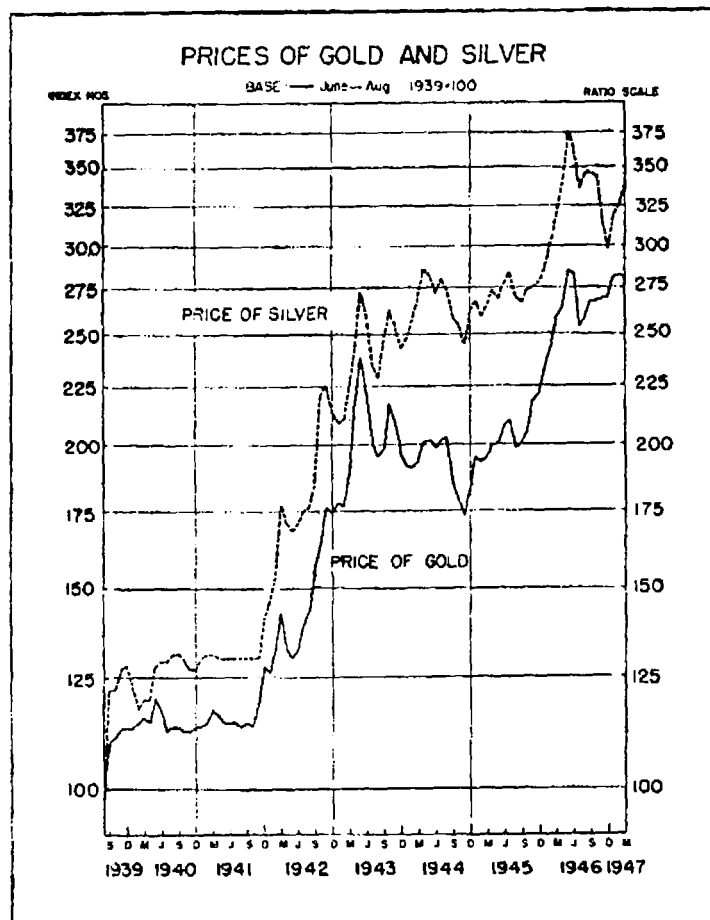
The sentiment in the market during the year was influenced by a number of factors, internal as well as external. Among the internal factors were the increased speculative activity, the acute shortage of the actual in relation to a growing demand for the ready, the exploitation by the bull interests of the deteriorating technical position resulting from the temporary falling-off of foreign supplies, the continuance of a general shortage of consumer goods, apprehensions of Governmental action to curb speculation and the reduction on 12th August, 1946, of the import duty on bullion by 50 per cent. During the year, forward trading in bullion was permitted but it had to be suspended often on account of frequent differences between bears and bulls over the fulfilment of forward contracts. The foreign developments in bullion discussed in Part I of the Report generally influenced price trends in the Indian market.

30. *Price of Gold.*—The table below shows the highest, lowest and average prices of gold in Bombay for each of the nine years 1938-39 to 1946-47.

Year	SPOT			SETTLEMENT		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	37 10 6	34 12 3	35 10 3	37 10 6	34 12 0	36 4 3
1939-40	43 8 0	36 9 0	39 13 11	43 8 0	36 9 0	39 14 6
1940-41	48 8 0	40 2 6	42 6 0	48 8 0	40 2 6	42 8 3
1941-42	57 12 0	41 9 6	44 7 11	56 12 0	41 10 0	44 9 10
1942-43	72 0 0	44 12 0	57 10 10	71 15 0	45 0 0	56 14 5
1943-44	96 4 0	65 4 0	76 11 6	95 0 0	62 10 0	76 10 6
1944-45	76 12 0	61 2 0	71 7 4	77 12 0	59 8 0	71 2 4
1945-46	97 12 0	63 6 0	80 3 0	89 14 0	62 6 0	77 6 9
1946-47	111 0 0	84 4 0	101 1 2	107 4 0	83 0 0	96 14 0

Statement IV shows the highest, lowest and average prices of gold, both spot and forward, and of sovereigns as also the estimated average stocks of gold in the Bombay market for each month of the year under review; trends in the spot prices of gold and silver during the years 1926-27 to 1946-47 are shown in Statement V.

Statement VI shows the weekly movements of spot and forward prices and stocks of gold and silver in the Bombay bullion market during the year. The graph below shows the trends in spot prices of gold and silver since the beginning of the war.



The gold market presented a firm undertone during the greater part of the year, the highest and average prices, both spot and forward, attaining the highest levels on record. The upward trend noticed towards the close of last year continued through the beginning of the present year, though the rising tendency was temporarily arrested by mid-April on selling pressure induced by the news of the discovery of a new large gold mine in South Africa, by reports of a steep fall in Egyptian gold prices and by speculation regarding resumption of sales by the Reserve Bank. Forward

trading in gold which had remained suspended from 30th January, 1946 was permitted to be resumed with effect from 16th April, 1946. Ready gold after easing from last year's closing level of Rs.97-12-0 to Rs.96 on 18th April advanced sharply to Rs.111 by 25th May, owing to acute scarcity of floating stocks. In order to avert a crisis which might follow the soaring prices, the Board of the Bombay Bullion Exchange prohibited operators on 9th May from entering into forward transactions for the current monthly settlement over the rate of Rs.99-4-0 per tola and also prohibited trading in the next settlement. The disparity between the forward rates as fixed by the Board and the rising ready rates having, however, widened to Rs.4-12-0, this action produced little effect on the market and forward trading had to be suspended. On 16th May, the authorities of the Exchange fixed the maximum rates for the next monthly delivery at the same level fixed earlier for the current monthly settlement, that is, Rs.99-4-0. Official forward trading was resumed on a fortnightly basis from 20th June. The upward trend which was maintained till the end of June was arrested in July, and prices tended to lower levels, and this was further accentuated in the wake of reports during the middle of July of offerings of gold by the Bank of Mexico, the bearish developments in gold markets in foreign centres and the ratification of the Anglo-American Loan Agreement. As a result, the price of gold came down on 17th July to Rs.84-4-0, which represents the lowest level for the year. The decline was also ascribed to the rules relating to bullion contracts which were said to have prescribed comparatively small penalties for non-delivery and were therefore favourable to short sellers. Following the Government's announcement on 12th August of a reduction of 50 per cent in the existing import duty on gold and silver, the market evinced an uncertain trend, the quotations fluctuating widely. As an immediate reaction, the ready rates of both gold and silver declined while the forward rates tended to rise. But soon the market appeared to have settled down and prices improved on sustained demand in relation to the scarcity of floating stocks. This trend continued upto the end of November, the quotations fluctuating within narrow limits. Forward trading remained suspended from 24th November, owing to unsettled conditions resulting from the decision of the Bombay High Court relating to deliveries under forward contracts. On 29th November, the quotations registered a fall in sympathy with the sharp break in silver prices. A recovery was soon in evidence owing to the re-emergence of bull support and the resumption of forward trading under a new contract from 9th December, ready gold rising from the low level of Rs.98-0-0 on 30th November to Rs.103-2-0 by 31st December. During the last quarter of the year, the market remained generally bullish, except for occasional setbacks influenced by apprehensions of larger imports. The bullish trend was further assisted by the suspension by Government of the issue of licences for import of bullion with effect from 6th March, 1947. The Board and the Merchants' Committee of the Exchange declared on 10th March a state of emergency in the market and fixed the ceiling prices for the March and May settlements at Rs.106 and Rs.103 per tola respectively, and also decided to extend the date of the March delivery by a fortnight. The close of the year witnessed a confusion in the market following a tussle between the bulls and bears in regard to this action of the authorities, the quotations fluctuating irregularly and closing for the year at Rs.103-4-0 as compared with last year's closing level of Rs.97-12-0.

The range of fluctuations in the ready rates for gold in the Bombay market during the year was Rs.26-12-0 as against Rs.34-6-0 in the preceding year, the highest and the lowest rates during the year being Rs.111 and Rs.84-4-0 respectively as against Rs.97-12-0 and Rs.63-6-0 during 1945-46. The average rate of gold worked

out higher at Rs.101-1-2 as against Rs.80-3-0 in the preceding year. The premium of the ready over the forward rate (first settlement) varied between Rs.12-12-0 and minus Rs.1-8-0 against Rs.5-5-0 and nil during 1945-46.

31. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta mints received from the public and the banks 140,492 tolas and 27,928 tolas respectively for melting and assaying as against 757,486 tolas and 31,205 tolas in 1945-46. The Bombay mint received 2,001,116 tolas of raw gold for refining as against 1,532,162 tolas in the previous year.

32. *Price of Silver.*—In the table below are given the highest, lowest and average prices of silver in Bombay during the nine years 1938-39 to 1946-47.

Year	SPOT			SETTLEMENT		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	53 1 6	48 2 0	51 11 3	52 15 6	48 2 0	50 14 8
1939-40	66 4 0	44 7 6	55 4 9	67 0 0	43 13 6	55 6 5
1940-41	64 13 0	54 10 0	62 8 0	65 2 0	54 13 0	62 0 5
1941-42	97 6 0	61 12 6	66 11 4	91 6 0	61 12 6	65 0 0
1942-43	110 8 0	75 4 0	94 2 6	112 14 0	72 4 0	90 4 6
1943-44	141 8 0	101 8 6	120 7 11	137 0 0	98 4 0	120 2 5
1944-45	143 4 0	113 10 0	128 10 9	141 4 0	111 12 0	127 2 7
1945-46	159 6 0	118 0 0	135 1 11	157 14 0	117 0 0	135 15 4
1946-47	195 0 0	127 0 0*	162 4 10	179 10 0	122 4 0	153 10 4

* Unofficial.

Statement VII shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks in Bombay for each month during 1946-47.

The firm trend in the silver market noticed towards the close of last year continued, barring a temporary set-back in July, till the middle of October, 1946. During this period, quotations reached the highest levels on record. This firm tendency was assisted by a variety of factors, the chief of which were (1) reports of transactions in the London market at rates much above the pegged price of 44d.; (2) the raising of the United States Treasury's purchase price of domestic silver on 31st July, 1946 from 71·11 cents to 90·50 cents; (3) increase in the London Treasury's price of silver for essential purposes from 44d. to 55½d. on 6th August; (4) the acute scarcity of floating stocks and (5) manipulations by bulls who continued to corner a large part of these stocks. Later in November, however, unsettled conditions prevailed on account of technical difficulties concerning obligations under the existing form of forward contract. Large-scale liquidation by bulls who became unnerved and the increased offerings from abroad consequent upon a fall in price in those centres contributed to a precipitate fall in the Indian market. But later, the decision of the High Court that a seller was bound to make physical delivery so long as silver

was available in the market was interpreted as favourable to bulls and led to a revival of bull interest and recovery in prices. During the rest of the year, the market remained generally firm under the predominating influence of the bullish factors.

Ready silver spurted up from Rs.159-2-0 on 30th March, 1946 to Rs.166-4-0 on 8th April, and after receding to Rs.160-12-0 on 15th April following the news regarding the approval by the United States Senate Banking and Currency Committee of the Anglo-American Loan Agreement, recovered to Rs.165-10-0 by 30th April. The recovery was assisted by speculative buying in a market desperately short of supplies, and also by the reports in May of approval by the United States Senate Banking and Currency Committee of the Appropriation Committee's proposal to increase the Treasury's price of domestic silver from 71·11 cents to 90·50 cents during the next two years and to \$1·29 thereafter. In the result, the rate advanced sharply to Rs.195 on 25th May, the highest price ever recorded, and came close to the rupee-melting point. In view of the soaring ready rates, the Bombay Bullion Exchange prohibited operators on 9th May from entering into forward transactions for the current monthly settlement over the rate of Rs.171-4-0. This warning having little effect on the market, forward trading was suspended on 16th May and the maximum rate for the next monthly settlement was fixed at Rs.171-4-0. Soon the bullish fervour appeared to have spent itself and large arrivals from upcountry centres and possibilities of imports from abroad, helped to bring about a fall in prices. The ready rate declined from the peak level of Rs.195 on 25th May to Rs.169 on 7th June. Trading for delivery in the silver section, which had remained suspended since 16th May was resumed on a fortnightly basis with effect from 17th June. The downward movement, however, continued upto 16th July, when the price touched the low level of Rs.150-4-0. From the latter part of July a recovery followed on support extended by bulls based on the shortage of ready stocks and the increased recognition that no imports of bullion were possible in the near future. With a view to encouraging imports of bullion into India, the Government of India announced on 12th August the reduction, with immediate effect, of the import duty on bullion by 50 per cent and though this had an unsettling effect on the market temporarily, soon it steadied itself and an upward movement in prices commenced, the quotations rising to Rs.165-8-0 by 16th September, on which date the Bombay Bullion Exchange made certain changes in the terms of settlement contracts.

The authorities of the Exchange at a meeting held on 16th September resolved that from *Asho Sud Punam* (i.e. from 27th September) delivery of the metal in settlement contracts would be at the seller's option with fixed fortnightly *budlas* (or carry-over charges) of six annas per tola in the case of gold and eight annas per 100 tolas in the case of silver. In case, however, the seller was not in a position to deliver the metal, the sale would be carried forward every fortnight on payment of the above penalties until the date fixed for the four-monthly *Maha* (the end of January, 1947) settlement when the delivery of the metal would be compulsory. In case of default by the seller, the buyer would realise damages upto Rs. 3-8-0 in the case of silver and Rs.2-8-0 in the case of gold over and above the rates which would be fixed for the next settlement by a committee of members. These changes in the rules relating to forward deliveries coupled with prospects of arrivals from abroad and the reported decision of the British Government to demonetise silver led to short-selling as a result of which prices tended to sag, particularly in the forward section. Ready silver which had stood at Rs.165-8-0 on 16th September, temporarily rose to Rs.173-8-0 by 10th October but came down to Rs.154-12-0

on 11th November. On 12th November, owing to a disagreement between bears and bulls over the interpretation of the word *ashakt* in Rule 23 of the Rules and Regulations of the Bombay Bullion Exchange and of the rights of the Exchange authorities to compel under that rule a buyer to close his outstanding transactions with a seller who was *ashakt* (i.e. who was deemed unable to give delivery), a reference was made to the Bombay High Court. The Court's interpretation of the term *ashakt* as referring only to a person who was unable to give delivery by reason of circumstances beyond his control and not to a person who was in a position to purchase in the market a quantity of the metal equivalent to that to be delivered and the Court's subsequent decision in a special case in favour of bulls had an unsettling effect, as a result of which forward trading remained suspended from 24th November, pending the formulation by the Exchange authorities of a new contract.

During this unsettled period, ready silver registered a precipitate decline, owing to heavy bull liquidation, the rate touching Rs.127-0-0 on 29th November, the lowest level of the year. Thereafter the quotations tended to recover mainly as a result of sustained bull support and with the falling-off in foreign supplies temporarily, operators sought to exploit the continued shortage of available stocks, particularly in relation to the growing seasonal demand, and were further assisted in their manipulations by occasional firm advices from abroad. The ready rates recovered from the low level of Rs.127-0-0 on 29th November to Rs.160-12-0 on 31st December.

Forward trading which had remained suspended since 24th November was resumed on 9th December under a new contract, the main features of which are (1) there will be six delivery months in the year, each delivery being of two months duration ; (2) not more than two such delivery months will be open for trading at a time ; (3) the seller shall give delivery and the buyer shall take delivery of bullion on the maturity of the contract ; (4) in the event of the failure of a seller to make delivery or of a buyer to take delivery, the parties to the contract will have unrestricted right of selling or buying as the case may be on account of the defaulter. The delivery date for the first settlement was fixed on 7th January and the date for the second settlement was fixed originally on 7th March and later extended to 18th March.

During the last quarter of the year the market presented a generally firm trend except for temporary set-backs influenced by various factors, such as the sharp recession in the New York price of silver, reports of heavy sales of silver by Spain early in January, the reduction in the Treasury's price of silver in London on 3rd February, and the introduction on 17th February of a new official Bill in the Indian Legislature designed to replace quaternary silver rupees by nickel coins. As against these the main bullish factors were the continued shortage of stocks and imposition by the Government of India of the ban on private imports of bullion on 6th March. In view of the rapidly mounting prices following the ban on imports of bullion, the Board and the Merchants' Committee of the Exchange declared on 10th March a state of emergency in the market and fixed the ceiling prices for the March and May settlements at Rs.163 and Rs.156 per 100 tolas of silver respectively and also decided to extend the date of the March delivery by a fortnight. Ready silver which had stood at Rs.160-12-0 on 31st December advanced to Rs.171-0-0 by 17th March closing for the year at Rs.164-8-0 as against last year's closing level of Rs.159-2-0.

The extent of fluctuations in the rates for ready silver was Rs.68-0-0 as against Rs.41-6-0 in the preceding year. The monthly average price (spot) for the year worked out at Rs.162-4-10 as compared with Rs.135-1-11 in 1945-46. The premium of the ready over the forward rate (first settlement) varied between Rs.13-8-0 and minus Rs.2-8-0 as against Rs.5-0-0 and nil during 1945-46.

33. *Assaying and Refining of Silver.*—The Calcutta mint received 1,254,008 tolas of silver for melting and assaying during the year as against 1,137,675 tolas in 1945-46. The receipts by the Bombay mint were higher at 1,476,115 tolas as compared with 451,670 in 1945-46. The quantity of silver received for refining during 1946-47 at the Bombay mint increased to 72,306,322 tolas from 51,131,177 tolas in the previous year.

34. *Imports and Exports of Bullion.*—Statements IX and X give the average quantity and value of imports and exports of gold coin and bullion as also of silver for each quinquennium from 1900-01 to 1929-30 and for each of the financial years from 1930-31. Statements VIII and XI give monthly figures relating to imports and exports of gold as well as of silver for the calendar year 1946. Prior to the departure of sterling from gold, India was a net importer of both gold and silver but since the delinking in September, 1931 which coincided with the world depression she became a large exporter of gold. But so far as silver was concerned, she continued to be a net importer on private account. Since 1943-44, however, India again became a net importer of gold, taking into account the gold sales in India on behalf of Allied Governments. For the entire period from 1931-32 to the end of 1946 India has been a net exporter of gold to the tune of 36 million ounces while during the same period her net imports of silver on private account amounted to about 237 million ounces.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

35. *Sterling Transactions.*—Statement XII shows the sterling transactions of the Reserve Bank of India month by month during 1946-47. There was a reversal during the year from the wartime trend of total purchases of sterling exceeding sales, partly owing to the disappearance of factors responsible for the major part of sterling acquisitions, such as Government's war expenditure and purchases of stores on account of Allied Governments, and also the relatively larger imports under the stimulus of decontrol. Although the balance of trade on private account showed a net surplus, owing to increased imports of stores and foodgrains on Government account coupled with probable private capital repatriation, there were net sales of sterling of £65·54 million by the Bank as against net purchases of £79·27 million in the previous year. Except during the month of December, 1946, when purchases of sterling exceeded sales, the sterling transactions showed net sales throughout the year. The net sales during the first half of the year at £29·74 million were lower than in the second half at £35·80 million. The monthly net sales were heavy during September and October, the peak figure being £18·52 million in the latter month. During the year, the Bank sold sterling amounting to £99·31 million as compared with £42·76 million in 1945-46. As a result, the total sterling holdings of the Bank declined by £91·50 million or Rs.122 crores from £1,293 million or Rs.1,724 crores on 31st March, 1946 to £1,201·50 million or Rs.1,602 crores on 31st March, 1947.

36. *Exchange.*—During the year, the Reserve Bank continued to buy sterling T.T. from banks for delivery within six months at 1s. 6d. and to sell for ready delivery at 1s. 5-63/64d. On 7th October, 1946, in order to assist banks in meeting the demand for forward sterling occasioned by public uncertainty as to whether the Government of India would communicate the *existing* par value of the rupee to the International Monetary Fund, the Reserve Bank commenced selling sterling T.T. for delivery upto six months at 1s. 5-31/32d. maintaining the ready rate unchanged at 1s. 5-63/64d.

Banks' buying and selling rates for T.T. on London for ready delivery remained unchanged throughout the year at 1s. 5-31/32d. selling and 1s. 6-1/32d. buying. There were, however, changes in both the forward buying and selling rates. At the beginning of the year, banks were only prepared to buy forward sterling for delivery upto nine months. Continuous demands were, however, made by exporters in Calcutta for cover against forward sales of jute goods, and the banks approached the Reserve Bank with a request to extend its buying rate beyond six months. The Reserve Bank declined to do this, but gave an undertaking to banks that it would be prepared to extend any forward purchase contract made with them for a further period of six months at a time at a penalty of 1/64d. In view of this undertaking, banks extended their buying rates for delivery upto one year, the T.T. buying rate for the last three months having been raised to 1s. 6-1/16d. against the rate of 1s. 6-1/32d. for the first nine months. In respect of forward selling rates, consequent on the decision of the Reserve Bank to sell forward sterling at 1s. 5-31/32d. for delivery upto six months banks in turn lowered their forward selling rates for sterling T.T. for delivery within six months to 1s. 5-15/16d. maintaining the existing rates for ready delivery at 1s. 5-31/32d.

The London-New York cross rate was unchanged at 4·02½ selling and 4·03½ buying until 13th January, 1947 when the rate was changed to 4·02¾ selling and 4·03¾ buying. In India there was a progressive narrowing of the spread between the buying and selling rates for U.S. dollars. At the beginning of the year, banks were selling U.S. dollars at 332½ and buying at 329½. On 22nd April, 1946 these rates which were unduly wide, were narrowed to 332 and 329¾. Following the changes in the London-New York cross rate, the rate was still further reduced and from 14th January, 1947 banks have quoted Rs. 331¾ per \$100 selling and Rs.330 per \$100 buying.

Transactions in other foreign currencies in the Indian market were few although there was a certain amount of business in Canadian dollars. At the beginning of the year, Canadian dollars were quoted at Rs.302 selling and Rs.299 buying, but following the adjustment of the Canadian dollar rate to parity with the U.S. dollar on 6th July, 1946, and the alteration of the sterling-Canadian dollar cross rate to 4·02 selling and 4·04 buying, the buying and selling rates of banks in India were adjusted to Rs.332½ per Can. \$100 selling and Rs.329¼ per Can. \$100 buying. In January, 1947, when the rates for the Canadian dollar in London were changed to 402¾ and 403¾, the rupee quotations in India were brought into line with those for the U.S. dollar.

37. *Developments in Exchange Control.*—During the year, there were no changes in the basic principles on which Exchange Control was operated. Transactions in foreign exchange continued to be confined to banks authorised to deal in foreign

currencies and they were permitted to operate only on the terms and conditions laid down by the Reserve Bank. The sterling area system, under which payments to persons resident in other sterling area countries were allowed freely while transactions with persons in other countries were subject to restriction, continued. The object of the Reserve Bank regulations was to control transfers of capital, and banks were permitted to sell exchange freely in payment of licensed imports and for current transactions, such as remittance of dividends, interest, insurance premia and commissions. Purchases of foreign currencies by British subjects for personal needs, such as the maintenance of families abroad or for travel purposes continued to be subject to certain limitations. Banks authorised to deal in foreign exchange continued to operate on their own account and to set off purchases against sales and were given facilities to cover their sterling transactions, by purchases from or sales to the Reserve Bank, and their foreign currency operations with the Bank of England through the medium of their London agents.

38. *Burma*.—During the course of the year, it was found possible to give increased facilities for travellers to and from Burma. In view of the large number of refugees returning from India to Burma, permission was given to such persons to take out jewellery freely. In order to meet the requirements of returning Indian nationals from that country, the previous restriction on the exchange of Burma notes upto Rs.100 per person, was removed and the Reserve Bank of India undertook to exchange Reserve Bank of India Burma notes and B.M.A. notes without limit at their Bombay, Calcutta, Madras and Karachi offices. The office of the Reserve Bank of India in Rangoon was closed on 31st March, 1947 when the control of the note issue was taken over by the newly constituted Burma Currency Board. The Reserve Bank also gave up the control of foreign exchange which was taken over by the Government of Burma from 1st April, 1947.

39. *Ex-Enemy Countries*.—During the year, commercial and financial relations were resumed with some ex-enemy countries, viz., Siam, Indo-China, Austria, Hungary and Poland. For exchange purposes, Siam was regarded as being in the general category of "other countries" like Iran and Saudi Arabia. Indo-China was regarded as part of the French franc area while transactions with the other three countries, viz., Austria, Hungary and Poland had to be conducted through the medium of Austrian, Hungarian and Polish sterling accounts. The Government of India notification No. F.I.(65)/F/41 of 31st May, 1941 requiring the surrender through the medium of authorised dealers of the foreign currency proceeds of all exports was extended to cover shipments to these countries. Arrangements were also made for remittances to Bulgaria and Roumania through the medium of special accounts maintained with the Bank of England. As the Trading-with-the-enemy regulations in respect of these countries still remained, payments were permitted only under special licences from the Government of India.

40. *Travel*.—Owing to the increased shipping facilities and the extension of air services from the United States and Europe to India, there was a great increase in travel. While the limit of the equivalent of £10 per day previously fixed for business travel was maintained, sanction was given for journeys on a more liberal scale and a large number of Indian businessmen visited Europe and the United States with the object of building up fresh trade connections and obtaining supplies of commodities. In October, the Government of India decided that increased facilities should be given to students and foreign exchange for educational purposes

is now granted to students of all ages and is not as before restricted to post-graduate students taking technical or scientific courses. It was also found possible to give a more liberal allowance for travel for personal reasons but the limit of £75 per annum had to be maintained for certain countries, the supply of whose currencies was difficult to obtain. During the course of the year, the Government of India also decided to accord the same treatment to emigrants as in the United Kingdom, and British subjects wishing to emigrate outside the sterling area are now permitted to take with them an equivalent of £5,000 spread over a period of four years.

41. *General.*—Although there were no changes in the Exchange Control system, certain events occurred during the year which are likely to have considerable influence on the system in the future. The first of these was the Anglo-American Loan Agreement signed in July, 1946. In terms of the Agreement, the United Kingdom undertook to negotiate with the holders of the sterling balances for the settlement of these balances and to make currently-earned sterling multilaterally convertible for current transactions, within one year of the signature of the Agreement. Consequent on this obligation to negotiate settlement of the sterling balances, a delegation from the United Kingdom visited India in February for a preliminary discussion. Another factor conditioning the background to foreign exchange relationships is the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development (*vide* para 14). Consequent on India's membership of the Fund and the fixing of par values in accordance with the Articles of the Fund Agreement, sterling has ceased to be the sole determinant of the external value of the rupee. The convertibility of the rupee into other currencies was therefore provided for by the enactment of the Reserve Bank of India (Second Amendment) Act, 1947, which was passed by the Central Legislature in April 1947, shortly after the period covered by this Report. The amendment repealed Sections 40 and 41 of the Reserve Bank of India Act which had obliged the Bank to buy and sell sterling without limit between certain specified rates above and below 1s. 6d. per rupee and replaced them by a Section which requires the Reserve Bank to buy and sell foreign exchange at such rates and on such terms and conditions as the Central Government may determine from time to time in conformity with their obligations as a member of the Fund. Another important event was the coming into force on 25th March, 1947 of the Foreign Exchange Regulation Act, 1947 superseding the Financial Provisions of the Defence of India Rules under which authority for controlling foreign exchange had been derived, as the extension by the Emergency Provisions (Continuance) Ordinance, 1946 of the operation of these rules by six months finally expired on 31st March, 1947.

42. *Foreign Exchange Regulation Act, 1947.*—In the main, the Act retains the powers granted under the Financial Provisions of the Defence of India Rules with certain modifications and closely follows the Exchange Control Bill in the United Kingdom. The effect of the new measure is to continue the existing system of Exchange Control under which transactions in foreign exchange are confined to banks authorised to deal in foreign currencies by the Reserve Bank of India which acts as the exchange control authority in its capacity as agents of the Government of India. One important change in the wording of the new Act from the Defence of India Rules which it supersedes is in Section 5 restricting certain payments. This Section is similar to the previous Defence of India Rule 92-A except that it prohibits transactions with any person resident outside India, while the Defence of India

Rule only prohibited transactions with persons resident outside the sterling area. In the absence, therefore, of a general permission from the Reserve Bank, the effect of this Section is to bring to an end the freedom of transfer between India and other countries in the sterling area. The Reserve Bank of India issued notifications the day the Act came into operation giving general permission for payments to or for the credit of or on behalf of persons resident in countries comprising the existing sterling area so that the coming into force of the Act did not result in any change in the existing Exchange Control system.

The Act is an enabling measure giving wide powers to Central Government and the Reserve Bank to control transactions in foreign exchange and securities and the import and export of bullion and currency notes. The manner and degree of control will be determined by the policy of Government, which will be influenced by the balance of payments position of the country and Government's obligations to the International Monetary Fund. The Finance Member in his speech at the second reading of the Bill said that it was the intention of Government to allow payments for current transactions freely but to restrict transfers of capital unless directly connected with the furtherance of trade, and to aim at making the rupee multilaterally convertible as soon as practicable. In the meantime, in order to maintain India's balance of payments in equilibrium, it was necessary to continue import control, and also to take advantage of the transitional period allowed by the Fund rules, under which India could continue exchange control for a period of three years.

43. *Methods of Export Finance.*—Two graphs are given on page 63 showing on a percentage basis the different methods used to finance exports to countries outside the sterling area, subject to the notification requiring the surrender to an authorised dealer in foreign exchange of the export value of the goods.

Graph 1 covers shipments to the Hard Currency countries and graph 2, shipments to other countries. The tendency noted in the previous year for an increased proportion of trade with the United States to be financed by sterling bills on London continued. This was partly due to the fact that American importers could acquire sterling in the New York market at under the London Control rates, and also to the comparatively lower forward buying rates for sterling bills than for U. S. dollar bills quoted by banks in India. This was because they could cover their forward sterling purchases with the Reserve Bank on the basis of the ready rate of 1s. 6d. while cover for forward dollar was obtainable only at London Control rates.

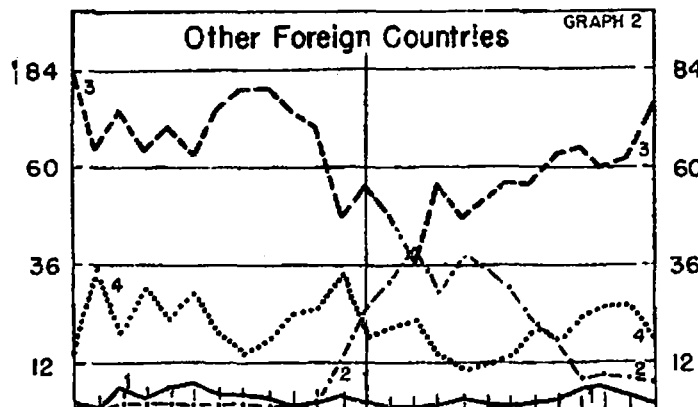
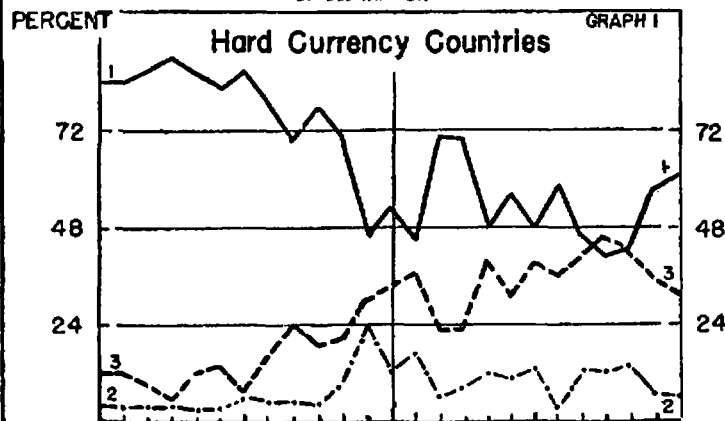
In graph 2 the most noticeable feature is the sharp rise in exports financed in rupees at the beginning of the period followed by a rapid decline. This is accounted for by fluctuations in the volume of trade with China which is financed almost entirely in rupees. At the beginning of the period, there were large shipments of raw cotton to China but the refusal of the Chinese Exchange Control authorities after June to allot further foreign exchange to finance imports of Indian cotton reduced exports to China to negligible proportions.

A third graph on the same page shows total exports to the countries covered by graphs 1 and 2. It will be noticed that exports rose to a peak in January and thereafter sustained a sharp fall. This was to a considerable extent due to the interruptions in the working of the Port of Calcutta owing to labour disputes.

METHODS OF EXPORT FINANCE

On Percentage Basis

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



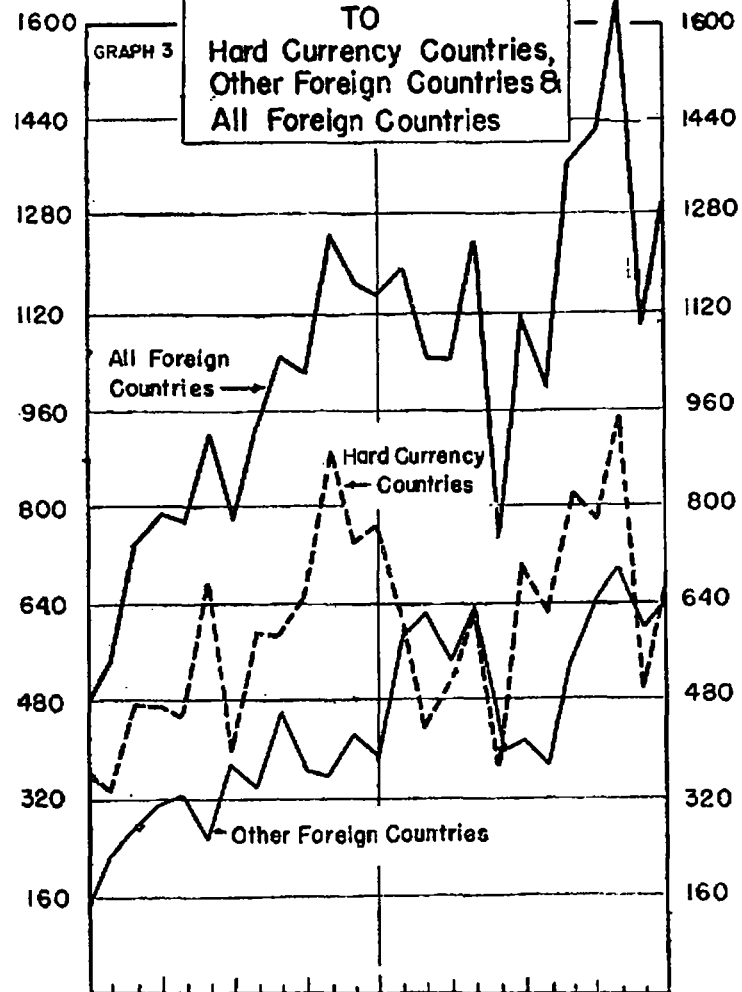
1945-46

1946-47

Rs. in Lakhs

TOTAL EXPORTS TO Hard Currency Countries, Other Foreign Countries & All Foreign Countries

GRAPH 3



1945-46

1946-47

V. PUBLIC FINANCE

44. *General.*—The outstanding features and phases of India's public finance are brought out in the table on page 65, which gives the figures for the period from 1937-38 to 1947-48 (budget) relating to the Central Government's budgetary position (illustrated in the diagram on page 66), the war expenditure in India including the expenditure incurred on behalf of Allied Governments, the Central Government's debt, and the provincial revenues, expenditure and debt.

It may be useful to begin a review of the public finance for 1946-47 with the recapitulation that (a) the aggregate war expenditure in India including recoverable war expenditure during the period 1939-40 to 1945-46 came to Rs.3,484 crores, India's share being Rs.1,744 crores or about 50 per cent and (b) that the overall Governmental outlay (war and civil expenditure) amounted to Rs.3,996 crores of which Rs.1,462 crores or 37 per cent was met out of revenue, the balance being reflected partly in the accumulation of sterling balances and partly in the form of an addition to India's public debt which increased between 1938-39 and 1945-46 by Rs.1,077 crores. During the year under review which may be regarded practically as the first post-war year, Governmental finances in India, as in other belligerent countries, reflect in some respects the effects of the termination of the war. Defence expenditure has been reduced appreciably, enabling Government to afford a measure of relief to the tax-payer and also to reduce substantially the huge wartime deficits on revenue account. Still, the budget for 1947-48, despite the new taxation imposed under it, discloses a deficit of about Rs.30 crores, which is partly explained by the fact that India's revenue in the post-war years has tended to shrink from the wartime high levels. The Finance Member also indicated in his budget speech for 1947-48 that the total resources which would be available for the purpose of post-war development during the first effective quinquennium may fall substantially below the earlier estimate of Rs.1,000 crores. Stress is, therefore, laid on the imperative need on the part of the Centre as well as the provinces to exploit to the full their tax resources with due regard to the part played by private enterprise in the scheme of the country's industrial development.

A. BUDGETS

CENTRAL GOVERNMENT :

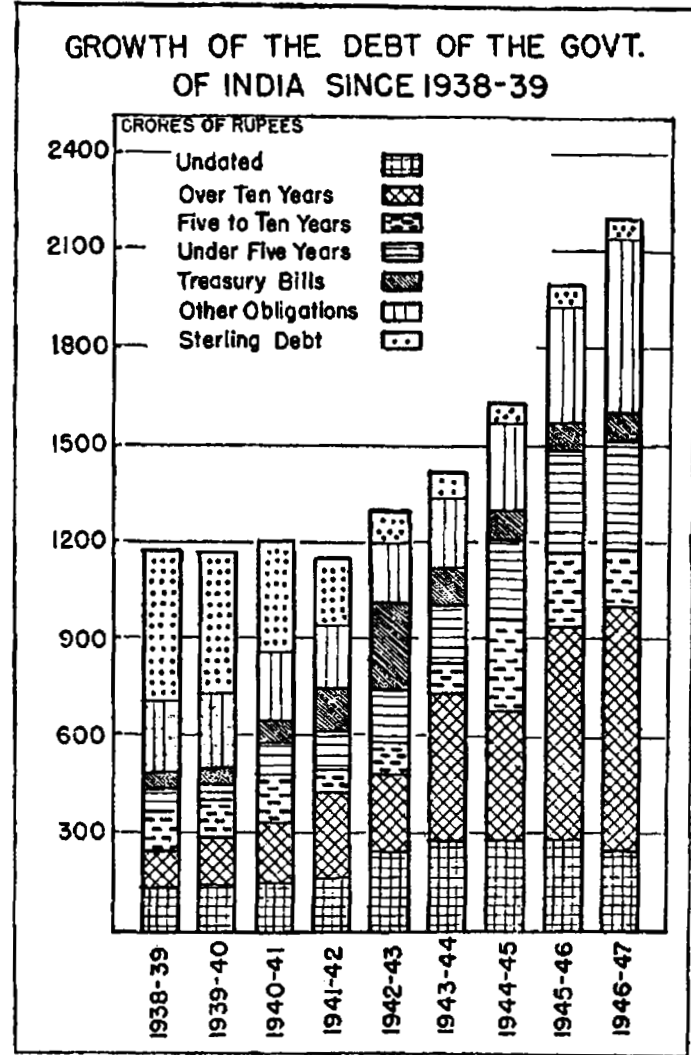
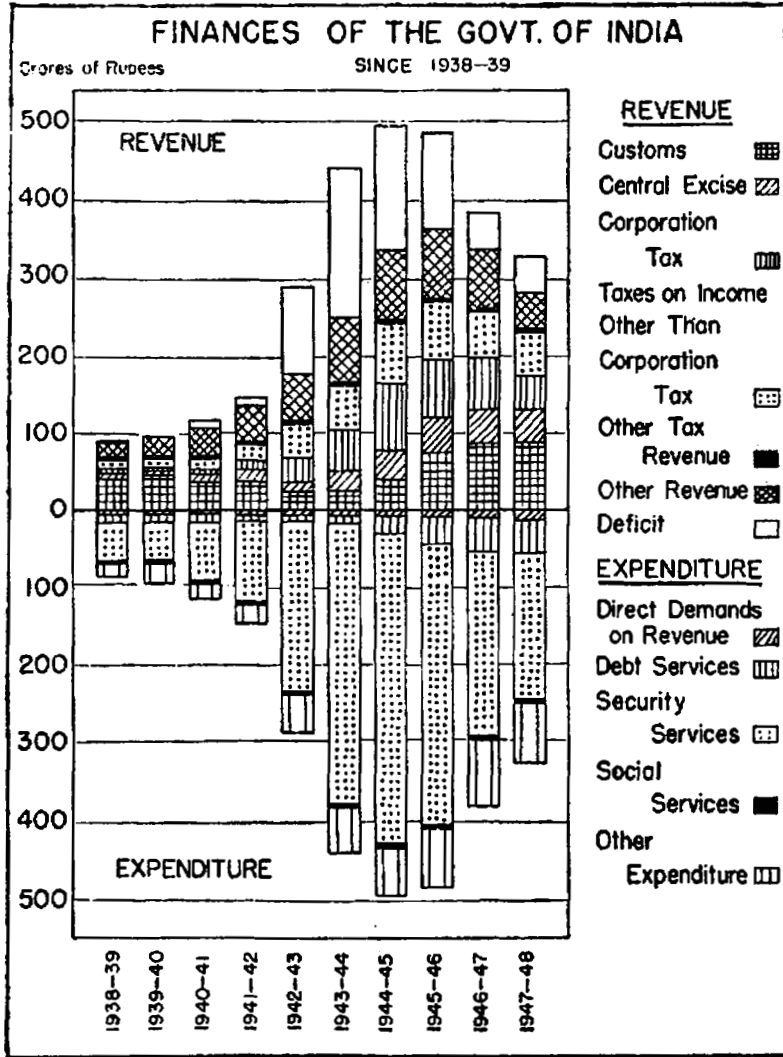
45. *Accounts, 1945-46.*—The total revenue for 1945-46 which stands at Rs.360·67 crores is almost the same as the revised estimate for that year of Rs.360·66 crores, a decline of Rs.13·82 crores in receipts under Corporation Tax being off-set by a rise of Rs.8·61 crores under Customs, and of Rs.2·85 crores under Taxes on Income other than Corporation Tax. While total revenue is thus practically unchanged, total expenditure registered a sharp decrease of Rs.21·04 crores, mainly as a result of a reduction of over Rs.16·19 crores in defence expenditure on revenue account from Rs.376·42 crores in the revised estimates to Rs.360·23 crores. In the result, the actual deficit was reduced by Rs.21·05 crores from Rs.144·95 crores to Rs.123·90 crores.

46. *Revised Estimates, 1946-47.*—With expenditure at Rs.381·48 crores and revenue at Rs.336·19 crores, the revised estimates for 1946-47, as compared with the budget estimates for that year, show a rise of Rs.26·70 crores under expenditure, which was more than off-set by an increase of Rs.29·66 crores under revenue, thus reducing the originally estimated deficit of Rs.48·25 crores to Rs.45·29 crores.

TABLE 15.—INDIA'S PUBLIC REVENUE, EXPENDITURE AND DEBT SINCE 1937-38.

											(In crores of rupees)		
											TOTAL		
											1939-40	1946-47	1947-48||
											to 1945-46	Revised	Budget
	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46				
I. CENTRAL GOVERNMENT BUDGET													
(1) Revenue	86.61	84.52	94.57	107.65	134.57	176.88	252.06	335.57	360.67	1,461.97	336.19	298.42*	
(2) Expenditure	86.61	85.16	94.57	114.18	147.26	289.05	441.84	496.71	454.57	2,068.18	381.48	327.88	
(3) Surplus (+) or Deficit (—) .. .. .	..	—0.63	..	—6.53	—12.69	—112.17	—189.78	—161.14	—123.90	—606.21	—45.29	—29.46
(4) Percentage of (1) to (2)	100.0	99.3	100.0	94.3	91.4	61.2	57.0	67.6	74.4	70.7	88.1	91.0	
II. TOTAL GOVERNMENTAL													
OUTLAYS													
Percentage of I (1) to II	100.0	99.3	95.9	64.4	39.4	26.5	29.4	34.6	40.3	36.6	77.3	91.0	
A. ON INDIA'S ACCOUNT													
(1) Civil Expenditure	39.39	38.97	45.03	40.57	43.33	74.43	83.44	101.22	124.34	512.36	143.37	139.17	
(2) Defence Expenditure	47.22	46.18	49.54	73.61	103.03	267.13	395.86	458.32	395.32	1,743.71	240.11	188.71	
(a) On Capital account .. .. .	..	..	..	..	..	62.51	37.46	62.83	35.00	187.89	2.00	..
(b) On Revenue account	47.22	46.18	49.54	73.61	103.03	214.62	358.40	395.49	360.23	1,555.82	238.11	188.71	
(i) Basic Normal Budget	39.20	38.07	36.77	36.77	36.77	36.77	36.77	36.77	..	..	..	..
(ii) Rise in Prices .. .. .	..	..	1.19	2.57	4.39	7.97	14.44	18.73	..	..	..	..
(iii) War Measures (Net) .. .. .	..	..	3.52	25.90	54.44	101.63	208.75	330.61	..	..	..	..
(iv) Non-effective charges (Net)	8.02	8.11	8.07	8.38	8.33	8.26	8.44	9.38	..	..	..	..
(3) Percentage of Defence Expenditure (revenue account) to Expenditure	54.5	54.2	52.4	64.5	70.6	74.3	81.1	79.6	74.3	75.2	62.4	57.6	
B. RECOVERABLE WAR EXPENDITURE													
Percentage of B to A (2) .. .. .	..	..	8.1	72.0	136.7	121.8	95.5	89.6	94.7	99.8	21.5	..
† III. CENTRAL GOVERNMENT DEBT AT END OF YEAR—													
(1) Sterling Loans	467.89	464.94	439.10	341.11	206.93	50.56	34.70	34.19	33.84	—431.10¶	32.84	32.34	
(2) Rupee Loans	438.40	437.87	450.23	574.55	611.85	748.74	1,000.55	1,212.14	1,492.20	+1,054.33¶	1,529.73	1,623.70	
(3) Small Savings †	137.76	141.45	135.35	108.79	95.56	92.77	118.47	159.18	221.52	+80.07¶	273.20	318.65	
(4) Treasury Bills and Ways and Means Advances	38.01	46.30	54.70	84.00	136.98	264.70	110.61	86.70	83.33	+37.03¶	79.20	99.20	
(5) TOTAL INTEREST-BEARING OBLIGATIONS (INCLUDING UNFUNDED DEBT AND DEPOSITS)	1,197.16	1,205.76	1,203.86	1,247.67	1,209.21	1,353.13	1,532.47	1,800.44	2,282.38	+1,076.62*	2,359.36	2,476.68	
IV. PROVINCES—													
(1) Revenue	89.44	84.74	90.83	97.48	107.41	124.31	163.31	208.18	229.33	1,020.84	243.07	260.02	
(2) Expenditure	86.95	85.76	89.22	95.18	103.48	118.18	153.85	204.28	218.14	982.32	254.65	267.09	
(3) Surplus (+) or Deficit (—)	+2.49	—1.02	+1.61	+2.30	+3.93	+6.13	+9.46	+3.90	+11.19	+38.52	—11.58	—7.07	
(4) Debt Position (Gross Total Debt) §	159.70	163.20	167.61	169.91	169.15	170.26	196.28	174.35	162.97	—0.23¶	172.43	..	

|| As passed by the Central Legislature. * Including new taxation. † Items (1) and (5): Capital portion of Railway Annuities is excluded from 1942-43. ‡ Includes (1) Post Office Cash Certificates, (2) Savings Bank Deposits, (3) Defence Savings Certificates since 1940-41, (4) Defence Savings Bank Deposits since 1941-42 and (5) National Savings Certificates since 1943-44. ¶ Variation between 31st March, 1939 and 1946. § Includes (1) Permanent debt, (2) Floating debt, (3) Unfunded debt and (4) Loans from Central Government.



On the receipts side, the main increases are expected under Customs and Income-Tax including Corporation Tax. Customs are estimated to yield Rs.23.02 crores more, owing mainly to a considerable increase in imports on the one hand and the imposition during the course of the year of new export duties on tea and cotton, and the enhancement of the duty on jute exports on the other. Total Income-Tax collections are estimated to yield Rs.7.75 crores more, the bulk of the increase being under Taxes on Income other than Corporation Tax. Reductions are expected to occur, on the other hand, under a number of items including Central Excise, and Currency and Mint as well as the net contributions by Railways and Posts and Telegraphs. Excise is expected to be lower by Rs.1.54 crores, Currency and Mint by Rs.0.92 crore, Railways' contribution by Rs.1.75 crores and Posts and Telegraphs by Rs.3.55 crores.

On the expenditure side, civil expenditure increased by Rs.32.35 crores, a large part of the rise being accounted for by payments for the subsidising of food-grains supplied to provinces and Centrally Administered Areas, estimated to cost Rs.20 crores; interim concessions sanctioned to the low paid staff on account of the increased cost of living are estimated to cost Rs.2 crores, while expenditure for the Tribal Areas is expected to go up by Rs.1.76 crores. Government have also paid to Nepal a lump sum of Rs.2.50 crores in recognition of the services rendered by that State in World War II; the amount is proposed to be utilised on development projects which would be of mutual benefit to both India and Nepal. As against these, defence expenditure on revenue account at Rs.238.11 crores shows a reduction of Rs.5.66 crores from the budget estimates. The decrease is mainly due to the receipts accruing to India from the sale proceeds of American surplus stores in terms of the lend-lease settlement with the United States of America (referred to below), partially off-set by extra expenditure on account of the retardation in the rate of general demobilisation. Defence expenditure on capital account is placed at Rs.2 crores as against Rs.1.57 crores in the budget estimates.

A mention may be made here of the Agreement arrived at in Washington on 16th May, 1946, between India and the United States for the final settlement in respect of lend-lease, reciprocal aid and U. S. owned surpluses in India and of the financial claims of each Government against the other arising as a result of World War II. Of the total lend-lease goods valued at Rs.650 crores received in India from the United States partly for India's own purposes and partly for purposes of His Majesty's Government's war measures, the amount for which India could assume liability was placed at Rs.200 crores. The value of the reciprocal aid rendered by India to the United States in the shape of supplies and services was also estimated at Rs.200 crores. In view of the approximately equal benefits received by the United States and India from this interchange of mutual aid, it was agreed that all obligations arising out of lend-lease and reverse lend-lease balanced against each other and were, therefore, to be cancelled, except the obligation to return in kind to the United States the lend-lease silver received by India under a separate Agreement executed in 1944. India agreed not to charge the United States Government for the supplies and services made available to that Government from VJ-Day (2nd September, 1945) upto 31st May, 1946, the net amount due to India on this account being placed at Rs.14 crores. Under the Agreement, India was to receive (a) lend-lease civilian articles held by India on VJ-Day, such as machine tools, metals, railway equipment, chemicals etc., (b) lend-lease articles on order on VJ-Day, (c) military lend-lease articles held for the Indian Armed Forces as on 1st April, 1946,

(d) supplies from the United Kingdom military holdings in India with a civilian use in India, such as trucks and wagons, and (e) lend-lease petroleum products in India other than aviation spirit. The disposal of U. S. owned surpluses in India was to be entirely the responsibility of the Government of India, subject to the condition that, if the sale proceeds exceeded the equivalent of 50 million dollars, 50 per cent of such excess proceeds should be paid to the United States Government in rupees to be spent by the latter on acquiring embassy sites and buildings and on agreed cultural and educational programmes or in meeting the American Government's expenditure in India so that no dollar liability would arise in consequence.

A mention may also be made here of the financial Agreement which the Government of India entered into on 4th September, 1946 with the Government of Siam, in terms of which the former granted to the latter a credit of Rs.5 crores to be drawn upon between 1st August, 1946 and 31st July, 1947. The loan was intended to assist Siam in the early rehabilitation of her economy by facilitating the purchases of goods and services in India (mainly war surpluses); it carries interest at 3 per cent per annum and is repayable in annual instalments of Rs.34 lakhs beginning with 1st August, 1947.

47. *Budget Estimates, 1947-48.*—The budget estimates for 1947-48 place expenditure at Rs.327·88 crores and revenue at Rs.279·42 crores on the basis of existing taxation. The prospective deficit on this basis will be Rs.48·46 crores. The variations in the important heads of revenue are indicated in the table on page 69.

Receipts under Customs which allow for a full year's revenue from the additional duties imposed during 1946-47 are placed at Rs.89 crores and show an increase of over Rs.1·5 crores over the revised estimates. On the other hand, Central Excise Duties show a decrease of Rs.1·85 crores, mainly in respect of certain cesses which are funded. Receipts under Corporation Tax and Taxes on Income other than Corporation Tax together are placed at Rs.135 crores as against Rs.157 crores in the revised estimates. The budget estimates for the two items include receipts of arrears on account of Excess Profits Tax to the extent of Rs.40 crores and on account of Central Surcharge to the extent of Rs.7 crores.

Defence expenditure on revenue account at Rs.188·71 crores is lower than in the revised estimates for 1946-47 by Rs.49·40 crores, and works out to 58 per cent of total expenditure as against 62 per cent in the revised estimates. The practice introduced during the war of providing for certain classes of defence expenditure under a capital head will be discontinued and, commencing with the year 1947-48, all such expenditure will be provided for in the revenue estimates. The Financial Settlement of 1939 providing for the allocation of defence expenditure between the Government of India and His Majesty's Government was brought to an end on 31st March, 1947 and the defence expenditure incurred from that date by India will be charged direct to her own defence estimates as was done before the war; appropriate recoveries, however, will continue to be effected from His Majesty's Government in respect of the cost of Indian troops employed outside India and any other supplies and services rendered to that Government. Civil expenditure at Rs.139·17 crores is also less than in the revised estimates by Rs.4·19 crores, and includes (i) Rs.17·35 crores as subsidies on imported foodgrains and (ii) over Rs.13 crores under various heads of expenditure on resettlement and development schemes.

TABLE 16.—IMPORTANT HEADS OF REVENUE OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Heads of Revenue	1938-39 Accounts	1945-46 Accounts	1946-47		1947-48 Budget As presented to the Legislature			As passed by the Legislature
			Budget	Revised	On the basis of existing taxation	Variations from Revised Estimates 1946-47	Including effects of new taxation proposals	
1. Customs	40·51	73·61	64·48	87·50	89·00	+ 1·50	93·00	93·00
2. Central Excise Duties	8·66	46·36	44·32	42·78	40·93	— 1·85	40·93	40·93
3. Corporation Tax	2·04	75·73	68·94	69·53	44·14	— 25·39	75·89	60·89
69 (Excess Profits Tax) .. .. .	....	(68·33)	(63·00)	(60·00)	(35·00)*	(— 25·00)*	(35·00)*	(35·00)*
4. Taxes on Income other than Corporation Tax†	15·24	102·30	80·31	87·47	90·86	+ 3·39	98·86	103·86
(Excess Profits Tax) .. .. .	....	(11·18)	(12·00)	(12·00)	(5·00)*	(— 7·00)*	(5·00)*	(5·00)*
5. Currency and Mint	0·58	16·75	16·67	15·75	15·67	— 0·08	15·67	15·67
(Profits of the Reserve Bank)	(0·20)	(14·69)	(14·73)	(13·43)	(13·50)	+ 0·07	13·50	13·50
6. Railways' Contribution	1·37	32·00	7·36	5·61	7·50	+ 1·89	7·50	7·50
7. Posts and Telegraphs	0·19	11·31	8·33	4·78	4·22	— 0·56	4·22	4·22
8. Total Tax Revenue†	76·35	311·36	269·64	300·58	277·45	— 23·06	312·31	302·31
9. Percentage of Taxes on Income to Total Tax Revenue	22·6	57·2	55·4	52·2	48·7	....	55·9	54·5

* Represent collections of arrears.

† Including provinces' share.

In his budget speech, the Finance Member stated that the proposals he was making, whether involving the abolition of existing taxation or the levy of fresh imposts, were based not merely on financial considerations but the need to achieve certain social objectives the chief of them being the reduction as far as possible of the glaring disparities of income between the classes and the masses. Proposals to afford relief to the lower income groups include the abolition with effect from 1st April, 1947 of the salt duty, involving a net loss to revenue of Rs.8.25 crores, and the raising of the minimum exemption limit in respect of Tax on Incomes from Rs.2,000 to Rs.2,500, involving a loss of Rs.25 lakhs. In view of the loss to revenue on account of these two measures, the deficit of Rs.48.46 crores estimated on the basis of existing taxation will be increased to Rs.56.96 crores (excluding any additional expenditure that may be incurred in giving effect to the recommendations of the Central Pay Commission). Of this gap, about Rs.40 crores (apart from Rs.4 crores which will go to the provinces as their share) was proposed to be met by additional taxation as shown below.

	Estimated yield
1. A special Income-Tax of 25 per cent* on business profits exceeding Rs. 1 lakh	Rs. 30.00 crores
2. A graduated tax on capital gains exceeding Rs. 5,000† made in recent years from the disposal of capital assets	,, 3.50 ..
3. A change in the scale of super-tax so as to reach the maximum of 10½ annas in the rupee at Rs. 1.2 lakhs for unearned income and at Rs. 1.5 lakhs for earned income	,, 2.50 ..
4. Doubling of the rate of Corporation Tax to 2 annas	,, 4.00 ..
5. An increase in the export duty on tea from 2 annas per lb. to 4 annas	,, 4.00 ..
6. A further tightening up of the Dividend Tax imposed last year	Nil.

* Later reduced to 10½ per cent. † Later raised to Rs.15,000.

In justification of the proposed tax on business profits, the Finance Member stated that the complete abolition of the Excess Profits Tax in the last year's budget was premature, while the levy on capital gains was based on the United States model and would affect only incomes which might properly be described as unearned increment. It was also indicated that the evidence available to Government of large fortunes having been built up during the war through tax evasions, justified the appointment of a Commission to investigate into such accumulations and the three Bills relating to these subjects were referred to a Select Committee of the Legislature. The reports of the Committee on the first two Bills were presented to the Central Assembly on 19th March. As regards the exemption limit for the Business Profits Tax, the report suggested *inter alia* an abatement of 5 per cent of the capital at charge in the case of non-director-controlled companies or one lakh of rupees or whichever is greater, and a similar 6 per cent in the case of director-controlled companies, and also for the raising of the exemption limit in the case of Hindu undivided families as well as partnership firms. As regards the Capital Gains Tax, the Committee recommended for the raising of the exemption limit from Rs.5,000 to Rs.15,000 and for the fixation of the rate of tax at one anna in the rupee on the whole of capital gains upto Rs.50,000, rising by one anna by stages upto a rate of five annas in the rupee on the whole amount of capital gains where that amount exceeds Rs.10 lakhs. On 25th March, the Finance Member agreed to make some more modifications, and, in the Business Profits Tax Bill and the Income-Tax and the Excess Profits Tax (Amendment) Bill as finally passed, further concessions besides those recommended by the Select Committee were added. The more important of these were

(i) a reduction in the rate of the Business Profits Tax from 25 per cent under the original proposals to 16-2/3 per cent. This would have the effect of reducing the revenue from the Business Profits Tax from the originally estimated Rs.30 crores to Rs.12 crores. (ii) the fixation of a uniform abatement at 6 per cent of the capital at charge or Rs.1 lakh or whichever is greater in place of the different criteria for companies as recommended by the Select Committee, and, for the purpose of computing abatement, the inclusion under paid-up capital, of so much of the premia realised by a company for the issue of any of its shares as is retained in the business and (iii) the exemption, from the Capital Gains Tax, of gains from the sale of personal effects. The Taxation on Income (Investigation Commission) Bill, was also passed by both the Houses with certain amendments, recommended by the Select Committee, the most important of which is in regard to the initiative for investigation which, under the amended clause, will rest entirely with the Central Government who will refer to the Commission for investigation and report any *prima facie* case of tax evasion.

The table on page 72 gives a summary of the distribution of receipts and disbursements of the Government of India on capital account. An item of special interest is the provision made for the payment of the subscription to the International Monetary Fund as well as for a part payment for the purchase of India's quota of shares in the International Bank for Reconstruction and Development, the expenditure on account of these being estimated at Rs.152.19 crores in 1946-47 and Rs.6.62 crores in 1947-48. The bulk of these payments will be made in the form of non-negotiable non-interest-bearing securities; credit has been taken for these issues by *per contra* debit for Currency Capital Outlay and as and when the securities are cashed by the Fund or Bank, the debit will be taken under Public Debt.

As regards Government's loan programme for 1947-48, the amount expected to be raised by way of market borrowings is placed at Rs.150 crores as against about Rs.112 crores in the revised estimates and Rs.250 crores in the budget estimates for 1946-47. The Small Savings Movement was to be pursued more vigorously, the net receipts during 1947-48 being estimated at Rs.45.45 crores against Rs.35.38 crores during the nine months ended December, 1946 and Rs.62.34 crores in 1945-46.

Referring to the financial aspect of post-war planning, the Finance Member stated that the latest estimate showed that the total resources of the Centre (including borrowing) in the first effective quinquennium for purposes of reconstruction would fall substantially below the Rs.1,000 crores estimated by Government in 1944-45. This, however, has not meant any delay in executing economic programmes, particularly in the provincial sphere where reconstruction schemes have made good progress, subject to the condition that the works programme was so restricted as to avoid competitive increases in building costs. The Centre has made provision in the Capital Budget for 1947-48 for payment to provinces of (i) Rs.45 crores by way of development grants, which are not recoverable but will be adjusted against whatever scheme of Central grant was to be eventually decided upon and (ii) Rs.32 crores (including loans for the Grow More Food Campaign) by way of loans for productive schemes. The Finance Member stressed the need firstly for co-operation between the Centre and the provinces in order to fully exploit their respective tax resources and secondly for having the development and expansion of productive activity as their guiding principle in determining priorities. As regards the Centre's own development schemes, which include schemes of agricultural development, training schemes for technical staff and financial assistance to various scientific, medical and

TABLE 17.—RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA UNDER CAPITAL HEADS.

(In lakhs of rupees)

Receipts				1946-47 Budget	1946-47 Revised	1947-48 Budget	Disbursements				1946-47 Budget	1946-47 Revised	1947-48 Budget
1.	New Loans	..	..	250,00	375,09	150,00	1.	Railways	..	..	19,54	13,42	29,06
2.	Treasury Bills	..	..	14,00	—4,13	20,00	2.	Industrial Development	..	..	3,98	2,67	7,04
3.	Special Floating Loans	..	..	..	139,25	6,60	3.	Currency	..	..	..	152,19	6,62
4.	Small Savings	..	..	67,50	51,68	45,45	4.	Defence Capital Outlay	..	..	1,57	2,00	..
5.	Other Unfunded Debt	..	..	3,95	1,19	98	5.	Grants to Provinces for Development.	..	..	35,00	25,00	45,00
6.	Railway Depreciation and Reserve Funds..	..	..	—13,72	—21,45	4,24	6.	Discharge of Permanent Debt	..	..	70,36	339,14	64,48
7.	Railway Betterment Fund	..	..	15,26	13,81	75	7.	Other Loans and Advances	..	..	3,47	7,93	4,78
8.	Other Reserve Funds	..	..	56	35	2	8.	Advances to Provincial Governments	..	..	17,50	11,50	32,00
9.	Appropriation for Reduction or Avoidance of Debt	..	..	5,00	5,00	5,00	9.	Other Items	..	..	18,30	9,39	29,37
10.	E.P.T. and Income-Tax Deposits	..	..	—10,82	22,81	—55,94	10.	Total Expenditure	..	..	169,72	563,24	218,35
11.	Repayment of Loans by Provinces	..	..	5,58	6,68	2,84	11.	Surplus on Capital Account	..	..	135,52	..	1,66
12.	Other Items	..	..	—32,07	—88,56	40,07							
13.	Deficit on Capital Account	..	..	..	61,52	..							
	Grand Total	..	..	305,24	563,24	220,01		Grand Total	..	..	305,24	563,24	220,01

technological institutions, a provision of over Rs.15 crores has been made in the revenue section of the budget (excluding Railways and Posts and Telegraphs). The Centre will also assume with effect from 1st April, 1947 financial responsibility for the construction and maintenance of National Highways, the amount budgeted for this being Rs. 6½ crores of which Rs. 2¼ crores are provided for in the Revenue budget and the balance in the Capital budget. As regards the subsidised housing scheme provided for in the last year's budget, the response from provinces so far was not adequate though in 1947-48 this is expected to be better. In the meantime, the Centre has decided upon a special scheme of its own for the housing of coal miners, under which Government will pay a subsidy upto 20 per cent subject to a maximum of Rs. 400 per house, towards the cost of houses to be constructed in selected sites in the Bengal and Bihar Coal fields.

Other important proposals in the budget include (i) the appointment of a Committee to examine possible economies and elimination of wasteful expenditure in Government Departments, (ii) the adoption of legislation with a view to controlling speculation on the stock, commodity and bullion markets, and (iii) the nationalisation of the Reserve Bank of India.

48. *Railway Budget.*—The graph on page 75 shows the financial position of railways since 1938-39. The table below compares the budget estimates of State-owned railways including worked lines for 1947-48 with the budget and revised estimates for 1946-47 and the actuals for 1945-46 and the pre-war year 1938-39.

TABLE 18.—REVENUE, EXPENDITURE AND RESERVES OF INDIAN RAILWAYS.

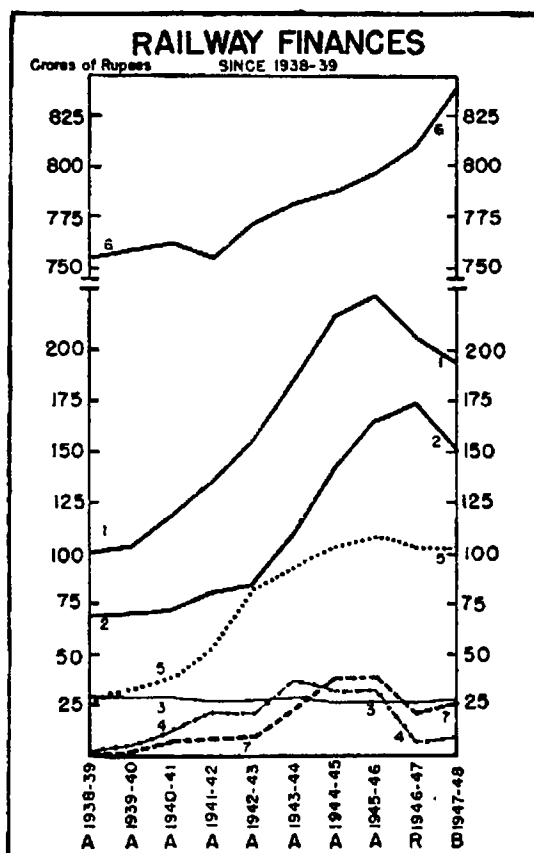
	1938-39 Accounts	1945-46 Accounts	1946-47		1947-48 Budget
			Budget	Revised	
			(In crores of rupees)		
I. Receipts and Expenditure					
Gross Traffic Receipts ..	99.62	2,25.74	1,77.00	2,06.00	1,93.50*
Total Working Expenses ..	69.18	1,84.50	1,40.68	1,73.98	1,52.37
(a) Net Traffic Receipts ..	30.44	61.24	36.32	32.02	41.13
(b) Net Miscellaneous Receipts ..	0.23	4.14	3.14	3.20	2.95
Net Revenue (a + b) ..	30.67	65.38	39.46	35.22	44.08
Interest Charges ..	29.30	27.18	27.24	26.58	26.58
II. Surplus	1.37	38.20	12.22	8.64	17.50*
Contributions to General Revenues ..	1.37	32.00	7.36	5.61	7.50
Contributions to Railway Reserve Fund ..	....	6.20	1.86	0.03	5.06*
Contributions to Railway Betterment Fund ..	....	....	3.00	3.00	5.00
Total Expenditure Charged to Capital ..	2.33	9.85	19.52	13.49	29.21
Total Expenditure Charged to Depreciation Fund ..	7.08	12.01	15.00	17.99	16.09
III. Capital at charge at the end of the year ..	7,55.26	7,96.85	8,20.40	8,10.27	8,39.33
IV. Depreciation Reserve Fund	19.61@	1,02.21†	1,00.61	1,07.45	1,02.67
Not accretions during the year ..	5.48	5.24	—1.78	—4.78	—0.75
Closing Balance ..	25.09@	1,07.45†	98.83	1,02.67	1,01.92

* These estimates include the proposed increases in fares and rates. Government's subsequent decision not to levy surcharge on fares below 8 annas would mean a reduction in these estimates by Rs. 85 lakhs. @ Includes Rs. 9 lakhs on account of loans to branch line companies and also Rs. 31 lakhs on account of investments in branch line shares. In 1942-43 these amounts were transferred to the Railway Reserve Fund Investment Account. † Includes Rs. 1,08 lakhs transferred from Renewal Reserve Fund for permanent way and rolling stock of the Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways.

The accounts for 1945-46 showed a surplus of Rs.38.20 crores as against Rs.32.07 crores in the revised estimates for that year. The increase was partly due to a small rise of Rs.74 lakhs in traffic receipts but mainly on account of a reduction of Rs.4.80 crores in total working expenses caused in large part by the delay in the delivery of wagons expected in 1945-46 resulting in a carrying forward of a part of the anticipated debit to revenue of the inflationary element in the cost of rolling stock. Out of the surplus of Rs.38.20 crores, in accordance with the decision taken in 1943 to fix the contribution to the General Revenues at Rs.32 crores in each of the two years 1944-45 and 1945-46, Rs.32 crores went to the General Revenues; the remaining sum of Rs.6.20 crores was transferred to the Railway Reserve Fund bringing the balance in that Fund to Rs.38.13 crores.

The revised estimates for 1946-47 place gross traffic receipts at Rs.206 crores which exceed the budget estimates for that year by Rs.29 crores. This is accounted for partly by a slower rate of decline in military traffic than had been anticipated; and also by an increase in public passenger traffic which was unexpected, following the partial restoration of pre-war services and facilities, amounting to a total of 1,046 train services covering a daily mileage of over 67,000 restored since the termination of the war upto 1st October, 1946. As against this, total working expenses at Rs.173.98 crores show a rise of Rs.33.30 crores over the budget estimates. Of this, Rs.10½ crores is accounted for by the receipt during the year of the deliveries of rolling stock scheduled for the preceding year, and the consequent debit to revenues of the cost of such deliveries, to the extent of the inflationary element in it; Rs.10 crores by the grant of interim relief and increased dearness allowances with retrospective effect from July, 1945; Rs.6½ crores by the loss on grain shops on account of a further rise in food prices and Rs.1½ crores by the increase in fuel bill. The net result of all these variations is that the surplus in the revised estimates is placed lower at Rs.8.64 crores as against Rs.12.22 crores in the budget. In accordance with the *ad hoc* Agreement arrived at last year fixing the Railways' contribution for 1946-47 to General Revenues at a sum equal to 1 per cent of the capital at charge on commercial lines less loss on strategic lines plus half the balance remaining after setting aside Rs.3 crores for the Betterment Fund, General Revenues will receive only Rs.5.61 crores against the budget estimate of Rs.7.36 crores and the Betterment Fund will receive Rs.3 crores and the balance of Rs.3¼ lakhs will be transferred to the Railway Reserve Fund. The Betterment Fund was inaugurated last year with an initial transfer of Rs.12 crores from the Railway Reserve Fund; the Fund is estimated to stand at Rs.13.80 crores after the credits to it of Rs.3 crores from the surplus for 1946-47 and Rs.22 lakhs from interest and the debit of Rs.1.42 crores for works chargeable to it.

The budget estimates for 1947-48 place total traffic receipts at Rs.183 crores (on the basis of the existing level of fares and freights) as against Rs.206 crores in the revised estimates. The decrease of Rs.23 crores in receipts is due to a reduction of about Rs.13.75 crores of earnings under military traffic and of Rs.3 crores each under parcels traffic and passenger traffic and of Rs.4½ crores under other earnings including goods earnings. Total expenses are also placed lower at Rs.152.37 crores as against Rs.173.98 crores in the revised estimates. This estimate does not take into account the possible effects of the decisions which Government might take on the recommendations of the Adjudicator and the Pay Commission appointed early in 1946. The Transport Member hinted that the House will have to be approached at a later date for supplementary grants to cover any additional expenditure. The fall of



Gross Traffic Receipts 1—1
 Total Working Expenses 2—2
 Interest Charges 3—3
 Contribution to General Revenues 4---4
 Year-end Balances in the Depreciation Reserve Fund 5-----5
 Year-end Capital at Charge 6—6
 Year-end Balances in the Reserve Fund 7----7
 A=Accounts R= Revised
 B=Budget

Rs.21.61 crores in expenditure is due mainly to the fact that the special debits to revenue of a part of the cost of works and rolling stocks ordered during the war would be virtually completed in 1946-47 and partly to the non-recurrence of (i) hire charges on locomotives and wagons owned by the Defence Department and used by the Railways and (ii) arrears of interim relief and dearness allowance accounts. The surplus after deduction of interest charges is placed at Rs.7 crores as against estimated total requirements of Rs.17½ crores to provide for the contributions to General Revenues, the Betterment Fund and the Railway Reserve Fund. A Committee is proposed to be set up to review the whole question of Railway Separation Convention. Pending final decision by the Committee, it has been decided that the contribution to General Revenues should be Rs.7½ crores in view on the one hand of the heavy commitments of the Government of India in respect of large development schemes and on the other of shrinking revenues and public borrowings. A minimum contribution of Rs.5 crores to the Betterment Fund is considered essential in view of the estimated increase in expenditure in future years to defray the cost of amenities for passengers and works connected with staff welfare. As regards the Railway Reserve, an annual addition of Rs.5 crores is required in order to build that Fund within the next few years to a figure which can be regarded as adequate for a commercial concern having a capital at charge of over Rs.800 crores. To cover the gap of about Rs.10½ crores (i.e. the difference between the estimated

surplus of about Rs.7 crores on the basis of existing rates and fares, and the total requirements by way of contributions to General Revenues, Railway Reserve Fund and Betterment Fund), the Transport Member proposed an increase, with effect from 1st March, 1947, of one anna* in the rupee on the existing passenger fares estimated to yield an additional Rs.4½ crores and also an increase from 1st April, 1947 on goods rate estimated to bring in an additional Rs.5½ crores by adjustments in certain special and station-to-station rates which had in the past been fixed unduly low for reasons which are no longer operative. Taking into account the increased receipts expected from the increases in fares and freight rates, the balances in the Betterment Fund, Depreciation Fund and Railway Reserve Fund at the end of 1947-48 are estimated at Rs.14.56 crores, Rs.101.92 crores and Rs.26.45 crores respectively.

A feature of the works programme for the budget year is the provision of a gross total of Rs.58.42 crores, the largest on record, which provides *inter alia* for the commencement of construction of the Kanchrapara Locomotive Manufacture Plant, a large number of staff quarters, the remodelling of a large number of stations and substantial increases in lower class coaching stock. Of this sum, Rs.33.45 crores will be under Capital, Rs.5.50 crores under Betterment Fund and Rs.19.47 crores under Depreciation Fund.

As regards retrenchment, Government have appointed a High Power Committee called the Indian Railways Enquiry Committee 1947, which has been charged *inter alia* with suggesting (i) practical methods of absorbing surplus staff on the Railways and (ii) economies in all branches of the Railway Administration. The need for a revision of the railways' goods rating structure has also engaged the attention of Government who have set up a Standing Committee of Railway Rating Experts for evolving a simple uniform rating system on a rational basis, which would be equitable to the public as well as to the Railways.

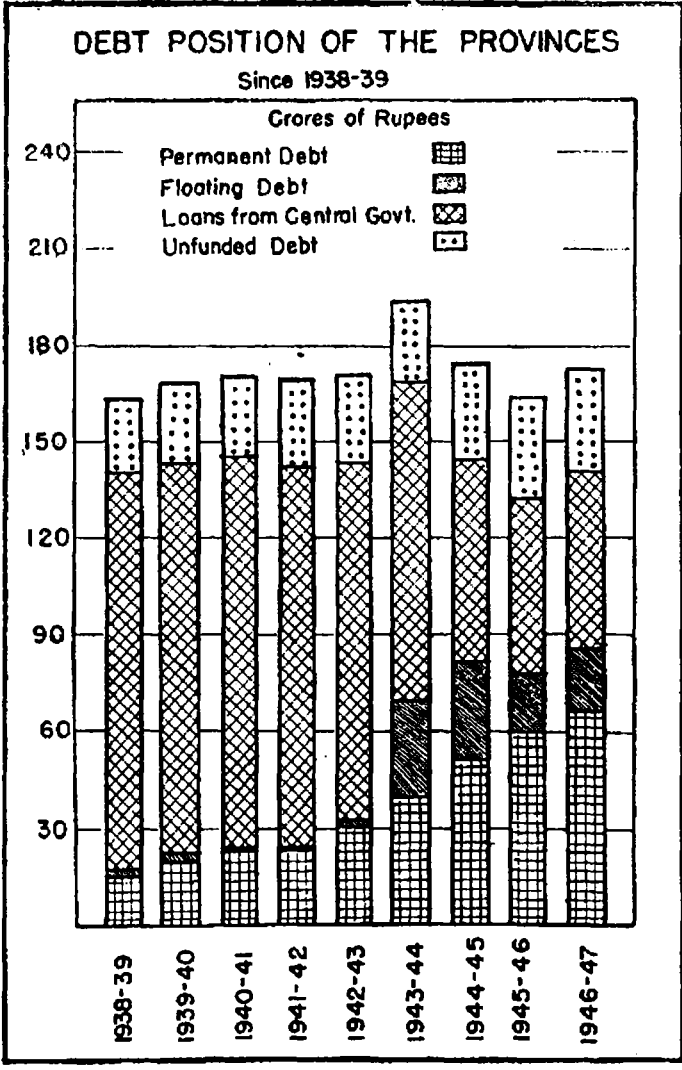
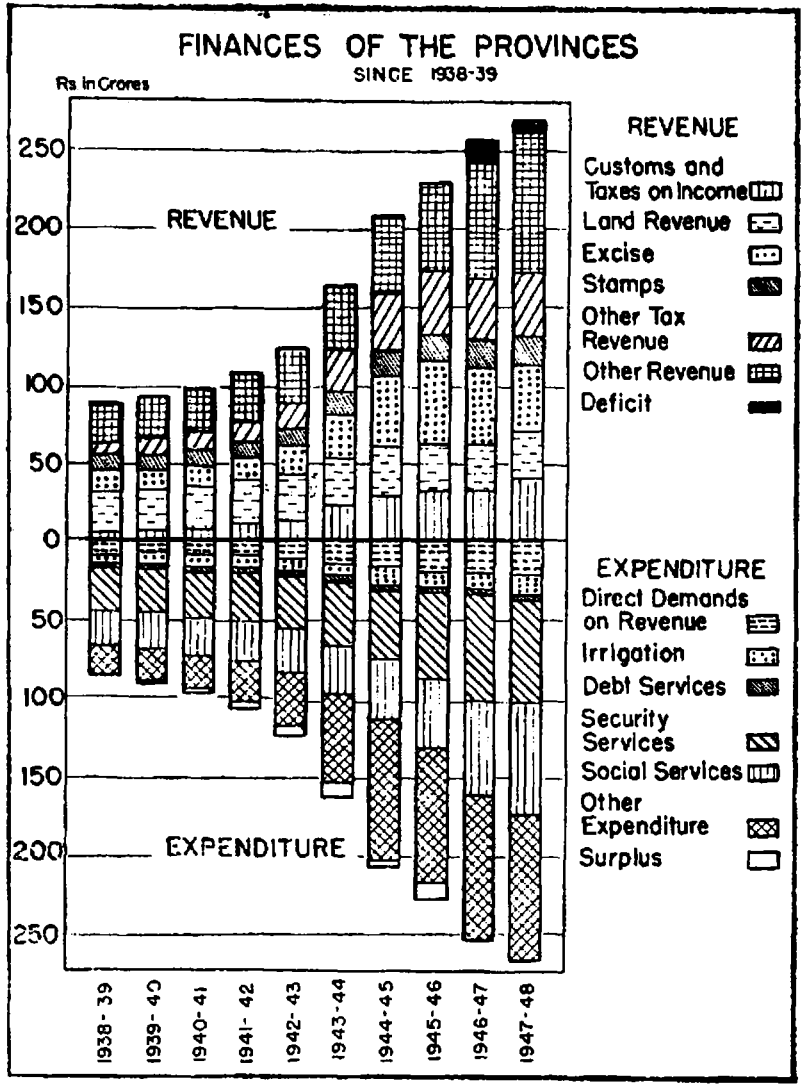
PROVINCIAL GOVERNMENTS:

49. *Provincial Budgets.*—The diagram on page 77 depicts the main features of provincial finances since 1938-39. Statement XIV shows in some detail the revenue receipts and revenue expenditure of each province during the years 1945-46, 1946-47 and 1947-48 and the pre-war year 1938-39. The following table summarises the combined results for all provinces since 1939-40.

	A C C O U N T S								(In lakhs of rupees)	
	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	Revised 1946-47	Budget 1947-48	
Revenue	90,83	97,48	1,07,41	1,24,31	1,63,31	2,08,18	2,29,33	2,43,07	2,60,02	
Expenditure	89,22	95,18	1,03,48	1,18,18	1,53,85	2,04,28	2,18,14	2,54,65	2,67,09	
Total Surpluses ..	2,02	3,21	4,52	6,46	13,04	8,63	11,44	2,27	3,07	
Total Deficits ..	41	91	59	33	3,58	4,73	25	13,85	10,14	
Net Surpluses (+) or Deficits (—)	+1,61	+2,30	+3,93	+6,13	+9,46	+3,90	+11,19	-11,58	-7,07	

A feature of provincial finances as shown by these figures is the successive rise in revenue as well as expenditure during each of the years following the outbreak of the war. The increase in revenue may be attributed to the effects of a number

* During the debate on the budget, the Transport Member agreed to exempt, from the increased rates, fares below eight annas including those of season tickets between points where a single journey fare is eight annas. This concession is expected to cost Rs. 85 lakhs.



of new factors including the rise in agricultural prices, increasing utilisation of provincial resources like forests, additional or new taxation resorted to by most of the provinces and lastly the substantial rise from year to year in the provincial share in the Centre's Divisible Pool of Income-Tax. On the other hand, there has been a more or less corresponding increase under expenditure also, which reflects, among other things, the additional financial burden entailed in respect of police and civil defence measures, dearness and other allowances, outlays on food supply and distribution schemes, allocation of funds by some provinces towards effecting substantial reductions in their debts to the Centre, enhanced expenditure on nation-building activities and the earmarking of funds by most of the provinces for post-war rehabilitation. A second feature is the surplus in revenues revealed by the total figure for all the provinces during each of the war years. This is in striking contrast to the large deficits in the Central Government's budgets resulting mainly from the heavy defence expenditure, there being nothing corresponding to it in the provincial sphere. A point of interest in regard to the picture thus presented by provinces as a whole is that the final accounts for each of the war years without exception have shown a surplus, while the budget estimates as well as the revised estimates had in almost all cases anticipated deficits. It may also be noted that most of the provinces have shown surpluses during the war years, a notable exception being Bengal, which has had heavy deficits particularly in 1943-44 and 1944-45.

As against an anticipated deficit of Rs.4.56 crores in the revised estimates, the actuals for 1945-46 showed a surplus of Rs.11.19 crores, which is the highest on record. This resulted from a large increase amounting to Rs.20.14 crores in revenue which was partially off-set by a comparatively small rise of Rs.4.39 crores in expenditure.

According to the revised estimates for 1946-47, as compared with the original estimates, total revenue at Rs.243.07 crores showed an increase of Rs.17.06 crores while total expenditure at Rs.254.65 crores is expected to show a comparatively large rise of Rs.18.69 crores. In the result, the estimated deficit goes up by Rs.1.63 crores from Rs.9.95 crores to Rs.11.58 crores. The large rise in expenditure is mainly due to increased outlays on account of Security Services including the cost of administration, and also on account of certain urgent development schemes initiated by some of the provinces during the year.

The budget estimates for 1947-48 place total revenue at Rs.260.02 crores and total expenditure at Rs.267.09 crores, the prospective deficit being Rs.7.07 crores. Four provinces, viz., Bengal, Assam, the United Provinces and Orissa are expected to show deficits amounting to a total of Rs.10.14 crores (Bengal alone accounting for Rs.6.20 crores), which is partially off-set by the surpluses shown by six provinces, viz., the Punjab, the Central Provinces and Berar, Bihar, Bombay, Sind and the North-West Frontier Province, the total of surpluses being Rs.3.07 crores of which about 89 per cent is accounted for by the Punjab and the Central Provinces and Berar. The Madras Government have managed to balance their budget by transferring to revenue a sum of Rs.1.49 crores from their Revenue Reserve Fund. Total revenue for all provinces, as compared with the revised estimates for 1946-47, shows a large increase of Rs.16.95 crores from Rs.243.07 crores to Rs.260.02 crores which is due partly to the rise in receipts under the provinces' share of Income-Tax from Rs.29.87 crores to Rs.35.16* crores

* This figure will be Rs. 41.60 crores if the effects of new taxation proposals are included.

and partly due to the inclusion, under revenue, of the grants made by the Central Government to provinces for purposes of post-war development. This rise in revenue is significant in view of the initiation by some provinces of the policy of prohibition in selected districts estimated to result in a loss to revenue of over Rs.9 crores, of which Rs.8.41 crores will be accounted for by Madras, Rs.60 lakhs by the United Provinces and Rs.37 lakhs by the Central Provinces and Berar. The contemplated extension of prohibition in some of the provinces is expected to result in a much larger reduction in revenue under Excise, the loss for Madras alone being estimated at over Rs.10 crores in a full year. Madras, in addition, proposes to abolish the tax on betting at race courses at a loss to revenue of about Rs.18 lakhs. As regards total expenditure, a rise of Rs.12.44 crores from Rs.254.65 crores in the revised estimates for 1946-47 to Rs.267.09 crores is expected, which is partly on account of the increased outlay on nation-building activities. Developmental programmes conform to more or less the same pattern in most of the provinces although there are material differences in emphasis and priority of objectives. Thus, in the Central Provinces and Berar stress is laid on industrialisation while in Bombay the emphasis is on rural reconstruction. Education, however, seems to have received top priority in most provinces; Bombay proposes to spend Rs.5.70 crores as against Rs.3.75 crores in the revised estimates for 1946-47. A not altogether satisfactory feature is the high level of expenditure which provinces as a whole show in respect of Security Services including law and order, total expenditure on which is placed at Rs.65.37 crores in 1947-48. Some of the provinces seem to have realized the need for effecting economy; Bombay and Madras have already created *ad hoc* committees to go into the question of retrenchment; the United Provinces have also decided to follow suit.

As regards taxation, a majority of the provinces propose either to enhance the existing rates or to tap new sources. Thus, increases are proposed in (1) the entertainments tax by the United Provinces, the Central Provinces and Berar, and Madras; (2) the tax on sales of motor spirit by the Central Provinces and Berar, Madras, Bengal, the North-West Frontier Province and Sind and (3) the land revenue assessment by the United Provinces. Proposed new measures of taxation include (1) a sales tax by the Central Provinces and Berar, Assam, Sind and Orissa, (2) an agricultural income-tax by Madras and Orissa, (3) a tax on professions and employment by Assam and (4) an entertainments tax as well as a tax on sale of motor spirit by Orissa. Provinces which have not resorted to additional or new taxation include Bombay, the Punjab and Bihar which have all budgeted for a surplus, and also Bengal which has budgeted for a large deficit. Two provinces, *viz.*, the United Provinces and Madras propose to enter the open market for borrowing. The loan of Rs. 2½ crores to be floated by the United Provinces is intended to meet a part of post-war developmental expenditure, while the loan to be issued by Madras is for financing capital outlay and new loans and advances to municipal bodies, etc.

Other important features in the sphere of provincial finance are (1) the proposal by Madras to nationalise certain basic industries like cement and soda ash, (2) the proposal by Madras and Bombay to nationalise the motor bus transport services and (3) the proposal by Madras to start an Industrial Finance Corporation.

50. *Subventions and Payments from the Centre.*—The table on page 80 shows the subventions and other payments made by the Central Government to provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order

of 1936 as amended in February, 1940 and subsequently; the table also includes the special grants made by the Centre.

TABLE 19.—ALLOCATION OF TAX PROCEEDS, SUBVENTIONS AND GRANTS-IN-AID TO PROVINCES.

Year	(In crores of rupees)					Total
	Income-Tax	Jute duty	Subventions	Other grants-in-aid		
1937-38	1.25	2.65	3.12	....	7.02
1938-39	1.50	2.51	3.03	....	7.04
1939-40	2.79	2.56	3.03	....	8.38
1940-41	4.16	1.85	3.03	....	9.04
1941-42	7.39	1.95	3.03	....	12.37
1942-43	10.90	1.40	2.75	0.01	15.06	
1943-44	19.50	1.38	2.75	3.00	26.63	
1944-45	26.56	1.49	1.70	7.00	36.75	
1945-46	28.75	1.57	1.70	8.00	40.02	
1946-47 (Revised) ..	29.87	2.80	1.70	....	34.37
1947-48 (Budget) ..	35.16*	3.40	1.70	....	40.26

* This figure will be Rs. 41.66 crores if the effects of new taxation proposals are included.

The Government of India (Distribution of Revenues) Order of 1936 had fixed the provincial share from out of the Divisible Pool of Income-Tax at 50 per cent; the Order had also laid down that the Central Government in addition to its own share shall retain during the first five-year period beginning with 1937-38 either the whole of the province's share or such part of it as will, together with the Railways' contribution to General Revenues, bring the Central Government's share to Rs.13 crores. This Order was subsequently amended in February, 1940 enabling the Centre to retain from the provincial moiety for each of the three years, 1939-40, 1940-41 and 1941-42, a sum of Rs.4.50 crores. The same arrangement was continued for 1942-43, 1943-44 and 1944-45 under amendments made to the Order in April, 1943 and the succeeding two years. But for the above-mentioned amendments the first five-year period during which the Centre could retain a part of the provincial share prescribed by the Order of 1936 should have ended with 1941-42 and the second five-year period during which the Centre should have re-assigned to the provinces the amount retained by the former from the latter's share should have commenced with 1942-43. As a result of the amendments, however, the second five-year period commenced with 1946-47 for which year the amount to be retained by the Centre from the provincial share was reduced from Rs.4.50 crores in 1945-46 to Rs.3.75 crores. The sum to be retained by the Centre during 1947-48 has been placed lower at Rs.3 crores. Statement XIII gives particulars of the payments in respect of each province.

As indicated in the table on page 81, the provincial share in the revised estimates for 1946-47 is placed at Rs.29.87 crores after adjusting an overpayment of Rs.1.28 crores in 1945-46. This is lower than in the budget estimates by Rs.2.52 crores,

mainly as a result of a decrease in the Divisible Pool from Rs.72·27 crores to Rs.69·81 crores. The budget for 1947-48 estimates the provincial share at Rs.35·16 crores,* the total Divisible Pool having been placed higher at Rs.76·33 crores.

TABLE 20.—DIVISIBLE POOL OF TAXES ON INCOME AND DISTRIBUTION BETWEEN THE CENTRE AND THE PROVINCES.

	(In lakhs of rupees)		
	Budget 1946-47	Revised 1946-47	Budget 1947-48
Total Taxes on Income other than Corporation Tax, excluding Central Surcharge	79,81	76,97	83,86
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces and miscellaneous receipts	6,90	6,37	6,39
Share of cost of collection	64	79	1,14
Balance	72,27	69,81	70,33
Deduct—Amount to be retained by the Central Government	39,68	38,66	41,17
Amount payable to Provinces	32,39	31,15	35,16
Deduct—Previous year's overpayments .. .. .	....	-1,28	....
Total ..	32,39	29,87	35,16*

The share of jute export duty assigned to the producing provinces, *viz.*, Bengal, Bihar, Assam and Orissa is estimated at Rs.2,80 lakhs in the revised estimates for 1946-47 and at Rs.3,40 lakhs in the budget estimates for 1947-48, as compared with Rs.1,57 lakhs in the accounts for 1945-46, the increase being mainly on account of the enhancement with effect from 23rd October, 1946 of the export duty on raw jute and jute goods.

B. PUBLIC DEBT

51. *General.*—The debt position of the Central and the Provincial Governments during the war and post-war years is revealed in the table on page 65 and the diagrams on pages 66 and 77. With a further reduction in wartime expenditure and increased efforts towards minimising the gap between Government revenue and expenditure, there was a comparatively smaller addition to the rupee debt of the Central Government during the year than during the previous year; the increase in the debt amounted to Rs.203 crores against Rs.366 crores in 1945-46. The market borrowings of the Government during the year amounted to Rs.112 crores which, however, fell far short of the figure for long-term borrowing of Rs.250 crores envisaged in the budget for 1946-47; the pre-occupation of the Government with the conversion operations of the 3½ per cent non-terminable loans, the prevalence of disturbed conditions over a wide part of the country particularly towards the later part of the year, and the emergence of stringent conditions in the money market caused by varied demands for funds arising out of the need for financing imports, disposals, etc., mainly accounted for this short-fall. An important feature of the current year's addition to the debt related to the creation and issue of special floating loans, in the shape of non-negotiable, non-interest-bearing securities

* This figure will be Rs. 41·66 crores if the effects of new taxation proposals are included.

for Rs.139·25 crores for the payment of the subscription to the International Monetary Fund and for a part payment for the purchase of India's quota of shares in the International Bank for Reconstruction and Development. A borrowing programme of Rs.150 crores of long-term loans is anticipated for the year 1947-48. The reduction in the sterling debt during the year was small, the amount outstanding at the end of the year declining from Rs.63·70 crores at the end of March, 1946 to Rs.59·06 crores. Partly as a result of the conversion operations in respect of the 3½ per cent Rupee Paper and partly also as a result of a slight increase in the outstandings of the other obligations of the Central Government (which include for the year the special floating loans), coupled with the satisfactory cash and investment position of the Central Government, the composition of the public debt underwent further changes. The proportions of the outstandings of undated and dated loans and treasury bills to total rupee debt declined respectively from 14·7 per cent, 62·4 per cent and 4·3 per cent at the end of 1945-46 to 11·9 per cent, 59·3 per cent and 3·6 per cent at the end of 1946-47. The proportion of postal savings and other obligations, however, showed a rise from 18·6 per cent to 25·1 per cent over the same period.

As against an anticipated total rise of about Rs.6 crores in the revised estimates the provincial debt position at the end of 1945-46 (accounts) reflected a further decline in the outstandings, partly resulting from the reduction in the outstanding floating debt and loans from the Central Government. The total increase in the debt during 1946-47 amounted to about Rs.9 crores from Rs.162·97 crores to Rs.172·43 crores (*vide* Statement XV), which represented a very small addition in the context of the need for large provincial borrowings to implement the several blue-prints for post-war development schemes prepared by the provinces. Madras and the United Provinces were the only Provincial Governments which resorted to long-term borrowing during the year.

(a) GOVERNMENT BALANCES AND SHORT-TERM BORROWING

CENTRAL GOVERNMENT :

52. *Balances.*—Statement XVI shows the respective balances of the Central and Provincial Governments with the Reserve Bank as well as at Government Treasuries at the end of each month during 1946-47. The year under report witnessed a marked improvement over 1945-46 in the average level of month-end balances maintained by the Central Government with the Bank. The progressive rise in the month-end balances of the Central Government which had continued from March, 1944 to end of April, 1946 received a set-back in May, 1946 after which the balances fluctuated within narrow limits, reflecting mainly the effects of Government's borrowing and repayments programme. From the peak level of Rs.538·06 crores reached at the end of April, the balances declined to Rs.462·24 crores at the end of June and after a slight rise to Rs.500·04 crores at the end of August again fell to Rs.422·85 crores by the end of March, 1947 representing the lowest level for the year. During the first half of the year the balances were on a higher level than during the corresponding period of the previous year, while from November onwards they were at a lower level every month as compared with the corresponding period of the previous year, the respective balances for November and March for the two years 1946-47 and 1945-46 being Rs.457·07 crores and Rs.422·85 crores and Rs. 468·13 crores and Rs.527·20 crores. The average of the month-end balances during the year at Rs.469·01 crores was higher than the average for 1945-46 at Rs.402·14

crores. The highest, lowest and average month-end balances of the Central Government with the Bank for each of the years 1939-40 to 1946-47 together with the year-end balances are shown in the table below.

Year	(In crores of rupees)			
	Highest	Lowest	Average	Year-end
1939-40	15.65 (March)	5.03 (July)	8.29	15.65
1940-41	23.08 (February)	3.97 (April)	10.19	13.57
1941-42	58.68 (February)	5.49 (June)	15.77	15.15
1942-43	25.88 (February)	1.57 (August)	12.10	17.41
1943-44	83.49 (March)	8.39 (June)	30.25	83.49
1944-45	270.54 (January)	56.27 (May)	173.69	268.79
1945-46	527.20 (March)	266.61 (May)	402.14	527.20
1946-47	538.06 (April)	422.85 (March)	469.01	422.85

53. *Treasury Bills*.—Details of transactions in Central Government treasury bills since 1918-19 are given in Statement XVII. Particulars of weekly and monthly transactions in these bills during 1946-47 are given respectively in Statements XVIII and XIX. Total outstandings of treasury bills further declined to Rs.77.59 crores at the end of the year from Rs.83.33 crores at the end of 1945-46. Total outstandings with the public were also at a lower level throughout the year as compared with last year, the lowest level for the year at Rs.3.30 crores having been reached in the last week of June; they declined by Rs.18.10 crores from Rs.31.46 crores at the end of 1945-46 to Rs.13.36 crores at the end of 1946-47. The average rate of accepted tenders worked out to Re.0-6-9 for the year as against Re.0-6-4 for the previous year. Owing to the suspension of the sales of treasury bills from 26th March, 1946 upto the last week of June, the total amount offered for tender was only Rs.80 crores as against Rs.160 crores during 1945-46. As against this offer, the amount tendered by the public amounted to Rs.104.97 crores as compared with Rs. 204.78 crores during 1945-46, the percentage of applications to amount offered being higher at 131 as against 128 in 1945-46. The weekly offer of Rs.2 crores with which the year commenced was maintained throughout the year except for the first three weeks of July when it was raised to Rs.4 crores. The amount of maturing treasury bills offered in lieu of cash under the option given in 1942-43 to subscribers aggregated only Rs.5.22 crores as compared with Rs.26.59 crores in 1945-46, Rs.20.80 crores in 1944-45 and Rs.16.50 crores in 1943-44.

The amount of Central Government treasury bills sold during the year in favour of the Issue Department of the Reserve Bank of India was Rs.220.30 crores as against Rs.161.99 crores in the preceding year. The requirements of the Provincial Governments in regard to the investment of their surplus funds in the Central Government treasury bills continued to be met from the holdings of the Issue Department, the amount thus sold being replaced by purchases from the Central Government on tap. All the provinces except Assam and Bengal invested in Central Government treasury bills, the total of their investments increasing from Rs.105.89 crores during 1945-46 to Rs.176.53 crores during 1946-47 of which Bombay accounted for Rs.79.30 crores or 45 per cent, Sind Rs.23.99 crores, Madras Rs.23.90 crores, Bihar Rs.19.49 crores, the Central Provinces and Berar Rs.11.05 crores, the United Provinces

Rs.11.00 crores and Orissa, the Punjab and the North-West Frontier Province a total of Rs.7.80 crores. Total bills held by the provinces at the end of the year amounted to Rs.49.83 crores as against Rs.36.80 crores at the end of 1945-46.

Comparatively easy money conditions continued to prevail in the short-term money market during the early part of the year; towards the later part, however, there was a tendency for the rates to harden owing partly to the increased demand for financing the rising level of imports and disposals of surplus stores and the unwillingness of the lenders to part with funds at the current rates. During June, July, October, the last three weeks of January and the first week of March, the amount tendered for treasury bills was largely in excess of offers, the total amount tendered during July being Rs.38.71 crores as against the total offer of Rs.14 crores. During the rest of the year, tenders always fell short of offers, and the Bank had to reject tenders which were regarded as unduly low. As against the total tender during 1946-47 of Rs.104.97 crores, total sales amounted to Rs.51.27 crores, as compared with Rs.204.78 crores and Rs.117.91 crores respectively during 1945-46, the ratio of sales to tenders declining to 49 per cent from 58 per cent in the previous year.

The weekly average rate of accepted tenders was kept around Re.0-7-0 almost throughout the year. From Re.0-6-0 during the last week of June the rate moved up to Re.0-7-0 in the last week of July, around which level it continued for the rest of the year except during the second and third weeks of November, when it was lowered to Re.0-6-0 and Re.0-6-8 respectively.

54. *Yield on Treasury Bills.*—Statement XIX shows the average yield per cent per annum on Central Government treasury bills sold to the public during each month of 1945-46 and 1946-47. The total realisations in respect of treasury bills during the year amounted to Rs.51.22 crores as against the aggregate sales of the face value of Rs.51.27 crores, the corresponding figures for the previous year being Rs.117.79 crores and Rs.117.91 crores. As against 0.40 per cent for 1945-46, the average monthly yield for 1946-47 slightly improved to 0.42 per cent. The yield which was 0.38 per cent in June rose to 0.44 per cent in August and fluctuated around that level for the rest of the year.

55. *Ways and Means Advances.*—In view of abundant balances with the Reserve Bank of India, the Central Government felt no need to approach the Bank for accommodation this year also, the last year in which recourse was had to accommodation from the Bank to the tune of Rs. 31 crores being 1943-44.

PROVINCIAL GOVERNMENTS :

56. *Balances and Ways and Means Advances.*—During the year, the aggregate month-end balances of the Provincial Governments with the Reserve Bank were at a higher level than during the corresponding months of the previous year except in May, June and September, 1946, and February and March, 1947 (*vide* Statement XVI). The average of the month-end balances for the year worked out to Rs.20.61 crores as against Rs.19.36 crores during 1945-46, Rs.17.52 crores during 1944-45 and Rs.12.86 crores during 1943-44. The year-end balances of the provinces for the year aggregated Rs.30.89 crores of which Bengal, the United Provinces and Madras accounted for Rs.18.32 crores or 59 per cent. The average of the month-end balances maintained at treasuries was higher than in 1945-46 by Rs.2 lakhs at Rs.1.79 crores.

During the year, Assam, the Central Provinces and Berar, Bihar, the Punjab and Madras had recourse to ways and means advances. The total advances to provinces were lower at Rs. 2·27 crores for the year as against Rs. 7·67 crores and Rs. 13·01 crores respectively during 1945-46 and 1944-45. Assam, Bihar and the Punjab accounted for Rs. 2·10 crores, the respective share of each being Rs. 56 lakhs, Rs. 40 lakhs and Rs. 1,14 lakhs. There was no outstanding amount at the end of the year against any province.

57. *Treasury Bills*.—Statement XXI shows the sale of treasury bills by Provincial Governments and the Government of Burma during the year, while Statement XX shows the yearly treasury bill transactions of the provinces since 1938-39 when they commenced borrowing in this form. The total sales by the provinces at Rs. 16·50 crores were lower than in 1945-46 and 1944-45 when they amounted to Rs. 35·50 crores and Rs. 53·50 crores respectively. Assam and Bengal were the two provinces which resorted to the short-term market, the amount of treasury bills sold by them being Rs. 4 crores and Rs. 12·50 crores respectively. The outstandings at the end of the year amounted to Rs. 9 crores, Assam accounting for Rs. 1 crore and Bengal Rs. 8 crores. The average yield on provincial treasury bills was 0·49 per cent compared with 0·44 per cent during 1945-46 and 0·56 per cent in 1944-45.

For the first time since the cessation of hostilities, the Government of Burma resumed the floatation of treasury bills early in September. As against a total offer for the year of Rs. 5·00 crores, the amounts tendered and accepted were Rs. 5·70 crores and Rs. 5·00 crores respectively. The Burma Government also sold on tap during the year bills of the face value of Rs. 5·17 crores. The average rate of discount per cent per annum worked out to Re. 0-11-9. The treasury bill floatation appeared to have been designed to help the creation of a healthy money market in the country, to provide a check to the inflationary pressures and to assist the financing of Government-sponsored schemes of rehabilitation. The outstandings at the end of the year amounted to Rs. 1·14 crores.

(b) LONG-TERM DEBT AND OTHER BORROWING

58. *Government of India Loans*.—The policy of floating loans at progressively lower rates of interest was continued during the year by Government. The new loans floated by them including the conversion issues were generally well received, with the exception of the 2½ per cent Loan 1954, and contributed to the firmness of the gilt-edged market. Though a borrowing programme for Rs. 250 crores was anticipated in the budget for 1946-47, the actual results for the year fell short of the estimated target, owing partly to Government's preoccupation with the conversion operations during months when new loans are generally floated. The new issues created in respect of the loans floated during the year were made available for sale, as usual, on tap by the Reserve Bank of India on Government account, through the usual procedure for the sale of rupee counterparts and special issues at prices ascertainable from the Bank. The total subscriptions to the Central Government loans during the year amounted to Rs. 112 crores as compared with Rs. 316 crores in the preceding year.

Mention was made in the last year's Report of the floatation by the Central Government of a medium-dated loan bearing interest at 2½ per cent and repayable at par in 1960. Government created on 9th April, a special issue of Rs. 20 crores

of this loan which was made available on tap through the usual procedure for the sale of special issues. On 22nd July, Government announced their decision to float a new medium-dated loan for approximately Rs.35 crores bearing interest at $2\frac{1}{2}$ per cent and repayable at par on 1st August, 1961, at an issue price of Rs.100 for every Rs.100 nominal. The loan which opened for subscription on 1st August, was closed within an hour of its opening, having been by then oversubscribed. This was followed by the creation on 5th August, of a special issue of Rs.20 crores of the same loan which was made available for sale on tap on Government account by the Reserve Bank of India at prices to be ascertained from the Bank.

In conformity with their policy of cheap money, Government announced on 8th November, the floatation of a new loan for Rs.35 crores bearing interest at $2\frac{1}{2}$ per cent and repayable at par on 15th November, 1954. The issue price of the loan was Rs.99-8-0 for every Rs.100 nominal. The list opened for subscription on 15th November, and closed on the same day, the subscriptions including the amount taken up by Government having amounted to Rs.35 crores. These scrips were subsequently made available for sale on tap with effect from 27th November.

Government also floated two new loans *viz.*, the 3 per cent Loan 1986 or later (Conversion Loan of 1946) and the $2\frac{1}{2}$ per cent Loan 1976 in terms of their notification dated 24th May, 1946. Subscriptions to these loans were invited by the conversion of the $3\frac{1}{2}$ per cent non-terminable loans which were notified for redemption under that notification. Applications for conversion were received during the period between 15th August, 1946 and 14th October. The issue price of the former loan was Rs.100 for every Rs.100 nominal and of the latter was Rs.99 for every Rs.100. The former was not repayable earlier than 16th September, 1986 but redeemable at the option of Government either on or after that date on three calendar months' notice while the latter was repayable at par on 16th September, 1976. The total amount subscribed to the two loans by conversion amounted to Rs.246.84 crores and Rs.14.74 crores respectively.

The Three-Year Interest-Free Defence Bonds which were first issued in June 1940 and were on tap till 14th May, 1946, were closed for further subscription on that date. Of the total issue of approximately Rs.3.73 crores (including renewals), the total amount repaid upto 31st March, 1947 amounted to Rs.3.34 crores while Rs.68,100 were converted into the 3 per cent Loan 1951-54 in the previous years.

In the following table are given the rates at which the loans issued during the year were made available on tap.

TABLE 21.—SALES OF SPECIAL ISSUES DURING 1946-47.

Loan	Date of creation of special issue	Amount of special issue created	Date of commencement of sales on tap	Selling price (exclusive of accrued interest)
2 $\frac{1}{2}$ % Loan 1960	9th April, 1946	Rs. 20 crores	9th April, 1946	Rs. 100-8-0
2 $\frac{1}{2}$ % Loan 1961	5th August 1946	Rs. 20 crores	5th August, 1946	Rs. 100-4-0

In addition, the $2\frac{1}{2}$ per cent Loan 1954 was also sold on tap from the balances held on Central Government account at Rs. 99-10-0 per cent (exclusive of accrued interest) with effect from 27th November, 1946.

As compared with the previous year, the outstandings with the public and the Bank of rupee counterparts of repatriated loans showed a huge decline of Rs.142·14 crores, resulting mainly from the reduction of Rs.142·15 crores of the 3½ per cent Paper (following the redemption of this loan) off-set by a small increase of Rs.1 lakh of the 3 per cent Loan 1954-59. The following table shows the outstandings of the various counterparts as at the end of each year since 1940-41.

TABLE 22.—OUTSTANDINGS OF RUPEE COUNTERPARTS OF REPATRIATED STERLING LOANS.

	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47
	(In crores of rupees)						
3 per cent Paper ..	2·89	3·39	3·97	5·28	5·28	6·37	6·37
3½ " " ..	9·38	17·26	55·73	133·78	148·73	142·15	..
5 " " 1942-47 ..	7·45	0·29	..	..	..	..	..
4½ " " 1950-55 ..	18·72	8·08	8·08	6·73	6·74	6·50	6·50
4½ " " 1958-68 ..	7·27	5·84	5·84	5·85	5·85	5·85	5·85
4 " " 1948-53 ..	6·36	4·72	5·02	5·02	5·02	5·02	5·02
3½ " " 1954-59 ..	3·98	12·24	12·32	12·35	12·37	12·37	12·38
3 " " 1949-52 ..	5·24	7·28	7·48	7·48	7·48	7·48	7·48
3 " " 1951-54* ..	..	10·95	16·79	16·79	16·79	16·79	16·79
3 " " 1963-65† ..	..	13·05	16·01	16·01	16·01	16·01	16·01
Total ..	61·27	83·10	131·24	209·29	224·26	218·54	76·40

* Created against conversion of 4½ per cent Loan 1950-55 for Rs. 15,16,37,400.

† Created against conversion of 4½ per cent Loan 1958-68 for Rs. 13,40,10,200.

59. *Repayment of Loans.*—The 3 per cent Six-Year Defence Bonds 1946 and the 3 per cent Defence Bonds 1946 issued respectively in June and August 1940 fell due for repayment on 1st August, 1946 in accordance with the notice of redemption given by Government on 3rd July, 1946. Of the outstanding balances of Rs.65·14 crores of the two issues on 31st July, 1946, Rs.63·38 crores were repaid upto 31st March, 1947, the balance outstanding on that date being Rs.1·76 crores.

In view of the considerable wartime growth in public debt the annual appropriation for reduction or avoidance of debt, of Rs. 3 crores (made from revenue since 1934-35) was raised to Rs. 5 crores from 1946-47. Accordingly a sum of Rs. 5 crores has been set apart for debt reduction for the year 1947-48 also. Particulars of provision for reduction of debt for the three years 1945-46 to 1947-48, are given below.

	(In lakhs of rupees)		
	1945-46 (Accounts)	1946-47 (Revised)	1947-48 (Budget)
1. Sinking Fund ..	95·04	..	..
2. Other Appropriations ..	204·96	500·00	500·00
Total ..	300·00	500·00	500·00

60. *Conversion of the 3½ per cent Non-terminable Loans.*—The most significant financial event of the year was the piloting by Government of the conversion operations in respect of the 3½ per cent non-terminable loans. Government gave notice on 24th May, of their decision to repay on 16th September, the outstanding balances of these loans, aggregating Rs.272·90 crores on 31st May, 1946 and to offer facilities for their conversion from 15th August to 16th September, which limit was subsequently extended to 14th October. In terms of this notification, holders were allowed the option of converting their holdings into either of the two new loans, viz., the 3 per cent Loan 1986 or later (the 3 per cent Conversion

Loan of 1946) or the 2½ per cent Loan 1976 (*vide* para 58). In view of this decision to redeem the non-terminable loans, Government by another notification of the same date withdrew with immediate effect the facilities for the conversion of the 3 per cent Loan 1896-97 into the 3½ per cent non-terminable loan 1900-01 as provided for in their notification of 3rd November, 1908. As against the total outstandings of Rs.272·90 crores on 31st May, 1946, the total amount tendered for conversion into the 3 per cent Loan 1986 or later and the 2½ per cent Loan 1976 amounted, upto 14th October (the last date for conversion) to Rs.246·84 crores and Rs.14·59 crores respectively. Of the remaining Rs.11·47 crores to be repaid in cash, the value of securities actually surrendered for repayment upto 31st March, 1947 came to Rs.3·52 crores, the balance outstanding on that date being Rs.7·95 crores. As a result of the conversion operations, the annual saving to the Government of India by way of reduction in the interest charges will be of the order of Rs.1·35 crores.

61. *Composition of Total Rupee and Sterling Debt.*—Statement XXII gives the outstandings of the rupee and sterling debt of the Government of India at the end of each quinquennium from 1913-14 to 1938-39 and at the end of each financial year thereafter. The terminable part of the funded debt (inclusive of the Railway Annuities) is classified according to the period of maturity.

The public debt of India (including the unfunded debt and other obligations) registered a further increase of Rs.198·17 crores at the end of March, 1947, with the total outstanding rising to Rs.2,198·82 crores from Rs.2,000·65 crores at the end of 1945-46. The sterling debt showed a slight decline from Rs.63·70 crores at the end of 1945-46 to Rs.59·06 crores made up of loans amounting to Rs.55·44 crores and service funds Rs.3·62 crores.

According to the Explanatory Memorandum on the Central Government budget for 1947-48, the total interest-bearing obligations of the Government of India increased by Rs.1,176 crores from Rs.1,206 crores at the end of 1938-39 to Rs.2,382 crores at the end of 1946-47 (revised). The figures include *inter alia* liabilities in respect of the British war loan suspended since 1931-32, and the balances of depreciation and reserve funds of Railways, Posts and Telegraphs and Income-Tax. After excluding these liabilities, the total regular interest-bearing debt would amount to Rs.2,032 crores at the end of 1946-47 (revised) as compared with Rs.1,158 crores at the end of 1938-39; according to the budget estimates it is expected to amount to Rs.2,189 crores at the end of 1947-48. As against the total interest-bearing obligations of Rs.2,382 crores at the end of 1946-47, the assets of the Government of India aggregate Rs.1,515 crores comprising (1) the capital outlay on Railways, Rs.808 crores, (2) the capital advanced to other commercial departments of the Central Government, provinces and States etc., Rs.122 crores, (3) the debt due from Burma, Rs.48 crores, (4) the deposits with His Majesty's Government for redemption of Railway Annuities, Rs.22 crores, and (5) the cash and securities held on treasury account, Rs.514 crores.

62. *Conversion of Government Promissory Notes into Stock Certificates and Subsidiary General Ledger Accounts.*—Conversions of Government Promissory Notes into Stock Certificates during 1946-47 amounted to Rs.35·32 crores, compared with Rs.42·28 crores during 1945-46 and Rs.44·95 crores in 1944-45, the total amount converted since 1st March, 1942, when the scheme for conversion (without charge) of Promissory Notes into Stock Certificates and *vice versa* came into force, being Rs.353·93 crores. Reconversions of Stock Certificates into Promissory Notes during

1946-47 amounted to Rs.28.15 crores as against Rs.18.99 crores in 1945-46 and Rs.18.44 crores in 1944-45, and the aggregate of Rs.96.89 crores since 1942. Institutional investors continued to avail themselves of the facility allowed by the Bank for holding securities in Subsidiary General Ledger Accounts. The distribution of the rupee debt according to the form in which it is held is shown below.

PERCENTAGE TO TOTAL RUPEE DEBT.

As on 31st March	G. P. Notes	Stock Certificates	S.G.L.A./c ₁	Misc. (i.e., G. P. Notes & Stock Certificates held in London)
1942	53.69	15.40	30.57	0.34
1943	25.60	31.28	42.85	0.27
1944	32.65	28.88	38.27	0.20
1945	37.05	25.95	36.85	0.15
1946	37.70	22.66	39.53	0.11
1947	35.90	22.26	41.80	0.04

The preference of the investors to hold securities in Subsidiary General Ledger Accounts is indicated by the distribution of a larger percentage of the rupee debt under this account at the end of March, 1947, the percentage of holdings in Government Promissory Notes and Stock Certificates slightly declining from 37.70 and 22.66 respectively on 31st March, 1946 to 35.90 and 22.26 on 31st March, 1947.

63. *Small Savings*.—Statement XXIII shows the transactions in Post Office Five-Year Cash Certificates since their inception in 1917-18, Ten-Year Defence Savings Certificates first introduced in June, 1940 and Twelve-Year National Savings Certificates issued from 1st October, 1943 to replace the Ten-Year Defence Savings Certificates. Statement XXIV gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from 1st April, 1941. Particulars of monthly transactions in the various types of small savings are given in Statement XXV. The net investment during the year in all these forms of savings was lower at Rs. 44.54 crores, averaging monthly Rs. 3.71 crores as against Rs. 62.34 crores or an average of Rs. 5.20 crores in 1945-46.

A noteworthy development in the small savings movement during the year was the announcement by Government on 17th June, 1946 of their decision to close the Post Office Defence Savings Bank Accounts with effect from 1st April, 1947. By a notification of the same date Government stopped the opening of new accounts or depositing into existing Post Office Defence Savings Bank Accounts after 30th June, 1946 and depositors were allowed the option of transferring their balances in these accounts into Savings Bank Accounts.

By a notification dated 12th August, 1946 facilities have been provided to Indian soldiers for the deposit of their post-war gratuity and other payments (made to them at the time of demobilisation), into the Indian Soldiers' Privileged Savings Bank Accounts, the rate of interest payable on such accounts being one per cent higher than that prevailing on ordinary Post Office Savings Bank Accounts. The opening of Savings Bank Accounts for the deposit of post-war gratuities was stopped from 12th August, by a notification of the same date which provided for the transfer

of the balances in the existing accounts to the Indian Soldiers' Privileged Savings Bank Accounts. This facility was, however, extended till 1st October, 1946 by a subsequent notification dated 11th September, 1946. The following table gives particulars of the various forms of small savings since 1940-41.

(In lakhs of rupees)

Outstandings of	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47*
Cash Certificates	46,98	39,01	34,57	34,64	35,82	38,76	39,23
Defence Savings Certificates ..	2,29	4,35	5,56	6,97	6,42	5,92	5,20
National Savings Certificates..	..	..	..	8,65	28,19	51,30	70,56
Savings Bank Deposit ..	59,51	52,07	52,22	64,18	80,22	115,04	140,35
Defence Savings Bank Deposits ..	..	11	40	3,98	8,53	10,50	10,72
Total ..	108,78	95,54	92,75	118,42	159,18	221,52	266,06

* Preliminary.

The yield (tax-free) on Post Office Five-Year Cash Certificates, the Ten-Year Defence Savings Certificates and the Twelve-Year National Savings Certificates remained unchanged respectively at $2\frac{1}{2}$ per cent, $3\frac{1}{8}$ per cent and $3\frac{1}{2}$ per cent compound interest. New investments in Post Office Cash Certificates during the year were lower by Rs.1.69 crores at Rs.4.98 crores, while withdrawals at Rs. 4.50 crores were higher than in 1945-46 by Rs.78 lakhs, the amount outstanding at the end of the year being Rs.39.23 crores as against Rs.38.76 crores at the end of 1945-46. Repayments in respect of Defence Savings Certificates were higher at Rs.73 lakhs, the outstandings declining to Rs.5.20 crores. Total investments in National Savings Certificates (including the Hyderabad State National Savings Certificates) were lower than during 1945-46 at Rs.21.71 crores, while repayments were higher at Rs.2.43 crores, the outstandings at the end of the year amounting to Rs.70.56 crores against Rs.51.30 crores at the end of 1945-46. The total deposits in the Post Office Savings Bank Accounts were at the highest at Rs.89.38 crores which worked out at a monthly average of Rs.7.45 crores compared with Rs.6.20 crores during 1945-46, while withdrawals at Rs.64.07 crores were also higher than in 1945-46, the monthly average of withdrawals amounting to Rs.5.34 crores as against Rs.3.44 crores in 1945-46. The outstandings at the end of the year amounted to Rs.140.35 crores as against Rs.115.04 crores at the end of 1945-46. Owing to closure of the accounts in Post Office Defence Savings Bank after 30th June, 1946 the total investments in this account during the year were only Rs.27 lakhs, the outstandings for the year rising by only Rs.22 lakhs to Rs.10.72 crores.

64. *Provincial Loans.*—On 27th August, 1946 two Provincial Governments, viz., Madras and the United Provinces simultaneously announced the issue of medium-dated loans of the face value of Rs.4 crores and Rs.2.50 crores respectively at a uniform issue price of Rs.100-8-0 for every Rs.100 nominal, bearing interest at $2\frac{3}{4}$ per cent per annum and repayable at par on 1st September, 1961. The proceeds of the Madras loan (to which the Provincial Government subscribed Rs.25 lakhs from the funds under their control) were to be utilised for capital expenditure on industrial development, while those of the United Provinces loan were intended to repay a part of the province's consolidated debt due to the Centre, carrying a higher

rate of interest. The loans opened for subscription on 2nd September, and closed on the same day, the United Provinces loan having been oversubscribed, while the Madras loan was fully subscribed after the transfer of options from the United Provinces loan and a call on the underwriters for the balance not covered by public subscription. The amount of the United Provinces Encumbered Estates Act Bonds issued during the year was Rs.36.46 lakhs as against Rs.57.22 lakhs in the preceding year. These bonds have been issued on tap since 1940 in terms of Section 30 of the United Provinces Encumbered Estates Act, 1934 for the relief of encumbered estates in the province.

No Provincial Government loan fell due for repayment during the year; but the 3½ per cent United Provinces Encumbered Estates Act Bonds of the nominal value of Rs.9.06 lakhs were discharged during the year, the balance outstanding at the end of March, 1947 being Rs.2.84 lakhs.

65. *Repatriation of Sterling Debt.*—The transactions in respect of the repatriation of sterling stocks during the year related, as during the preceding year, to the repayment of stocks not surrendered earlier. The table below shows the amounts repatriated and cancelled year by year from 1937-38 to 1945-46 and the particulars of the debt cancelled under the various schemes of repatriation during 1946-47.

TABLE 23.—AMOUNTS OF STERLING DEBT REPATRIATED SINCE 1937-38.

Year	Face Value (£ million)	Purchase Value		Rupee counterparts created (Rs. crores)
		(£ million)	(Rs. crores)	
1937-38	2.89	3.04	4.05	1.12
1938-40	17.09	16.54	22.05	22.79
1940-41	71.29	75.24	100.32	94.86
1941-42	99.04	92.28	123.04	33.68
1942-43	119.00	120.48	161.67	82.62
1943-44	13.02	12.97	17.29	38.42
1944-45	0.41	0.37	0.49	0.17
1945-46	0.28	0.29	0.37	0.01
Total	323.12	321.21	429.28	273.57
1946-47				
1. First compulsory scheme of 8th February, 1941 (including special arrangements)	0.49	0.55	0.73	0.01
2. Second compulsory scheme of 24th December, 1941 (including special arrangements)	0.19	0.17	0.23	..
3. Redemption of 3½ per cent sterling stock 1931 or after	0.07	0.07	0.09	..
4. Repatriation of Railway debenture stocks	0.01	0.01	0.01	..
Total	0.76	0.80	1.06	0.01
Grand Total	323.88	322.01	430.34	273.58

Of the total amount of £324 million repatriated since 1937-38 at the purchase value of £322 million (Rs.430 crores) stocks of the value of Rs.156.76 crores were cancelled, while rupee counterparts have been issued in respect of the balance of Rs.273.58 crores. During the year 1946-47, stray lots of the face value of £0.76 million were repatriated at a cost of Rs.1.06 crores, the rupee counterparts created being Rs.1 lakh.

VI. CAPITAL MARKETS, MONEY AND BANKING

66. *General.*—During the year, the capital and money markets in India reflected the features of an economy in transition from war to peace. In the early part of the financial year the share and gilt-edged markets experienced a boom, prices of most scrips having recorded a sharp and continuous rise until the middle of August, when the break came and a slump followed, marked by a great deal of uncertainty and diffidence in the markets, particularly in the share market. The gilt-edged market has, however, latterly shown a steadier tendency owing largely to the support extended by the Reserve Bank. The issues of new capital during the year compare favourably with those in the previous years, though the scope for new issues as indicated by the volume of money seeking investment, still remained restricted. In the money market, unlike in the two preceding years, conditions were generally stringent during the greater part of the year, particularly during the second half. Deposits continued to rise, though at a reduced rate and there was with it a trend towards the restoration of the normal ratio between time and demand deposits. The most outstanding feature in the banking situation was the revival of demand for bank credit which has resulted in advances reaching a record level of Rs.466·06 crores in February, 1947. Nevertheless, the slump on the stock exchanges and the unsettled political conditions and labour problems in the country as a whole and in some of the provinces in particular led to a short-lived banking crisis in Calcutta in November, affecting mainly the non-scheduled banks. Timely action taken by the Government of Bengal and the Reserve Bank of India, however, steadied the situation and prevented the crisis from spreading.

67. *Government Securities Market.*—The year 1946-47 has been eventful for the gilt-edged market which saw both the sharp rise which developed after the presentation of the Central Budget in February, 1946, and the recession towards the latter part of the year. The continuation of the cheap money policy by the Government provided great stimulus to the buoyancy of the market in the early part of the year, while in the latter part owing to a variety of circumstances enumerated below, the market retreated to successively lower levels from about the middle of August till almost the end of the year. Nevertheless, the significant fact remains that the pattern of yields in the year 1946-47 is on an average lower than that in the previous year, which is in keeping with the trend observed in some of the foreign countries, such as the United Kingdom and Australia.

During the year, the period from April to September constituted the period of boom while September to March was the period of decline. The Economic Adviser's index number of the prices of Government securities (1927-28 = 100) rose from 119·2 in March, 1946 to 122·8 in August, 1946, but thereafter steadily declined to around 117 in February, 1947. The index number for the eleven months ending February, 1947 averaged 120·6 as against 118·6 for the year 1945-46. Statement XXVII gives the highest and lowest prices of representative rupee securities since 1933-34, while Statement XXVI shows their highest, lowest and average prices and average yields during each month of the year under review.

At the beginning of the year in April, the gilt-edged market was still under the influence of the post-budget boom, but towards the end of the month quiet set in which continued till the last week of May, 1946 when the suspension of sales of the 2½ per cent Loan 1960 and later the announcement of the redemption of the 3½ per cent Rupee Paper once again stimulated the boom conditions which continued almost

unabated till about the second week of August. The offer for conversion of the 3½ per cent Rupee Paper into long-dated loans bearing 3 per cent and 2¾ per cent interest was interpreted by the market as an indication of Government's resolve to pursue the cheap money policy, and the belief was strengthened by the announcement, in the fourth week of July, of the issue of 2½ per cent Loan maturing in 1961. Also, there was present, at least during the early part of the year, a considerable volume of money seeking investment; and all these factors brought about a large scale buying by both institutional and individual investors on account of which gilt-edged prices reached the highest levels, and yields touched the lowest between the last week of July and the second week of August. From the middle of August a downward movement of prices set in which continued almost uninterrupted till the close of the year. This movement was due to a variety of factors. In the first place, the creation of a further issue on 5th August, 1946 of Rs.20 crores of the 2½ per cent Loan 1961 on tap in place of an expected fresh loan at 2¼ or 2 per cent seemed to cool the bullish fervour; and the remarks of the Governor of the Reserve Bank of India on the cheap money policy, at the annual general meeting of the Reserve Bank, striking a note of caution regarding further cheapening of money and laying stress on the need for consolidating the progress already achieved seem to have further cooled down the enthusiasm of the speculators. The announcement towards the end of August of the issue of 2¾ per cent Provincial Loans at a price below the market's expectations proved to be an additional bearish factor. The outbreak of communal disturbances in the various parts of the country from the middle of August led to a shake-out of the industrial share market which produced sympathetic reactions on the gilt-edged market where also hesitancy and uncertainty had set in. In October and early November, a steady tendency was noticed but thereafter a reaction set in once again which continued practically till the close of February when some recovery became noticeable.

In retrospect it appears that the sharp rise which took place in the first four months of the financial year was due largely to the influence of bullish factors, such as the budget proposals for 1946-47 (including as they did the abolition of the Excess Profits Tax) and the announcement of the offer of the conversion of 3½ per cent Paper to a lower yield basis. A further factor which was responsible for the rise was the hiatus which occurred in Government's normal borrowing operations following the announcement of the conversion of 3½ per cent Paper, as until that operation had been concluded no large scale borrowing programme could be proceeded with, without prejudice to the success of the conversion scheme. Other factors, such as the accommodation granted by a number of banks for speculative purposes and the rumours of a reduction in the Bank rate were contributory causes. While the immediate cause of the decline in security prices which took place about the middle of August were the political disturbances which occurred about that time, the levels that security prices had attained were the result of a combination of inflationary factors, and the position was essentially vulnerable. The general lack of confidence engendered by the political developments produced a situation in which investment demand was lacking and there was some withdrawal of funds from banks which necessitated selling of securities by banks to replenish their cash resources with a view to meeting any possible contingencies. This lack of confidence being the result of the uncertainty created by political and other causes, its effect on security prices could not be counteracted entirely by action confined to the monetary sphere only. The Reserve Bank in this situation came to the support of the market on a substantial scale in order to maintain security prices and to stabilise the banking and financial structure

generally at levels which there was reasonable prospect of holding. This support had a steadying influence on the market and on the banking system and was a contributory factor to the recovery in security prices which took place towards the end of the financial year.

During the boom phase the long-dated loans appeared to be more popular than the short-dated ones, while in the declining phase of the market the investors' preference seemed to have been reversed. Medium-dated loans continued to enjoy support throughout the year. Rupee counterparts and provincial loans were rather inactive at various intervals but in general followed the trend of the other securities. The yields at the end of the year 1946-47 were lower than those at the end of the previous year, the extent of the fall being more marked in the short-term and short-medium securities; on the other hand, except in the case of the short and short-medium securities they were about the same or a shade higher than the yields ruling just before the announcement of the redemption of the 3½ per cent Rupee Paper. At the close of the year under review, all the loans recorded yields below 3 per cent, the range of the long-dated being 2½-3 per cent.

The table below gives the average face value and market value of the rupee securities of the Government of India for each year of the decade 1937-38 to 1946-47 and for each month of the year under review.

TABLE 24.—FACE VALUE AND MARKET VALUE OF RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

Year	Face Value	(In crores of rupees)	
		Market Value	Percentage of (3) to (2)
(1)	(2)	(3)	(4)
1937-38	437.39	463.86	106.05
1938-39	447.92	471.23	105.20
1939-40	457.56	454.59	99.35
1940-41	502.73	496.73	98.81
1941-42	587.92	589.26	100.23
1942-43	663.84	660.10	99.44
1943-44	873.08	878.58	100.63
1944-45	1,126.28	1,140.09	101.23
1945-46	1,387.23	1,402.67	101.11
1946-47	1,443.55	1,498.06	103.82
April	1,519.74	1,566.32	103.06
May	1,519.73	1,567.44	103.14
June	1,519.27	1,581.16	104.07
July	1,518.45	1,599.56	105.34
August	1,233.17	1,298.96	105.34
September	1,236.82	1,288.00	104.19
October	1,324.11	1,383.63	104.50
November	1,422.58	1,485.74	104.44
December	1,468.31	1,522.52	103.69
January	1,503.95	1,552.57	103.23
February	1,525.09	1,558.64	102.20
March	1,531.39	1,571.44	102.62

68. *Industrial Share Market.*—The behaviour of the industrial share market during the year under review closely resembled that of the gilt-edged market, each reacting on the other, the degree of fluctuation, however, being more violent in the equities market. During the year the post-war boom reached the apex

followed by a violent reaction, which very nearly wiped out the gains in share prices recorded since the end of the war. The main phases of the equities market more or less coincided with those of the gilt-edged: the months of April to August constituted the upward phase, during which the share prices reached their highest levels for the year and in many cases for all time, followed by a period of almost continuous decline from September till practically the end of the year, when the market worked under abnormal stress and strain. On many occasions it was closed, and when trading was later permitted it was subject to restrictions.

The boom in equities which developed since the presentation of the Central Government budget towards the end of February, 1946 continued uninterrupted for six months, the upward swing being accelerated with the announcement of the redemption of 3½ per cent Rupee Paper. This bull movement was supported by three factors, namely, the weight of money seeking investment, the expectation of a vigorous pursuit of the cheap money policy by the Government and the prospects of greater profitability of industry and therefore of higher dividends. The restricted scope for new investments induced bidding for shares of existing enterprises; the declining rates of interest on Government loans led to a general lowering of the yield basis on equities also, and so to an appreciation in share values, which was accentuated by prospects of higher dividends, which in several cases were realised. The bull market was also fed on rumours of the issues of bonus shares, which again materialised in some cases. These numerous indications for capital appreciation resulted in hectic speculative buying, part of which presumably was financed by bank credit. Equity prices reached record levels in August; Tata Deferreds soared from Rs.2,976 at the end of March, 1946 to Rs.3,640 in August, Bombay Dyeings in the same period rising from Rs.2,393 to Rs.3,290. The Economic Adviser's general index number of share prices successively rose from 249·7 in March, 1946 to 314·9 in August, 1946; in the same period Capital's combined index of stocks and shares rose from 309·1 to 399·2.

As the peak of the boom was being reached, the impression seems to have gathered that it was to a certain extent artificial and as a consequence there was a mild reaction on profit-taking towards the middle of August. This was soon followed in September by a violent break in prices following the outbreak of communal disturbances in various parts of the country and the decline was accentuated by a series of other non-monetary factors, such as the continued political uncertainty, the slump in Wall Street, the postal strike, the threatened railway strike, the Imperial Bank strike in the Bengal circle, the long drawn-out strike of the Indian Iron and Steel Company and the Steel Corporation of Bengal and the expectation that the Interim Government might pursue vigorous anti-inflationary and anti-profitceering policies. These dimmed the prospects for higher profits and dividends. Share prices slumped to abnormally low levels in September and October, in many cases the extent of the fall from the peak levels being as high as 25 to 30 per cent. The Economic Adviser's general index of security prices fell from 314·9 in August, 1946 to 282·0 in September and 265·5 in October. Tata Deferreds slumped from Rs. 3,640 to Rs. 2,880 while Bombay Dyeings declined from Rs.3,285 to Rs.2,760 in the second week of September. In November and December the equities market remained fairly steady although the undertone was very hesitant and uncertain, but thereafter it weakened once again owing to the stringency in the money market. To prevent the demoralisation of the market, the authorities of the Calcutta Stock Exchange fixed on 25th November minimum prices for all scrips other than Government securities and fixed interest

TABLE 25. — PRICES OF CERTAIN INDUSTRIAL SHARES, 1946-47. *

Scrip	29th Mar.	17th May	27th May	17th July	24th July	14th Aug.	11th Sept.	28th Feb.	Budget	Closing	Highest	Lowest	% Increase
	1946	1946	1946	1946	1946	1946	1946	1947	Session	Prices 1946-47			(+) or de- crease (-) of (10) over (1) (13)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1. Tata Steel Deferred ..	2,976-4	3,011-4	3,127-8	3,322-8	3,442-8	3,600-0	3,157-8	2,577-8	2,430-0	2,270-0	3,640-0	2,225-0	-23.72
2. Tata Steel Ordinary ..	526-0	535-0	559-0	592-8	619-8	635-8	561-0	471-8	447-0	415-0	643-0	408-0	-21.10
3. Steel Corporation of Bengal ..	52-7	51-6	52-8	61-0	64-4	60-0	53-6	34-4	31-8	27-0	66-0	27-8	-48.51
4. Indian Iron and Steel ..	58-6	55-0	57-0	68-5	71-0	66-2	60-5	43-7	40-4	36-0	71-14	36-0	-38.33
5. Bombay Dyeings, Textile.	2,393-12	2,511-4	2,632-8	2,780-0	2,935-0	3,247-8	3,055-0	2,612-8	2,475-0	2,270-0	3,290-0	2,160-0	-5.17
6. Kohinoor ..	788-0	924-0	967-0	1,036-0	1,123-0	1,148-0	1,051-0	836-0	780-0	728-0	1,180-0	675-0	-7.61
7. Swadeshi ..	724-0	812-0	838-0	885-0	986-0	981-0	825-0	760-0	712-0	620-0	1,005-0	570-0	-14.36
8. New Great ..	444-8	568-0	577-0	590-0	680-0	634-0	534-0	462-0	450-0	350-0	685-0	305-0	-21.26
9. Buckingham ..	502-8	525-0	575-0	562-8	590-0	572-0	520-0	405-0	395-0	375-0	590-0	375-0	-25.37
10. Cambodia ..	37-2	38-2	40-0	44-10	45-6	44-12	40-12	35-11	34-0	31-10	45-6	31-10	-14.81
11. Imperial Bank, Fully Paid.	2,445-0	2,680-0	2,985-0	3,265-0	3,310-0	3,290-0	2,920-0	2,500-0	2,497-8	2,330-0	3,355-0	2,300-0	-4.70
12. Bank of India ..	234-0	269-0	270-0	281-8	293-0	275-0	256-0	254-8	250-0	238-0	295-0	228-8	+1.71
13. Central Bank of India ..	120-4	138-4	146-0	153-0	156-8	149-0	136-0	132-0	128-8	127-0	162-0	114-0	+5.61
14. Bank of Mysore ..	460-0	461-0	480-0	546-4	550-0	542-8	511-8	470-0	459-0	450-0	552-8	450-0	-2.17
15. Anglo-India, Jute ..	681-0	680-0	684-0	827-0	850-0	844-0	783-0	610-0	610-0	610-0	877-0	610-0	-10.43
16. Howrah ..	130-8	127-1	129-0	166-8	169-2	171-8	160-8**	114-10	114-10	108-0	175-12	108-0	-17.24
17. Kanknarrah ..	846-0	820-0	895-0	1,028-0	1,060-0	1,082-0	950-0	730-0	730-0	730-0	1,120-0	730-0	-13.71
18. Bengal, Coal ..	804-0	889-0	921-0	1,200-0	1,202-0	1,135-0	1,048-0	800-0	800-0	800-0	1,202-0	800-0	-7.41
19. Burrakur ..	49-8	53-3	52-14	61-12	64-8	65-12	57-12	37-2	37-2	37-2	66-5	37-0	-25.00
20. Equitable ..	82-0	84-4	86-4	97-12	101-8	98-8	89-0	62-0	62-0	62-0	101-8	62-0	-24.39
21. Hassimara, Tea ..	83-0	94-12	94-12	126-0	127-8	132-0	132-0	124-0	124-0	124-0	132-0	83-0	+49.40
22. Patrakola ..	1,515-0	1,750-0	1,650-0	1,935-0	2,010-0	2,050-0	2,050-0	1,875-0	1,875-0	1,875-0	2,050-0	1,512-0	+23.76
23. Carew, Sugar ..	39-8	39-14	39-14	44-2	45-2	41-8	37-4	24-1	23-12	21-0	45-9	21-0	-46.84
24. India, ..	31-0	30-12	30-12	27-4	27-4	28-0	28-0	22-4	22-4	22-4	31-12	22-4	-28.23
25. Chembra Peak, Plant- ings ..	10-12	11-11	12-4	14-0	14-7	13-12	12-6	11-12	11-2	10-10	14-10	10-10	-1.16
26. Cochin Malabar ..	18-2	21-0	23-4	23-14	23-6	23-8	19-0	13-4	12-12	12-14	24-2	11-10	-28.97
27. A.C.C. ..	258-0	253-4	264-0	265-0	278-0	270-8	249-8	199-8	194-0	176-8	279-0	175-0	-31.59

* The dates given above are selected with a view to indicating the position of security prices just before and after some outstanding days of the year as explained below: (1) Closing prices of 1945-46; (2) Pre-announcement of redemption of 3½% Rupee Paper; (3) Post-announcement of redemption of 3½% Rupee Paper; (4) Pre-announcement of 2½% Loan 1961; (5) Post-announcement of 2½% Loan 1961; (6) Pre-disturbances in Calcutta; (7) Post-disturbances; (8) Pre-Budget prices; (9) Prices during Budget Session; (10) Closing prices of 1946-47.

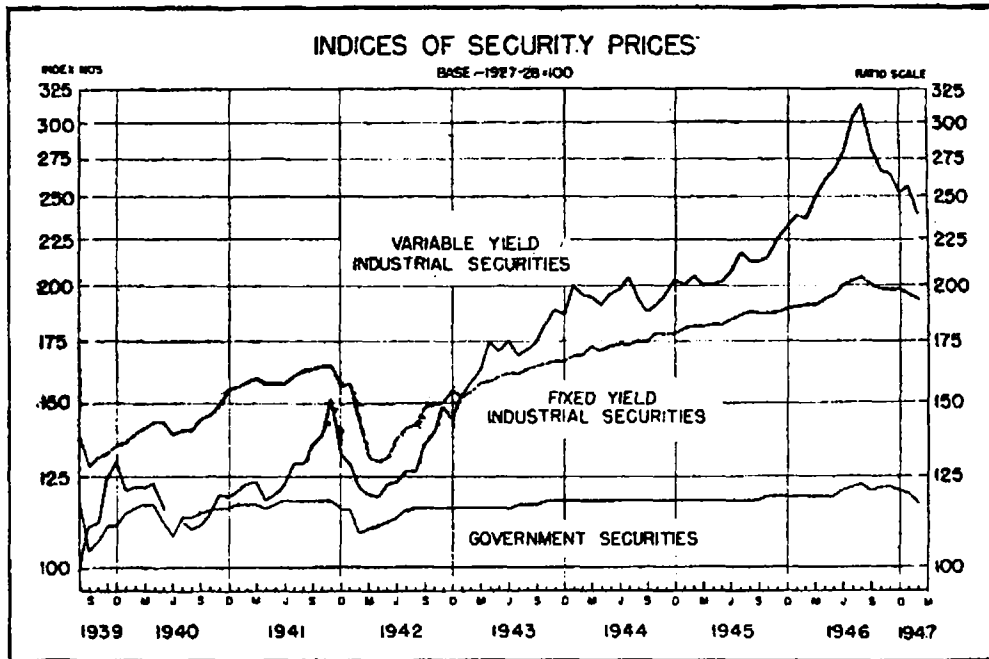
** Previous day's quotation.

bank, railway and electric supply company (excepting the Calcutta Electric) shares. These minimum prices were removed on 6th February, 1947, but had to be reimposed on 11th February. On 14th February, the authorities of the Madras Stock Exchange also fixed minimum prices for all scrips except Government securities. Some amount of steadiness noticed in the latter part of February was disturbed by the budget proposals for 1947-48 which included (i) the imposition of a special tax of 25 per cent on business profits exceeding Rs.1 lakh, (ii) a tax on capital gains, (iii) the raising of Corporation Tax from one anna to two annas and (iv) the decision to tighten up the dividend tax levied last year. Heavy selling pressure followed their announcement, leading to panicky conditions on the share markets all over the country. With a view to averting a crisis, trading was suspended for two weeks in the Bombay Stock Exchange and for three weeks in the Calcutta and Madras exchanges, pending the publication of the report of the Select Committee to which the new taxation measures were referred. When resumption of trading was permitted later, it was subject to certain restrictions intended primarily to prevent panicky sales. The revised taxation proposals did little to arrest the steep decline in prices and the markets closed for the year with an easy and uncertain tone.

The table on page 96 gives the prices of leading industrial shares on certain dates in the year 1946-47, while Statement XXVIII gives the Economic Adviser's index numbers of prices of Indian securities. The average index numbers for the year 1946-47 in respect of all the groups are substantially higher than those in the previous year; paper shares top the list with an increase of 50.25 per cent followed by cotton 35.63 per cent; jute 33.70 per cent; banks 32.35; tea 29.59; iron and steel 22.32 and coal 16.50; while the general index itself is 22.96 per cent higher than in the previous year. As against these higher annual average prices, the prices of the closing month of the year under review are considerably lower than those of the previous year, except in the cases of fixed yield industrial shares, tea and bank shares, which are higher by 0.99, 17.74 and 7.58 per cent respectively. The percentages of decline in the case of a few leading groups are as follows: cement 17.6; iron and steel 11.72; sugar 10.86; coal 10.59. The general index itself is lower by 4.16 per cent. The absolute variations in the prices of a few scrips during the year amounted to as much as Rs.1,415 in the case of Tata Deferreds and Rs.1,130, Rs.1,055, Rs.402, and Rs.267 respectively in the cases of Bombay Dyeings, Imperial Banks (F.P.), Bengal Coals and Anglo-Indias.

The graph on page 98, based on the indices compiled by the Economic Adviser's Office depicts the movements since August, 1939 in the prices of Government Securities, Fixed Yield Industrial Securities and Variable Yield Industrial Securities.

69. *Control of Capital Issues.*—Issue of capital continued to be subject to Government control throughout the year. Though the Capital Issues Control Order of 17th May, 1943 was originally promulgated mainly as an anti-inflationary measure, it was felt in the light of the experience gained during the war years that the continuance of control was still necessary "to secure a balanced investment of the country's resources in industry, agriculture and the social services". Accordingly, a Bill was introduced in the Legislative Assembly in the middle of March, 1947 proposing to keep in existence for five years, the control over capital issues, hitherto secured by Rule 94-A of the Defence of India Rules and later by Ordinance No. XX of 1946. Pending the enactment of the Bill an Ordinance was promulgated effective from 25th March, 1947 providing for the continuance of the control over issues of capital. The Capital Issues (Continuance of Control) Bill which followed



closely the provisions of the Defence of India Rule 94-A was referred to a Select Committee which suggested certain changes in the Bill, the more important ones being the following.

- (a) The duration of the control was to be reduced from five to three years.
- (b) If an application for the issue of capital was refused, the Central Government was required, upon the request of the applicant, to communicate to him in writing the reasons for such refusal.
- (c) An Advisory Committee consisting of not more than five members was to be set up for reference to and advice on matters arising out of the administration of the Act.

All the changes proposed by the Select Committee were accepted by the Government and the Bill became an Act on 19th April, 1947, and during the discussion it was indicated as Government's intention to associate members of the Central Legislature with the Advisory Committee.

Unlike in the past, when statistical data on capital issues were published at varying intervals, since January, 1947 the Office of the Controller of Capital Issues has been issuing weekly statements, giving a list of companies accorded consent or recognition and the amount sanctioned during each week. Statement XXIX gives statistical data about the working of the Control of Capital Issues from 1st October, 1945 to 31st March, 1947 as also the progressive figures since the inception of the control.

An analysis of these statistics reveals that during the eighteen months ended 31st March, 1947, 1,614 applications involving a sum of Rs.483.91 crores were received for the issue of capital ; out of these 1,468 for a sum of Rs.437.20 crores related to

British India and 146 for a sum of Rs.46.71 crores to outside British India. Consent was given to 1,185 companies for an issue of Rs.379.96 crores, constituting 73.42 and 78.52 per cent respectively of the total number of applications received and the total amount applied for. Of these, 1,080 companies for a sum of Rs.346.02 crores were from British India and 105 companies for Rs.33.94 crores were from outside British India.

Of the consents, Industrial issues account for 60.25 per cent of the number of companies and 59.18 per cent of the amount sanctioned. Initial issues predominate over further issues, the former constituting 64.64 per cent of the total number of companies and 76.34 per cent of the amount. As regards the distribution of consents between Immediate and Long-range schemes, the former account for 68.27 per cent of the number of companies and 42.40 per cent of the amount sanctioned. Immediate schemes occupy a relatively more important place in the Non-Industrial than the Industrial group.

The most striking feature of the working of the control in the post-war period is the tremendous increase in the amount of capital both applied for and sanctioned as compared with the war period. Whereas in the 28½ months of the war period the total capital sanctioned was Rs.260.56 crores, in the 18 months of the post-war period it was as much as Rs.379.96 crores. But the nature of control as reflected in the proportion of consents to applications has been very nearly the same in both the periods (*vide* Table 26). In the post-war period, however, there is a slight fall in the percentage of the number of companies permitted to issue capital, but there is liberalisation in respect of the amount sanctioned. It may be noted that in the latter period the average amount of capital sanctioned in respect of a company is Rs.32.1 lakhs as compared with Rs.6.9 lakhs during the war period. The higher figure in the post-war period is partly due to the exemption granted in favour of issues not exceeding Rs.5 lakhs.

Consents for Immediate schemes which for obvious reasons were given preference during the war period show a decline in the post-war period in respect of both the number of companies and the amount sanctioned, though the decline in the case of the latter is not so appreciable as in the former. Similarly, while the proportion of Non-Industrial issues to total issues was larger in the war period the Industrial schemes now predominate.

TABLE 26.—CONTROL OF CAPITAL ISSUES.
(A). PERCENTAGE DISTRIBUTION GROUP-WISE.

CLASSIFICATION	(IMMEDIATE AND LONG-RANGE SCHEMES COMBINED)			
	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947	
	No. of companies	Amount wholly or partially allowed	No. of companies	Amount wholly or partially allowed
I. Industrial	46.67	61.26	60.25	59.18
II. Agricultural	7.21	5.42	8.58	3.16
III. Financial	13.45	19.50	16.54	11.58
IV. Trade and Transport	25.11	10.67	11.23	21.07
V. Other Services	7.56	3.25	5.40	5.01
VI. Total Non-Industrial	53.33	38.74	39.75	40.82
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL	100.00	100.00	100.00	100.00

(B). CONSENTS AS PERCENTAGES OF APPLICATIONS.

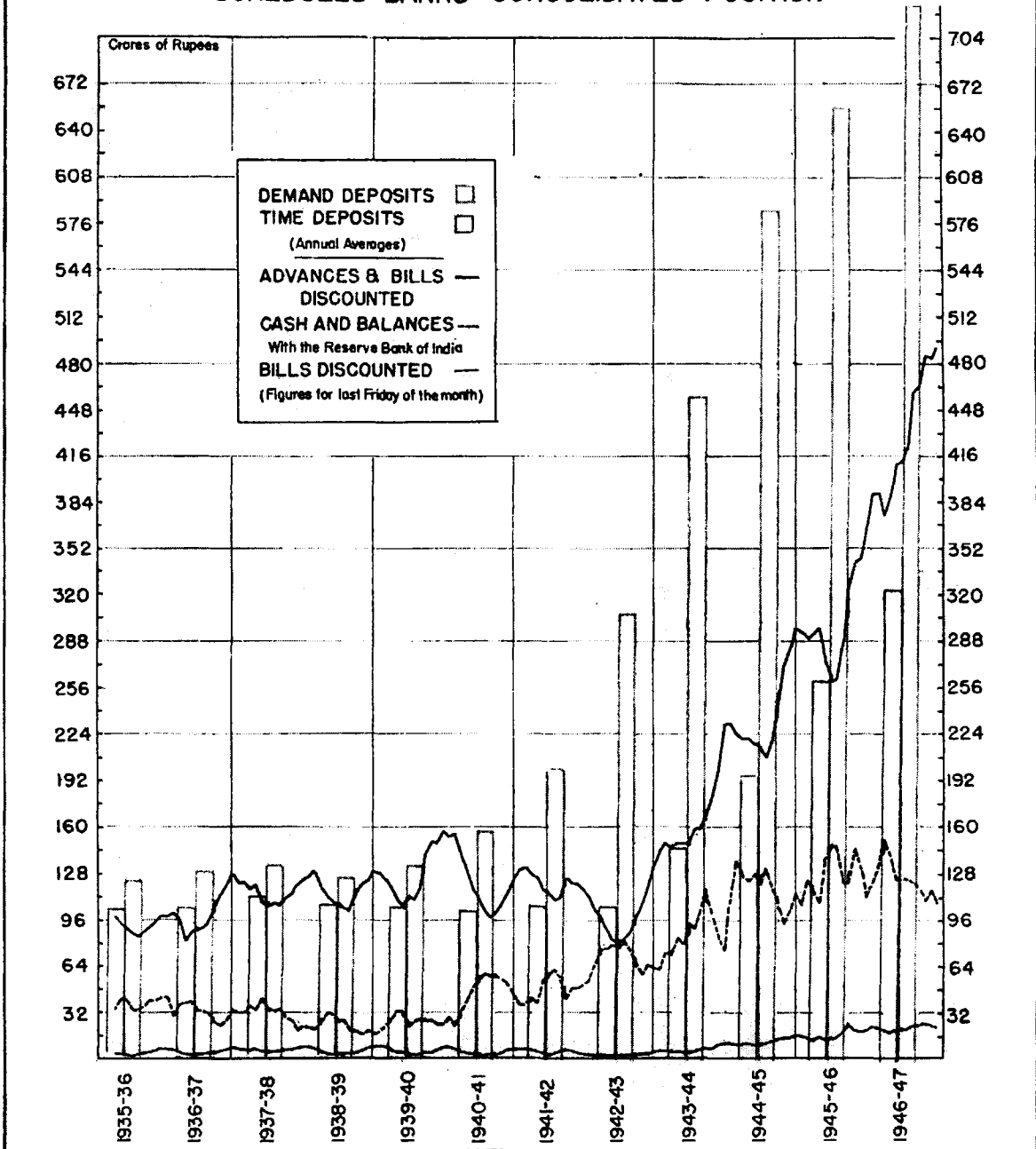
(IMMEDIATE AND LONG-RANGE SCHEMES COMBINED)

CLASSIFICATION	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947	
	Consents		Consents	
	No. of companies	Amount wholly or partially allowed	No. of companies	Amount wholly or partially allowed
I. Industrial	87.60	82.44	85.00	82.55
II. Agricultural	82.98	69.65	83.87	58.01
III. Financial	57.26	41.00	42.15	53.88
IV. Trade and Transport ..	88.04	77.03	89.86	90.39
V. Other Services	82.42	66.41	94.12	95.96
VI. Total Non-Industrial ..	76.32	62.66	60.85	73.33
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL ..	81.20	67.65	73.42	78.52

(C). PERCENTAGE DISTRIBUTION IN EACH GROUP BETWEEN IMMEDIATE AND LONG-RANGE SCHEMES.

CLASSIFICATION	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947	
	Consents		Consents	
	No. of companies	Amount wholly or partially allowed	No. of companies	Amount wholly or partially allowed
I. INDUSTRIAL				
Immediate	87.77	48.53	56.72	34.67
Long-Range	12.23	51.47	43.28	65.33
II. AGRICULTURAL				
Immediate	99.63	98.94	91.03	77.62
Long-Range	0.37	1.06	8.97	22.38
III. FINANCIAL				
Immediate	98.82	96.95	90.31	71.49
Long-Range	1.18	3.05	9.69	28.51
IV. TRADE AND TRANSPORT				
Immediate	98.63	69.24	82.71	41.38
Long-Range	1.37	30.76	17.29	58.62
V. OTHER SERVICES				
Immediate	96.15	74.03	71.88	48.48
Long-Range	3.85	25.97	28.12	51.52
VI. TOTAL NON-INDUSTRIAL				
Immediate	98.46	87.75	85.77	53.59
Long-Range	1.54	12.25	14.23	46.41
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL				
Immediate	93.47	63.72	68.27	42.40
Long-Range	6.53	36.28	31.73	57.60

SCHEDULED BANKS' CONSOLIDATED POSITION



70. *Money Rates and Conditions.*—Statement XXX shows the various money rates in India as on the first day of each month of the year under report. The Bank rate of the Reserve Bank of India and the Hundi rate of the Imperial Bank of India remained unchanged at 3 per cent throughout the year. Unlike in the two previous years money conditions were generally stringent during the greater part of 1946-47 with the exception of July and November. However, the inter-bank call money rate quoted by the larger scheduled banks remained nominally around $\frac{1}{2}$ per cent during the major part of the year. In Bombay it tended to ease to $\frac{1}{4}$ — $\frac{1}{2}$ per cent from 13th July, owing to slackening of trade demand with the advent of the monsoon. It improved to $\frac{1}{2}$ — $\frac{3}{4}$ per cent from 21st August remaining unaltered till the middle of November, partly because of improved trade demand and partly because of brisk activity on the stock exchanges. Thereafter the rate steadied at $\frac{1}{2}$ per cent during the last quarter in spite of the seasonal demand and the continued demand for financing the growing imports from abroad. During March, 1947 the rate again declined to $\frac{1}{4}$ — $\frac{1}{2}$ per cent between 8th and 28th March but subsequently improved to $\frac{1}{2}$ per cent towards the close. The rates for three and six months fixed deposits which were quoted by the larger scheduled banks in Bombay at $\frac{3}{4}$ —1 per cent and 1— $1\frac{1}{2}$ per cent respectively at the end of last year, remained at that level till 13th July when they eased to $\frac{1}{2}$ — $\frac{3}{4}$ per cent and $\frac{3}{4}$ —1 per cent respectively and continued at that level till the second week of September. Thereafter the three months rate firmed up to $\frac{3}{4}$ per cent and continued at that level till the middle of November while the six months rate continued steady. From the latter half of November till the end of January, 1947 the three months rate fluctuated between $\frac{3}{4}$ —1 per cent while the six months rate improved by stages to $1\frac{1}{4}$ — $1\frac{1}{2}$ per cent by 1st February, 1947 and continued at that level till 6th March when it sagged to $\frac{3}{4}$ —1 per cent till the 28th but again recovered to 1— $1\frac{1}{2}$ per cent by the end of the month. The three months rate improved to $\frac{3}{4}$ — $1\frac{1}{4}$ per cent on 1st February and further to 1— $1\frac{1}{4}$ per cent on 13th February, continuing at that level till 6th March. It was quoted lower at $\frac{1}{2}$ — $\frac{3}{4}$ per cent from 8th to 28th March but subsequently recovered to $\frac{3}{4}$ —1 per cent towards the close. The twelve months rate which was quoted at $1\frac{1}{4}$ — $1\frac{3}{4}$ per cent at the end of last year was quoted at that level upto 28th June but thereafter recovered to $1\frac{1}{2}$ — $1\frac{3}{4}$ per cent, continuing unaltered throughout the remaining period under review.

71. *Consolidated Position of Scheduled Banks.*—Statement XXXI shows the consolidated position of the scheduled banks in India (excluding Burma) during the year under review and Statement XXXII gives the indices in respect of all the items of assets and liabilities included in Statement XXXI. See also the graph facing page 100.

During the year under review, the following eight banks namely, the Bharatha Lakshmi Bank Ltd., Masulipatam, the Tanjore Permanent Fund Ltd., Tanjore, the Southern Bank Ltd., Calcutta, the Travancore Bank Ltd., Trivandrum, the South Indian Bank Ltd., Trichur, the Australasia Bank Ltd., Lahore, the Lakshmi Commercial Bank Ltd., Rawalpindi, and the Bankers' Union Ltd., Calcutta, were included in the Second Schedule to the Reserve Bank of India Act, while the International Bank of India Ltd., Ahmedabad, was excluded from the Second Schedule and the New Standard Bank Ltd., Comilla, was amalgamated with the Comilla Banking Corporation Ltd., Comilla. As a result, the total number of scheduled banks increased from 91 at the end of 1945-46 to 97 at the end of 1946-47.

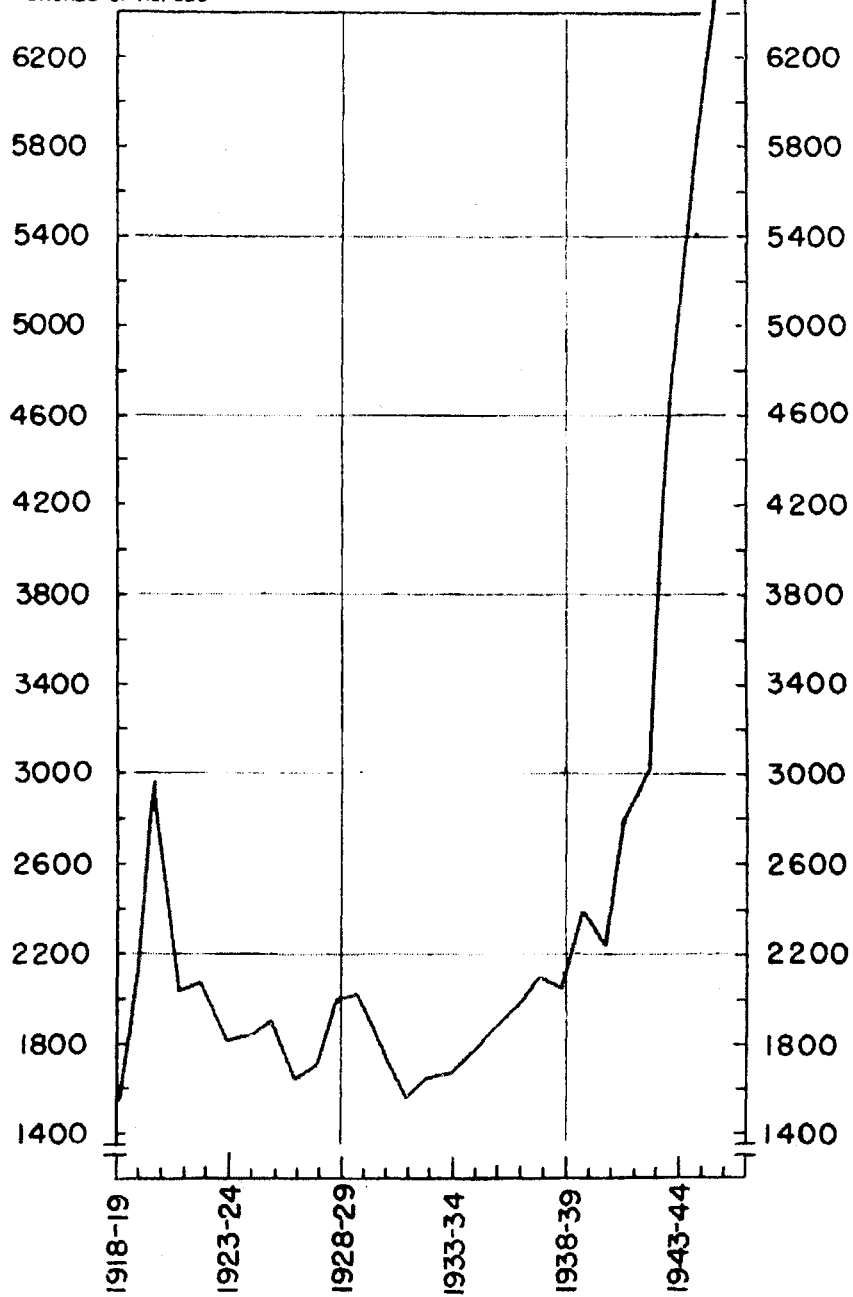
On the liabilities side, demand liabilities showed almost a continuous rise till November but thereafter because of the acceleration of imports and the unsettled conditions in many parts of the country a declining trend appears to have set in. On the other hand, time liabilities maintained a generally rising trend throughout the period under review with the exception of a slight fall during the month of December. At the end of March, 1947 the demand and time liabilities stood respectively at Rs.690.49 crores and Rs.346.86 crores as compared with Rs.703.65 crores and Rs.296.00 crores at the end of March, 1946. The range of variation between the minimum and maximum of demand and time liabilities during the year 1946-47 was Rs.61.29 crores and Rs.45.87 crores respectively, as compared with Rs.100.43 crores and Rs.72.14 crores during the year 1945-46. The month-wise figures of demand and time liabilities reveal that not only have the time deposits grown comparatively more rapidly than the demand deposits as was the case last year but also that they have risen even when the demand deposits showed a tendency to fall, indicating the decline in the 'liquidity preference' of the depositors and the gradual return of the deposit structure towards the pre-war pattern. The total of demand and time liabilities remained in excess of Rs.1,000 crores throughout the year under review, reaching their highest level of Rs.1,082.89 crores during the month of November, 1946.

On the assets side, moving in the wake of demand and time liabilities, cash showed a sustained rise from Rs.36.71 crores in April to Rs.45.05 crores in September. It, however, declined to Rs.40.33 crores in October and varied thereafter between Rs.39.04 and Rs.43.53 crores. On the other hand, the balances with the Reserve Bank fluctuated between the minimum of Rs.69.39 crores in March, 1947 and the maximum of Rs.103.95 crores in July, 1946, and throughout the year remained considerably in excess of the statutory minimum, though not as much as in the previous year, the excess varying between the minimum and maximum of Rs.27.93 crores in March, 1947 and Rs.61.62 crores in July, 1946. The percentage of cash and balances with the Reserve Bank to total demand and time liabilities fluctuated between the minimum of 10.45 for March, 1947 and the maximum of 14.03 for July, 1946. For the major part of the year, however, the ratio was steady around 11-12. Advances improved sharply from Rs.366.40 crores in April, 1946 to Rs.373.44 crores in May and declined thereafter reaching Rs.363.40 crores, the lowest for the year in July. Subsequently they recorded a continued rise in all the months except October, 1946 and March, 1947, reaching the highest level of Rs.466.06 crores in February, 1947 to finance imports, movement of agricultural commodities and carry over of bullion. Bills discounted fell from Rs.21.71 crores in April to Rs.18.95 crores in July, 1946 but thereafter improved gradually to Rs.23.73 crores in January, 1947, the minimum and maximum for the year being respectively Rs.18.95 crores in July, 1946 and Rs.23.73 crores in January, 1947. Contrary to the trend noticed last year the ratio of advances and bills discounted to total demand and time liabilities this year was higher, being always around 37 to 38 per cent during the first seven months of the year and improving thereafter to 47.04 per cent by March, 1947. This is again significant as reflecting a return to the pre-war proportion of advances to liabilities.

PAID CLEARINGS

ANNUAL TOTALS OF CHEQUES CLEARED
AND PAID THROUGH ALL CENTRES

CRORES OF RUPEES FROM 1918-19 TO 1946-47



72. *Non-Scheduled Banks.*—The following table shows the demand and time liabilities and cash balances of the non-scheduled banks as on the last Friday of each year.

TABLE 27.—DEMAND AND TIME LIABILITIES AND CASH BALANCES OF NON-SCHEDULED BANKS.*

Year	No. of banks submitting returns	Total Demand and Time Liabilities	Demand Liabilities	Percentage of 4 to 3	Time Liabilities	Percentage of 6 to 3	(Rupees in lakhs)	
							Cash Balances	Percentage of 8 to 3
1	2	3	4	5	6	7	8	9
1939 ..	669	15,96	4,87	30.5	11,09	69.5	1,10	6.9
1940 ..	604	16,74	5,26	31.4	11,48	68.6	1,30	7.8
1941 ..	601	19,54	7,06	36.2	12,47	63.8	1,64	8.4
1942 ..	534	24,64	11,06	44.9	13,59	55.1	2,63	10.7
1943 ..	530	34,79	17,52	50.4	17,27	49.6	4,88	14.0
1944 ..	613	53,13	24,84	46.8	28,29	53.2	6,04	11.4
1945† ..	632	73,64	33,92	46.1	39,71	53.9	9,24	12.6
1946† ..	659	78,44	32,79	41.8	45,65	58.2	6,59	8.4

*As shown by their monthly returns as on the last Friday of each year. † Provisional.

It will be noticed that the number of non-scheduled banks submitting cash reserve returns under Section 277 L of the Indian Companies Act, 1913 (as amended in 1936) continued to increase in 1946 though it is still below the pre-war figure. Their total liabilities increased by Rs.25.31 crores between December, 1944 and December, 1946. The proportion of demand liabilities to total liabilities has, however, fallen from 46.8 per cent at the end of 1944 to 41.8 per cent at the end of December, 1946, the time liabilities recording a corresponding increase, indicating a movement towards the pre-war ratio between time and demand liabilities. The ratio of cash to total demand and time liabilities rose from 11.4 at the end of 1944 to 12.6 at the end of December, 1945, but thereafter declined to 8.4 at the end of December, 1946.

73. *Clearing House Statistics.*—Statement XXXIII and the graph facing page 102 show the amount of cheques cleared through the more important Clearing Houses in India and Burma since 1918-19. The total amount of cheques cleared in India increased from Rs.6,543 crores in 1945-46 to Rs.7,168 crores in 1946-47. Out of the increase of Rs.625 crores Bombay accounted for Rs.371 crores while Madras and Karachi accounted for Rs.80 crores and Rs.56 crores respectively. Unlike in the previous years, the Calcutta centre did not substantially share in the increase along with Bombay, the unsettled communal situation in Bengal in general and in Calcutta in particular, having affected banking since August, 1946. The following table shows the comparative monthly clearing figures of the Calcutta Clearing House for 1945-46 and 1946-47.

Month	Number of cheques cleared		Amount of cheques cleared	
	1945-46	1946-47	1945-46	1946-47
April ..	6,30,177	7,07,201	1,95,05	2,95,56
May ..	6,21,220	8,31,523	1,96,85	2,91,07
June ..	6,52,877	6,90,633	2,16,94	2,68,83
July ..	6,77,905	7,04,198	2,44,89	3,03,47
August ..	6,62,986	3,33,227	2,29,56	1,76,97
September ..	6,81,340	5,37,605	2,33,34	2,00,09
October ..	6,37,707	4,80,402	2,26,38	1,76,05
November ..	6,34,746	6,65,272	2,19,11	2,35,29
December ..	6,36,254	6,20,844	2,56,63	2,24,17
January ..	7,42,872	7,57,031	3,10,86	2,49,01
February ..	5,55,565	6,89,488	2,08,16	2,11,84
March ..	6,79,331	7,20,965	2,83,44	2,09,90
Total ..	78,12,980	77,38,389	28,26,21	28,42,25

With the pre-war year 1938-39 as base, the index numbers of the amount of cheques cleared (*vide* table below) during the last eight years 1939-40 to 1946-47 are 117, 107, 136, 149, 226, 279, 323 and 355 respectively.

During the year under review, clearing houses were opened at three more places, *viz.*, Alleppey (November, 1946), Rajkot (January, 1947) and Gaya (March, 1947) and are being managed by the Imperial Bank of India. This brings the total number of clearing houses under the management of that bank to nineteen. In Bombay a Metropolitan Clearing Association was formed and registered during October, 1946 to arrange for clearing for non-scheduled banks as the Bombay Bankers' Clearing House decided to restrict its membership and sub-membership only to scheduled banks. Statement XXXIV gives the monthly figures of the number and amount of cheques cleared during 1946-47 including those of the Clearing Houses managed by the Imperial Bank of India. As in the previous years, the increase in the amount of cheques passed through the clearing houses was proportionately greater than the increase in their number.

A comparison of the ratio of clearings to scheduled banks' demand liabilities furnishes an approximate and general idea of changes in the activity of bank deposits in India. The figures in the table below indicate that the velocity of circulation of deposit currency declined upto 1942-43 and remained steady at that level thereafter.

Year	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	1,893	100	15.3
1939-40	132.6	107	2,221	117	16.7
1940-41	155.8	126	2,030	107	13.0
1941-42	200.1	162	2,575	136	12.9
1942-43	306.3	247	2,816	149	9.2
1943-44	456.6	369	4,281	226	9.4
1944-45	584.8	472	5,279	279	9.0
1945-46	654.5	496	6,120	323	9.3
1946-47	725.5	586	6,717	355	9.3

* In crores of rupees. † Excluding Rangoon and "Other Centres". (*Vide* Statement XXXIII).

74. *Internal Remittances.*—Statement XXXV (A) 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 Centres. Statement XXXV (B) gives transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on its own account. Statement XXXV (C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and Government in the remittances by (1) telegraphic transfers and (2) drafts and mail transfers effected through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies together, for each of the half-years ended September, 1945, March, 1946 and September, 1946.

(A) The tendency of continued increase in the telegraphic transfers issued which began in 1940-41 when they stood at Rs.277.74 crores was reversed during the year under review. Telegraphic transfers issued and paid at the offices of the Reserve Bank of India during 1946-47 stood at Rs.833.50 crores and Rs.1,173.78 crores respectively as against Rs.1,094.87 crores and Rs.1,025.34 crores in the previous

year, registering a decrease and an increase of 23·9 per cent and 14·5 per cent respectively. (B) The total remittances through the Imperial Bank of India increased by 5·5 per cent, largely due to the rise in remittances within the Bombay and Madras circles, and from Madras circle to other circles and from Bombay circle to Bengal circle, though there has been a fall in the remittances from Bengal circle to Bombay circle and within the Bengal circle itself. (C) The total remittances through the Reserve Bank of India, the Imperial Bank of India and the Treasury agencies during the half-year ended 30th September, 1946 on account of the general public showed a slight increase as compared with the corresponding period of the previous year, while those on account of co-operative banks and societies showed a decline as compared with the two previous half-years. Remittances on account of Government and the aggregate number of transactions showed a decline during the half-year ended 30th September, 1946, although during the preceding half-year they had recorded an increase. The amount of remittances by telegraphic transfers during the half-year ended 30th September, 1946 showed an increase as compared with the two previous half-years while the amount of remittances by drafts and mail transfers was lower than during the latter half of 1945-46 but was higher than during the corresponding period of the previous year. The total amount of remittances during the first half of 1946-47 stood higher at Rs.721·61 crores as compared with Rs.705·92 crores during the previous half-year and Rs.675·90 crores during the corresponding period of 1945-46. Of the total remittances during the first half of 1946-47, the percentage shares of the scheduled banks, general public, Government and co-operative banks and societies were 66·5, 14·6, 6·5 and 2·1 respectively.

The new scheme of remittance facilities is being availed of by the scheduled banks and the co-operative banks to a larger extent than by the public. The intra-provincial Government drafts continued to be used for financing compulsory levy and purchase of foodgrains.

75. *Withdrawal of Remittance Facilities to Burma.*—As the Government of Burma decided to establish an independent Burma currency to be managed by a Currency Board from 1st April, 1947 and the Reserve Bank of India was relieved of its obligations under the India and Burma (Burma Monetary Arrangements) Order, 1937, the existing remittance facilities between India and Burma were withdrawn with effect from 1st April, 1947.

76. *Encashment of Foreign Circle Notes.*—Statement XXXVI shows the encashment of foreign circle notes in 1946-47. The total encashments (excluding Rangoon figures) during the year were higher at Rs.104·48 crores as against Rs.56·24 crores in 1945-46. The increase was due to a large volume of commercial transactions effected on a cash basis and also probably the movement of population from unsettled to safer areas across provinces.

77. *Reserve Bank of India : Banking Department.*—Statement XXXIX shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year along with their annual averages from 1935-36 to 1946-47. Statement XXXVII gives weekly (Friday) figures for 1946-47.

During the year 1946-47, the average deposits of banks with the Reserve Bank of India amounted to Rs.85·04 crores recording a decline of Rs.5·18 crores over the average for the previous year. Though the minimum deposits were higher this

year at Rs.68·01 crores on 7th February, 1947 as compared with Rs.67·56 crores on 21st December, 1945 the figure for maximum deposits stood lower at Rs.111·96 crores on 5th July, 1946 as compared with Rs.115·10 crores on 1st February, 1946. During the first four months of the year the deposits were almost continuously rising. From Rs.76·60 crores on 5th April they reached the highest level of Rs.111·96 crores on 5th July. Thereafter, however, with a few occasional fluctuations they generally declined and by the end of December, 1946 came down to Rs.71·84 crores.

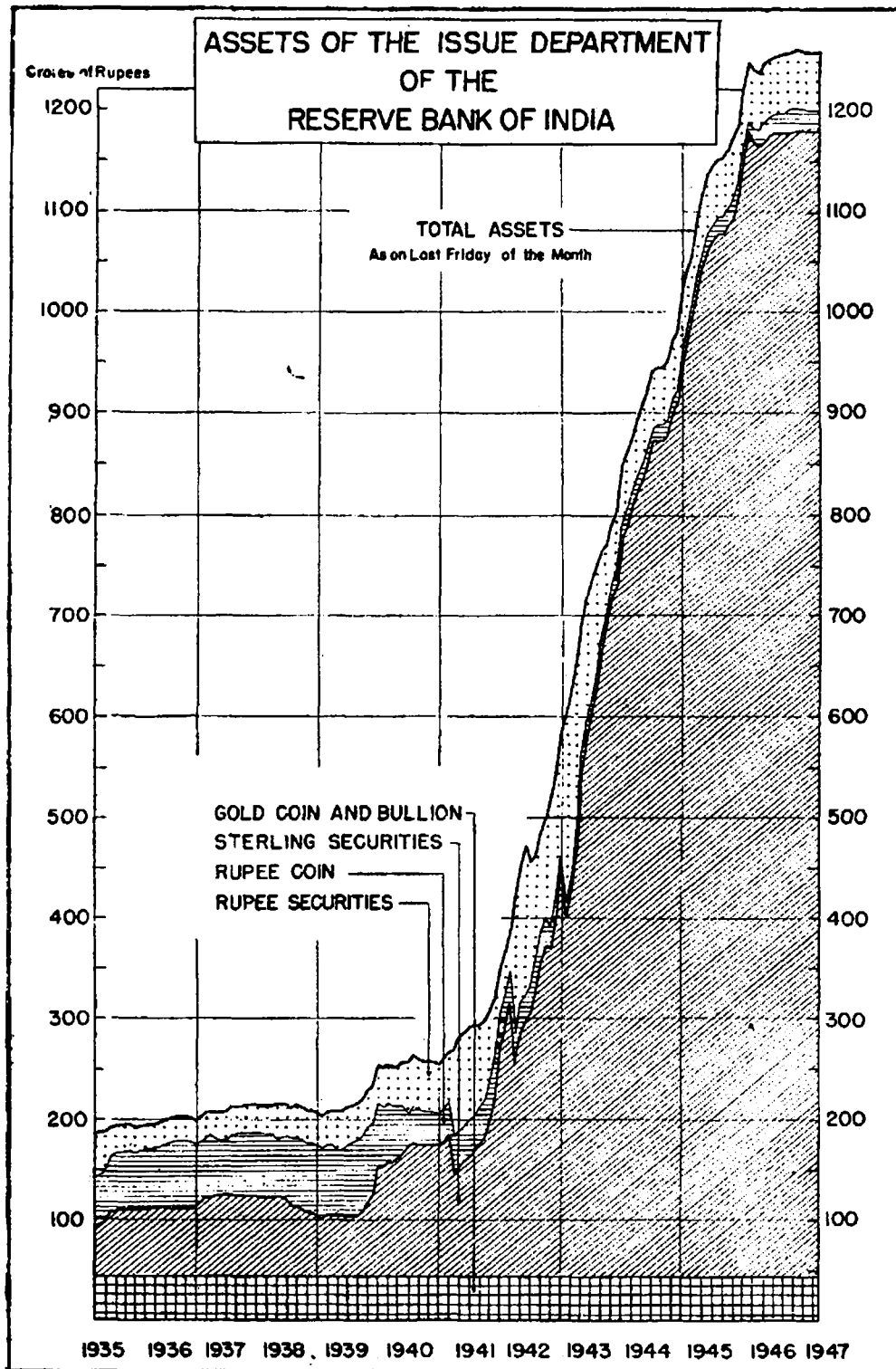
Starting at Rs.530·80 crores in April, the deposits of the Central Government fell to Rs.468·39 crores by June but recovered to Rs.490·91 crores by September and thereafter, with narrow fluctuations declined to Rs.417·31 crores in March, 1947. The highest and lowest balances of the Central Government during the year were Rs.532·63 crores and Rs.402·14 crores respectively compared with Rs.530·91 crores on 22nd February, 1946 and Rs.251·42 crores on 8th June, 1945. The average deposits of the Central Government for the year were thus higher than before, for reasons explained in paragraph 52 on Government balances.

On the assets side, the average cash balances were Rs.32·85 crores during the year as against Rs.16·72 crores for the previous year. The average balances held abroad including cash and short-term investments in sterling securities showed a rise from Rs.488·23 crores to Rs.528·83 crores, the difference representing the excess of receipts of sterling from the Central Government over the transfers to the Issue Department as cover for the increases in note issue. It is, however, noticeable that there has been a reversal in the trend of accumulation of these balances. While during the year 1945-46 the balances continued to increase month by month and reached the maximum in March, 1946, during the year under review they showed almost a continuous fall reaching the lowest level of Rs.474·49 crores during February, 1947.

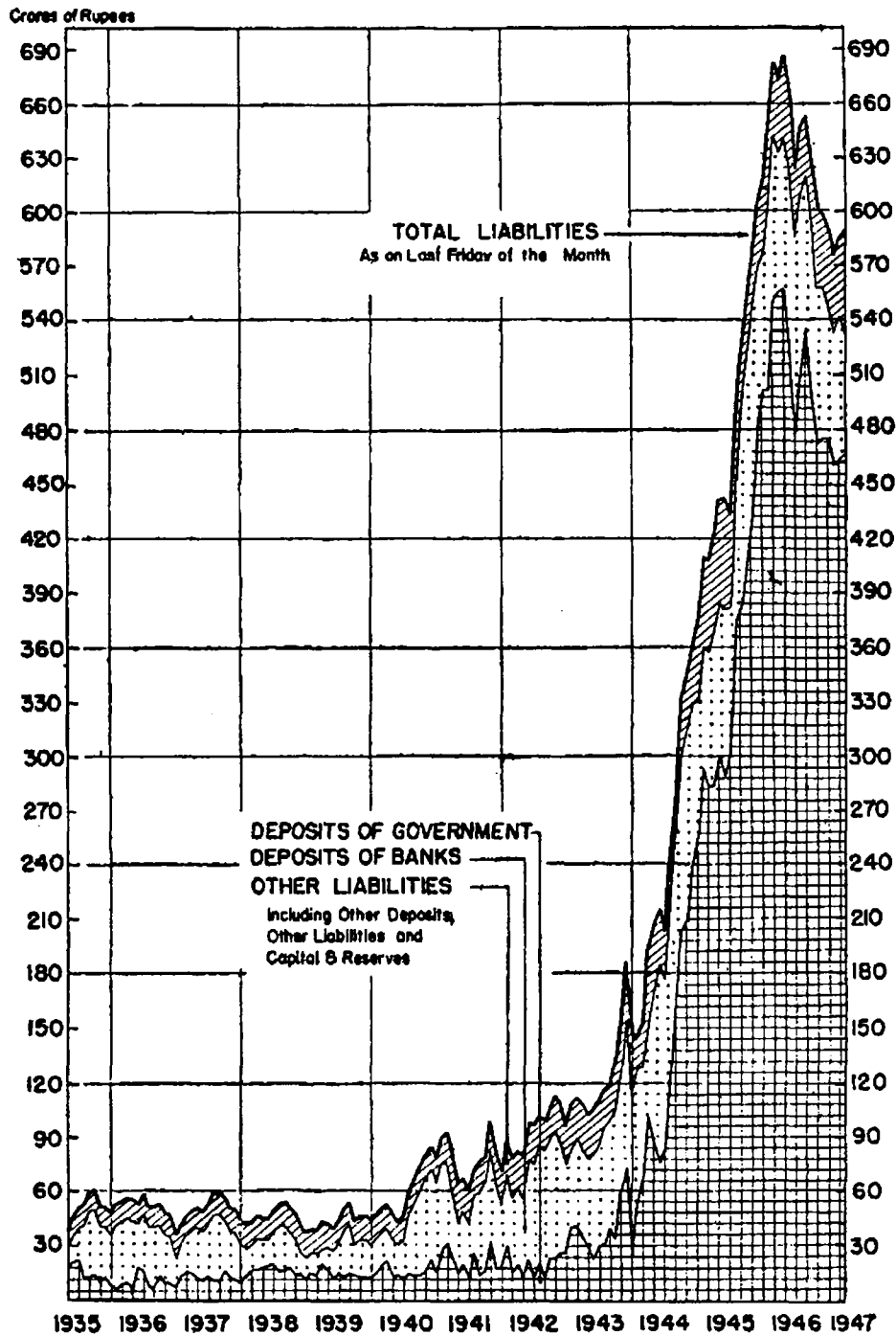
The average of loans and advances to Government declined further from Rs.22 lakhs to Rs.5 lakhs, the highest amount under this head being only Rs.43 lakhs on 14th June, 1946. The average investments of the Banking Department increased from Rs.24·65 crores to Rs.31·70 crores. The average of other loans and advances, comprising advances to scheduled banks and co-operative banks rose from Rs.12 lakhs to Rs.82 lakhs during the year under review, the highest amount reached being Rs.10,33 lakhs on 3rd January, 1947 owing to stringent conditions in the money market. The average of bills purchased and discounted stood lower at Rs.2·33 crores as against Rs.3·35 crores in 1945-46 the highest amount, however, being Rs.11·32 crores on 26th April, 1946 as compared with Rs.8·98 crores on 20th April, 1945.

78. *Reserve Bank of India: Issue Department.*—Statement XL shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935; Statement XXXVIII gives weekly (Friday) figures in respect of these for 1946-47 and Statement XLI shows notes in circulation in India as on the last Friday of each month since April, 1941.

Notes in circulation (excluding Burma notes) increased only by Rs.23·26 crores or by 1·91 per cent from Rs.1,218·77 crores on 29th March, 1946 to Rs.1,242·03 crores on 28th March, 1947. The total notes issued stood at Rs.1,258·08 crores at the end of 1946-47 as compared with Rs.1,238·41 crores at the end of the previous year, showing an increase of 1·59 per cent. Thus the percentage increases

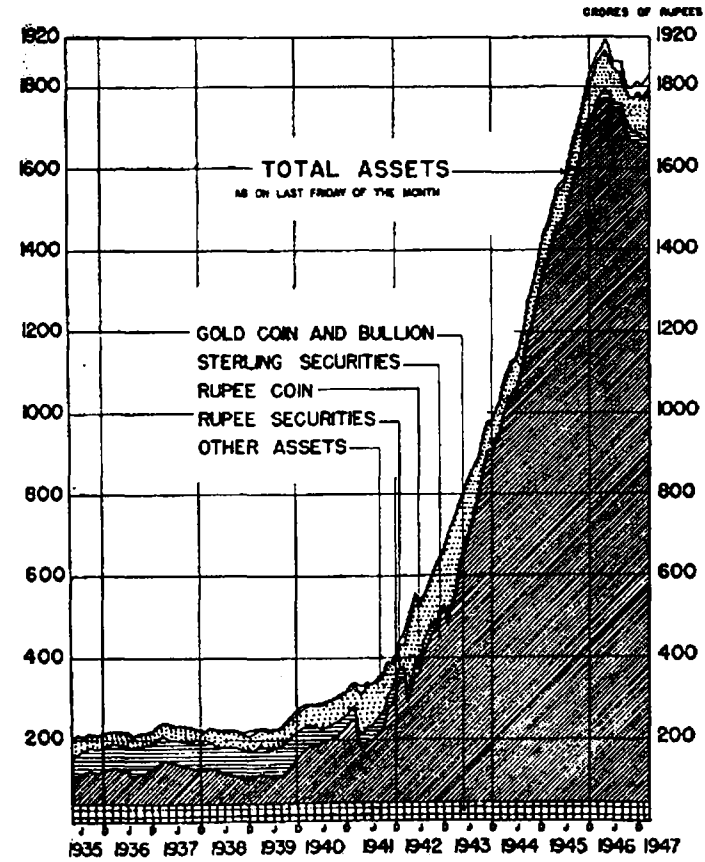
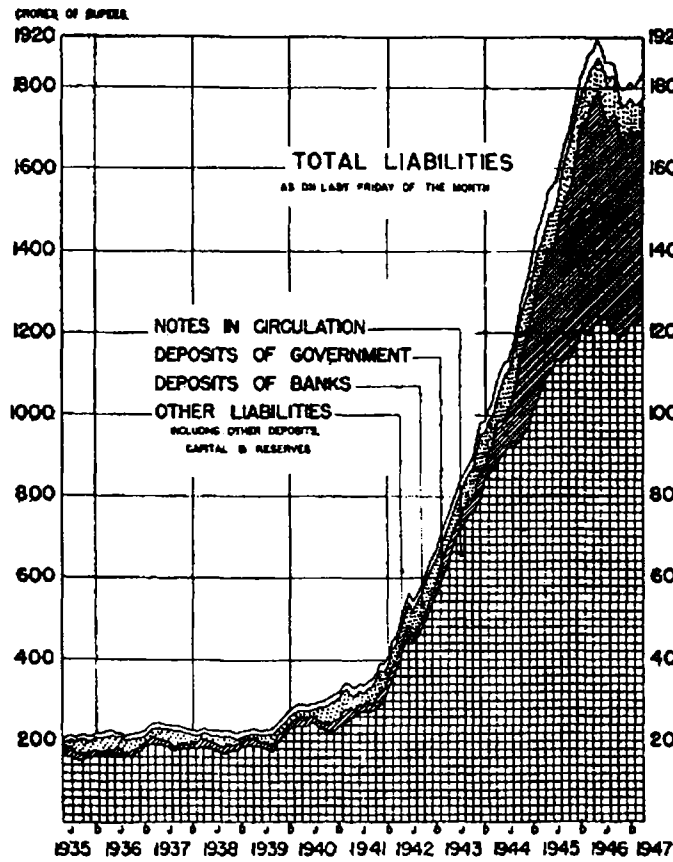


LIABILITIES OF THE BANKING DEPT OF THE RESERVE BANK OF INDIA



LIABILITIES AND ASSETS OF THE RESERVE BANK OF INDIA ISSUE AND BANKING DEPTS. COMBINED

601



in the notes in circulation and the total notes issued during the year under review have considerably declined compared with the increases in the preceding two years of 22.93 per cent and 22.33 per cent in 1944-45 and 12.34 per cent and 13.13 per cent in 1945-46 respectively.

On the assets side, gold coin and bullion remained unchanged at Rs.44.42 crores, their percentage to total notes issued further declining from 3.59 as at the end of the previous year to 3.53 by March, 1947. The valuation of the gold holding continued to be based on the statutory rate of Rs. 21-3-10 per tola while the market rate for gold stood at Rs. 103-8-0 on 31st March, 1947. The Bank's holding of sterling securities did not increase much during the year, the total of such securities standing at Rs.1,135.32 crores on 28th March, 1947 as compared with Rs.1,120.32 crores on 29th March, 1946. As a result, the percentage of sterling securities to total notes issued and the percentage of gold and sterling securities together to total notes issued declined from 90.46 and 94.05 at the end of 1945-46 to 90.24 and 93.77 at the end of 1946-47.

Rupce securities which stood at Rs. 57.84 crores on 29th March, 1946 remained steady throughout the year 1946-47. The rupee coins held (including Government of India one rupee notes) were, however, a little higher on an average and fluctuated between Rs.16.35 crores on 12th July to Rs. 22.03 crores on 29th November and stood at Rs. 20.50 crores at the end of March, 1947.

The graphs on pages 107 and 108 illustrate the relative movements in the various components of the assets of the Issue Department and the liabilities of the Banking Department of the Reserve Bank of India; the liabilities of the Issue Department are entirely made up of notes issued and the assets of the Banking Department are largely composed of (sterling) balances held abroad; a graph of combined assets and liabilities of the Bank is also given on page 109 and shows the Bank's overall position. The figures in the table below bring out the direction and extent of changes in the principal items of liabilities and assets of the Bank on the combined basis.

TABLE 28.—VARIATIONS IN CERTAIN ITEMS OF ASSETS AND LIABILITIES OF THE RESERVE BANK OF INDIA.

(In crores of rupees)

	End of month : change over previous date							
	March 1940*	March 1941	March 1942	March 1943	March 1944	March 1945	March 1946	March 1947
Note Circulation :								
Increase over previous date	+ 60	+ 19	+ 152	+ 234	+ 239	+ 202	+ 134	+ 23
Progressive increase .. .. .	..	+ 79	+ 231	+ 465	+ 704	+ 906	+ 1,040	+ 1,063
Deposits :								
Increase over previous date	- 2	+ 23	..	+ 24	+ 79	+ 226	+ 251	- 81
Progressive increase .. .. .	..	+ 21	+ 21	+ 45	+ 124	+ 350	+ 601	+ 520
Total Sterling Assets :								
Increase over previous date	+ 75	+ 3	+ 104	+ 261	+ 437	+ 417	+ 361	- 112
Progressive increase .. .. .	..	+ 78	+ 182	+ 443	+ 880	+ 1,297	+ 1,658	+ 1,546
Total Rupee Coin :								
Increase over previous date	- 20	- 21	- 7	- 13	- 2	+ 2	+ 2	+ 5
Progressive increase .. .. .	..	- 41	- 48	- 61	- 63	- 61	- 59	- 54
Total Rupee Securities :								
Increase over previous date	+ 2	+ 49	+ 53	+ 32	- 113	+ 9	+ 12	+ 36
Progressive increase .. .. .	..	+ 51	+ 104	+ 136	+ 23	+ 32	+ 44	+ 80

* Change as compared with August, 1939.

The table shows that upto the end of 1941-42, the addition to the note circulation was greater than the net accumulation of sterling assets, and was partly backed by additions to rupee securities rendered necessary by the utilisation of considerable amounts of sterling in debt repatriation. During 1942-43 the accumulation of sterling assets outpaced the progressive net increase in note circulation while the amount of rupee securities held also continued to increase. By the end of 1942-43, the progressive addition to the note circulation (since the beginning of war) corresponded more or less with the net accretion of sterling. During the last four years, however, the additions to the note circulation are considerably less than the net additions to sterling assets and there has been an appreciable replenishment of the (cash) balances of the Government and the banks with the Reserve Bank. It may, however, be noted that during the year under review while the net addition to note circulation has been small, the sterling assets have shown a marked decline.

79. *Banking Legislation.*---(A). It was stated in the previous year's Report that the revised Banking Companies Bill had been referred to a Select Committee on 11th April, 1946. The Committee concluded its deliberations on 8th February, 1947 and its report was presented to the Legislative Assembly on 17th February, 1947, but was not taken up for consideration and has been postponed to subsequent session. The main changes proposed by the Committee in the Bill are :---

- (i) Limiting the Reserve Bank's emergency power to suspend the provisions of the Bill to thirty days.
- (ii) Widening the definition of 'banking' so as to include the acceptance of time deposits also.
- (iii) Providing that no company other than a banking company shall accept deposits repayable on demand.
- (iv) Making the extension of Managerial contracts subject to confirmation by a general meeting of shareholders and making the Reserve Bank the arbiter in questions of disproportionate remuneration.
- (v) Introducing a somewhat elaborate but more workable basis for capital requirements replacing the original basis of population for capital requirements by one dependent on the territorial range of a company's activities.
- (vi) Limiting the voting rights of any one shareholder to one-tenth of the total voting rights so as to prevent the control of the affairs of a banking company from passing into the hands of a small group.
- (vii) Prohibiting a banking company from declaring dividends before it has written off all its capitalized expenses.
- (viii) Debarring a banking company incorporated in India from taking on its board a person who is already the Director of another banking company.
- (ix) Placing on all banking companies incorporated in India an obligation to build up and maintain a reserve fund equal to the paid-up capital.

- (x) Making it necessary for all banks to obtain the permission of the Reserve Bank before forming a subsidiary company for purposes other than those expressly permitted under clause 19.
- (xi) Requiring *all* banking companies to take out licences.
- (xii) Prohibiting a banking company from holding shares in any company in the management of which any manager or managing director of the banking company is in any manner concerned or interested.
- (xiii) Bringing down the minimum percentage of cash and approved securities to be held from 25 per cent to 20 per cent.
- (xiv) Giving the Reserve Bank free discretion to inspect a banking company at any time so that the public may not draw any pessimistic inference from the fact that a bank has been inspected.
- (xv) Adding further to the powers and functions of the Reserve Bank so as to bring it into closer contact with banking companies and providing for an annual report by the Reserve Bank on the trend and progress of banking in the country.
- (xvi) Removing, in case of private *banking* companies, some of the exemptions granted under the Indian Companies Act.
- (xvii) Amending the Reserve Bank of India Act so as to enable the Bank under certain circumstances to come to the aid of a banking company by means of a loan against such securities as it may consider sufficient.

The Committee has also suggested that the constitutional difficulties standing in the way of extending the provisions of the Bill to partnerships and individuals carrying on banking business should be examined with a view to introducing legislation to bring them within the purview of the Bill.

(B). Pending the enactment of the Banking Companies Bill, 1946, and with a view to controlling the unplanned expansion of branches and checking certain undesirable developments such as excessive expenditure on branches in relation to their resources, employment of untrained staff etc., a Bill for the licensing of branches of banking companies was introduced in the Assembly on 4th November, 1946. After being approved by the legislature, the Banking Companies (Restriction of Branches) Act, 1946 received the assent of the Governor-General on 22nd November, 1946 and became effective from that date.

The Act lays down that no banking company shall open a new branch or change the location of an existing branch without obtaining prior permission in writing from the Reserve Bank which before giving such permission to any bank would take into consideration its financial condition and history, the general character of its management, the adequacy of its capital structure and earning prospects and the public interest to be served by the branch and if necessary and with the previous approval of the Central Government cause an inspection to be made of the books of account and other documents of the bank through a competent person.

(C). Section 31 of the Reserve Bank of India Act was amended on 16th November, 1946 putting on a permanent footing the ban on the issue of promissory notes payable to bearer. The ban had been imposed by the Government of India on 18th May, 1946 by an Ordinance with a view to putting a stop to the unhealthy practice noticed in the case of certain banks of issuing bearer promissory notes with a stated period of maturity, which in effect constituted substitutes for currency notes.

80. *Nationalisation of the Reserve Bank of India.*—A proposal for the nationalisation of the Reserve Bank came up for consideration before the Central Assembly this year through a resolution moved by Mr. Tamizuddin Khan, M.L.A. on 18th February, 1947. It may be recollected in this connection that the question as to whether the Reserve Bank of India should be a State or a shareholders' Bank, aroused some controversy at the time when the first Reserve Bank Bill for constituting a shareholders' Bank on the lines recommended by the Hilton-Young Commission was proposed by the Government in January, 1927. At that time the majority of the members opposed the Bill on the ground that a State Bank alone would inspire confidence among the people and that a shareholders' Bank would make domination by private financial interests possible. An influential minority, however, argued in favour of a shareholders' institution as, according to them, it alone would ensure freedom from interference in its working by political parties. The Government was prepared to accept the majority proposal for the establishment of a State Bank but as no agreement was possible on the composition of the Directorate, the Bill was not proceeded with. The Government, however, introduced another Bill in January, 1928 again proposing a shareholders' Bank but for technical reasons it could not be moved in the Assembly. Thereupon they wanted to proceed with the old Bill but its consideration only helped to revive old controversies and the Government announced on 10th February, 1928 that they had no intention then to proceed with the matter.

The question came to the fore again when the White Paper on the Indian Reforms made it a condition that before transferring responsibility for finance at the Centre, a Reserve Bank free from political influence should be set up. A fresh Reserve Bank of India Bill was drawn up and legislation was introduced on 8th September, 1933. The Bill as approved by the Legislature became an Act in 1934 and the Reserve Bank was inaugurated on 1st April, 1935 as a shareholders' Bank.

After the war, with the nationalisation of the Bank of England but more particularly with the formation of the Interim Government at the Centre, the demand for the nationalisation of the Reserve Bank of India was revived in sections of the press and the non-official resolution mentioned above urging nationalisation was moved in the Central Assembly. It was, however, withdrawn on the assurance of the Finance Member that Government would consider the proposition most carefully and sympathetically and if they were convinced that nationalisation of the Bank would be in the country's interests, they would not hesitate to take steps in that direction. This assurance was followed by an announcement by the Finance Member in the course of the budget speech on 28th February, 1947 that the Government had taken a decision to nationalise the Reserve Bank of India. He observed: "I have since given further thought to the matter and am convinced that the advantages of nationalisation outweigh any possible disadvantages. I have, therefore, come to the conclusion that the Reserve Bank of India should be nationalised, the time and manner of effecting the change being a matter of separate consideration in due course."

VII. CURRENCY

A. CIRCULATION AND ABSORPTION

81. *Money Supply.*—The table on page 115 gives figures of money supply in India, which is defined as the total of currency in circulation plus the demand deposits of banks (including the Reserve Bank) minus cash reserves of banks (which include their deposits with the Reserve Bank). This covers all forms of liquid assets in the country and includes not only what may be called the “cash balances with the public” but also Government deposits with the Reserve Bank of India, which may be said to constitute the “cash balances of Government.” In the absence of accurate estimates of the amount of small coin in circulation, the figures for total money supply, as given in the table, exclude small coin, but the figures for increases in money supply include also the increases in the circulation of small coin. The figures for the “cash balances with the public” are derived by deducting from total money supply the deposits of Government with the Reserve Bank of India.

Money supply (excluding small coin) averaged at Rs.2,599 crores for the year 1946-47 as against Rs.2,394 for 1945-46, showing an increase of Rs.205 crores. Money supply ranged at relatively higher levels in the first half of the year when it averaged at Rs.2,620 crores and was appreciably lower in the second half of the year at an average of Rs.2,579 crores. Thus, while at the end of the previous year it amounted to Rs.2,643 crores, it declined to Rs.2,569 crores at the end of 1946-47. This fall, however, reflects a sharp decline in Government deposits with the Reserve Bank of India which fell by Rs.94 crores from Rs.556 crores at the end of March, 1946 to Rs.462 crores at the end of March, 1947. There was a net increase of Rs.26 crores in the cash balances with the public (including the increase in small coin) as compared with an increase of Rs.251 crores in 1945-46 and of Rs.470 crores in 1942-43. The increase this year is small as compared with the increases in preceding years, reflecting a further deceleration in the rate of monetary expansion noticed since the wartime peak of 1942-43. The fall in the rate of expansion is mainly due to the curtailment of the Defence expenditure of the Government of India and that on behalf of the Allied Governments and to a negative balance of payments during the year.

82. *Total Absorption of Currency.*—Statement XLII gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XLIII gives similar figures on a monthly basis for 1946-47 and 1945-46. The total absorption of currency including small coin during the year was lower at Rs.31·11 crores as against Rs.162·22 crores in 1945-46, Rs.231·64 crores in 1944-45 and Rs.282·97 crores in 1943-44.

The graph on page 116 shows absorption or return during the years 1944-45 to 1946-47 separately for (i) notes, (ii) rupees and (iii) small coin. The linear diagram at page 117 shows the progressive absorption of notes, rupees and small coin since September, 1939, while the bar diagram on page 118 depicts the absorption or return, month by month, of notes, rupees and small coin separately.

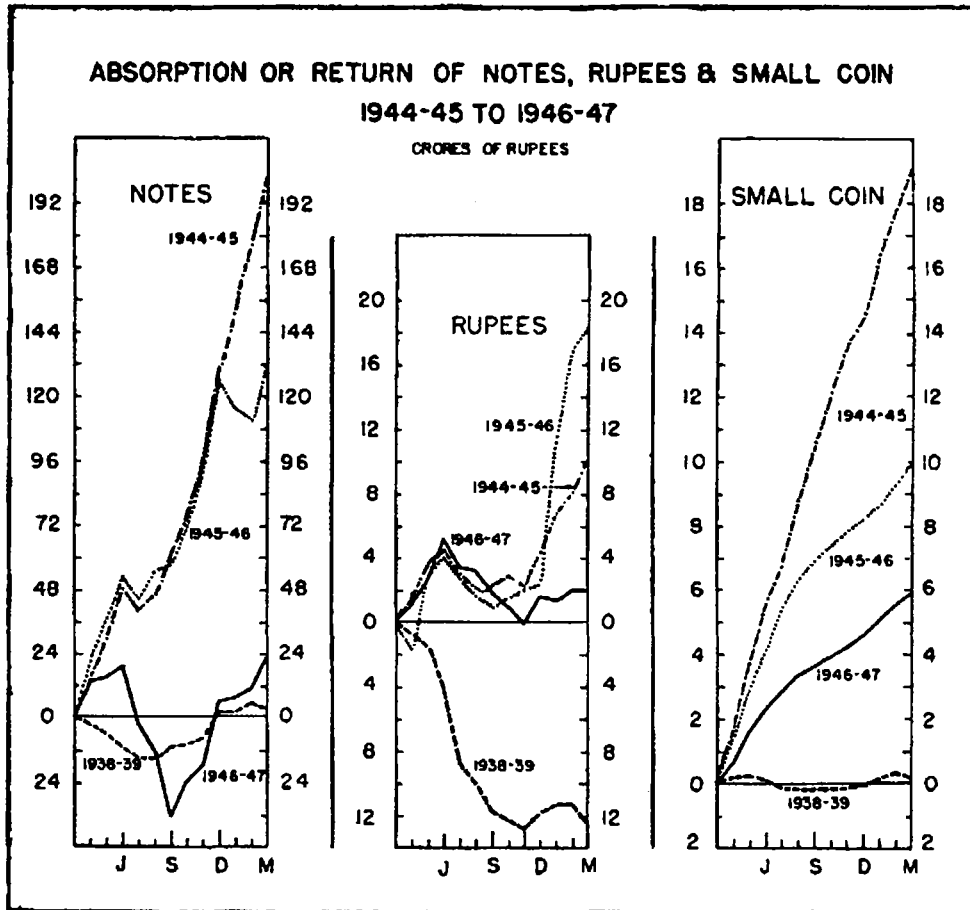
83. *Circulation and Absorption of Notes.*—Statement XLIV shows the year-end figures and annual averages of the total notes issued and in circulation (excluding Government of India one rupee notes issued in 1940) since the quinquennium ended 1913-14, together with the percentage annual rise or fall in the circulation. India notes and Burma notes are shown separately for the years 1937-38 to 1941-42. The figures for 1942-43 and later years relate to India notes only, as from June, 1942 the Bank was relieved of its liabilities in regard to Burma notes. The decline in

TABLE 29.—TOTAL MONEY SUPPLY IN INDIA.

		(Rupees in crores)																		
		March†	March	March	March	March	March	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
		1941	1942	1943	1944	1945	1946	1947	1946	1946	1946	1946	1946	1946	1946	1946	1946	1947	1947	1947
1.	Notes in Circulation	241	332	644	852	1,085	1,219	1,242	1,233	1,234	1,238	1,215	1,207	1,188	1,195	1,201	1,225	1,226	1,230	1,242
2.	Demand deposits of banks (scheduled and non-scheduled)*	177	232	337	543	624	735	714	730	739	746	758	760	733	771	764	763	754	737	714
3.	Deposits with the Reserve Bank of India (excluding deposits of Burma Government)	59	63	87	167	392	643	562	651	630	592	618	628	599	570	576	564	549	557	562
4.	Cash reserves of banks (scheduled and non-scheduled)*	45	54	65	78	120	120	117	129	142	162	152	140	136	131	131	127	118	126	117
5.	Money Supply excluding rupee coin and small coin (1+2+3-4)	432	623	1,053	1,514	1,981	2,477	2,401	2,465	2,461	2,414	2,439	2,475	2,434	2,405	2,430	2,425	2,411	2,398	2,401
6.	Circulation of rupee coin .. .. .	..	..	124†	137	147	166	168	167	168	171	169	169	167	167	166	167	167	168	168
7.	Total Money Supply (excluding small coin) (5-6) .. .. .	..	..	1,177	1,651	2,128	2,643	2,569	2,652	2,629	2,585	2,608	2,644	2,601	2,572	2,596	2,592	2,578	2,566	2,569
8.	Government deposits with the Reserve Bank of India	18	19	30	101	233	556	462	558	625	479	506	535	503	472	474	475	461	452	462
9.	Cash balances with the public (excluding small coin) .. .. .	..	..	1,141	1,550	1,845	2,087	2,107	2,096	2,104	2,106	2,102	2,109	2,098	2,100	2,122	2,117	2,117	2,114	2,107
10.	Increase in Money Supply (excluding rupee coin and small coin)	48	191	430	461	407	496	-76	8	-24	-47	25	36	-41	-29	26	-5	-14	-13	3
11.	Percentage rate of increase	12.5	44.2	69.0	43.8	36.8	25.0	-3.1	0.3	-1.6	-1.9	1.0	1.5	-1.7	-1.2	1.0	-0.2	-0.6	-0.5	0.1
12.	Increase in circulation of rupee coin	38	7	46	26	10	13	2	0.9	1.6	2.8	-2.0	-0.2	-1.6	-0.7	-1.0	1.7	-0.2	0.6	-0.1
13.	Increase in circulation of small coin	4	5	12	18	19	10	6	0.7	0.9	0.6	0.6	0.5	0.2	0.3	0.3	0.4	0.5	0.4	0.4
14.	Increase in Total Money Supply (10+12+13)	85	203	487	505	496	524	-68	9.6	-21.5	-43.0	23.6	36.3	-42.4	-29.4	24.3	-2.9	-13.7	-12	3.3
15.	Increase in Government deposits with the Reserve Bank of India	-1	1	17	65	182	273	-94	..	-31	-46	27	29	-32	-31	2	1	-14	-9	10
16.	Increase in cash balances with the public (14-15)	86	202	470	440	314	251	28	9.6	9.5	2.4	-3.4	7.3	-10.4	1.6	22.3	-7.3	0.3	-9	-0.7

115

Items 1-9: figures as on last Friday. † October 1943. * For some periods figures relating to non-scheduled banks are estimates. ‡ Items 10-16: increases over the previous year.



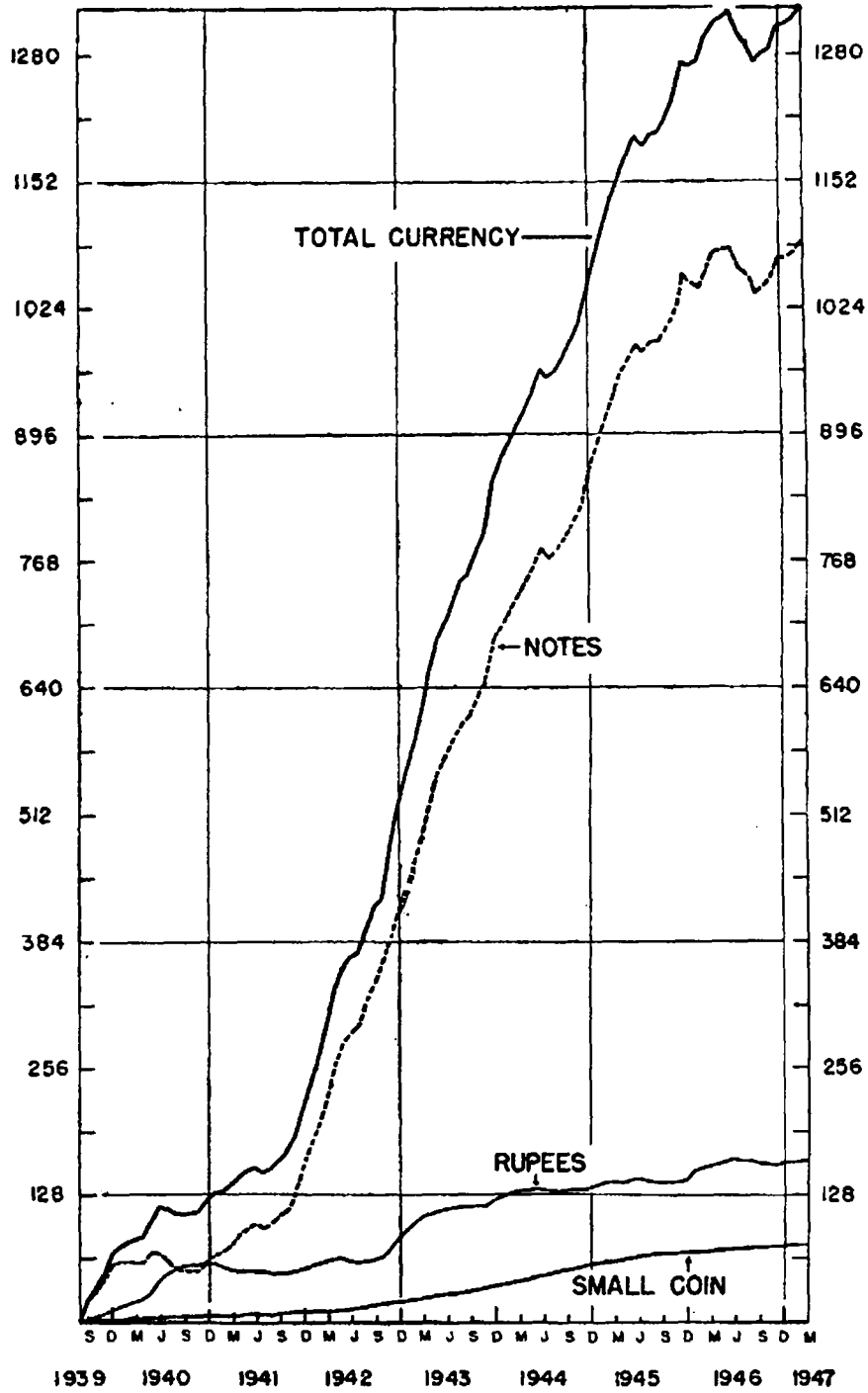
the relative as well as the absolute expansion of note circulation, which began in 1943-44 was further accelerated during the year under review. Notes in circulation registered an increase of Rs.23.26 crores to Rs.1,242.03 crores at the end of 1946-47 as against Rs.133.89 crores in 1945-46, Rs.202.39 crores in 1944-45 and Rs.238.91 crores in 1943-44. The annual rate of expansion declined to 2 per cent in 1946-47 from 12 per cent in 1945-46, 23 per cent in 1944-45 and 37 per cent in 1943-44. The average circulation for the year, having increased by 5 per cent, worked out at Rs.1,222.96 crores as against Rs.1,162.64 crores during 1945-46.

There was a net absorption of notes during all the months of 1946-47 except in July, August and September when there were returns of Rs.22.38 crores, Rs.8.68 crores and Rs.18.93 crores respectively. The average monthly absorption during 1946-47 declined sharply to Rs.1.94 crores from Rs.11.16 crores in 1945-46. As usual, the month of December witnessed the maximum increase in note circulation, the absorption of notes this year at Rs.23.59 crores, however, being the lowest in the month since 1941. During the first half of the year, note circulation showed an average decline of Rs.5.15 crores per month as against an average increase of Rs.9.49 crores per month for the corresponding period of 1945-46. The second half of the year, however, noticed an average rise in note circulation at Rs.9.03 crores per

ABSORPTION OF CURRENCY SINCE SEPT. 1939

Excluding Burma from April 1942

CRORES OF RUPEES



month as against the monthly average rate of increase of Rs.12·82 crores for the second half of the year 1945-46.

84. *Circulation and Absorption of Rupees.*—With the cessation of the legal tender character of the standard rupee coin with effect from 1st November, 1943, the quaternary rupees and Government of India one rupee notes constitute as from that date the total amount of rupee coin in circulation. The aggregate amount in circulation of the Government of India one rupee notes and quaternary rupees (first issued in July and December, 1940 respectively) stood at Rs.123·81 crores at the end of October, 1943. The circulation of rupee coin rose to Rs.137·33 crores at the end of 1943-44, to Rs.147·38 crores at the end of 1944-45, to Rs.165·73 crores at the end of 1945-46 and to Rs.167·67 crores at the end of 1946-47.

The demand for rupee coin showed a steep fall during the year under review, the absorption amounting to Rs.1·94 crores as compared with Rs.18·35 crores in 1945-46 and Rs.10·05 crores in 1944-45, the annual rate of expansion showing a sharp decline from 12 per cent to 1 per cent. There was a return of rupee coin from July to November, 1946 and again during January and March, 1947 totalling Rs.5·75 crores compared with a return of Rs.4·91 crores during April, July, August and September, 1945. The increase in circulation during the first quarter of the year was relatively large and amounted to Rs.5·37 crores as against Rs.3·97 crores during the corresponding period of the previous year.

During the year, the Bank received from the Government of India, one rupee notes and coin on one occasion to the extent of Rs.5 crores, under Section 36 of the Reserve Bank of India Act as amended in July, 1940, against credits to Government.

85. *Absorption of Small Coin.*—Statement XLV shows the annual absorption of small coin for each of the years 1919-20 to 1946-47 and average annual absorption for the two preceding quinquenniums. The decline in the absorption of small coin, though considerable, was not as steep as in the case of rupee coin and notes. The absorption during the year was smaller at Rs.5·91 crores compared with Rs.9·98 crores in 1945-46 and the record figure of Rs.19·20 crores in 1944-45, indicating the continuance of the decline in the rate of absorption noticed last year. The monthly absorption ranged between Rs.93 lakhs in May and Rs.23 lakhs in September, 1946.

The absorption of small coin in the different circles during the last three years is shown in the table below.

TABLE 30.—ABSORPTION OF SMALL COIN BY CIRCLES.

Circle	1944-45	1945-46	(In thousands of rupees)	
			Percentage increase (+) or decrease (—) over 1944-45	Percentage increase (+) or decrease (—) over 1945-46
Bombay	4,67,75	2,03,19	—56·6	—20·3
Calcutta	7,60,81	5,44,03	—28·5	—55·0
Cawnpore	3,06,94	1,12,49	—63·4	—30·9
Karachi	26,71	6,37	—76·2	—49·3
Lahore	1,69,24	23,23	—86·3	+23·7
Madras	1,88,93	1,08,52	—42·6	—31·7
Total	19,20,33	9,97,83	—48·0	—40·8

There was a decline in the absorption of small coin as compared with the previous year in all circles except Lahore, where the absorption at Rs.28·74 lakhs was higher by 23·7 per cent over the previous year. The maximum decline occurred in the Calcutta circle, followed by Karachi and Madras, unlike last year when the maximum decline in absorption was recorded in the Lahore circle while Calcutta accounted for the smallest decrease. Of the total absorption of Rs.5·91 crores, Bombay and Calcutta accounted for Rs.4·07 crores or 68·9 per cent as against the

corresponding figure of 74.9 per cent in 1945-46, Calcutta's share as in the previous year being the largest at 41.5 per cent.

86. *Seasonal Movements of Currency.*—Statement XLVI shows the periods of absorption and return of currency since 1920-21. It indicates a fairly regular seasonality in the absorption and return of currency. The "busy" season when currency is absorbed begins usually in August, September or October—mostly in September—and ends after December, January or February, thus having an average duration of five or six months. The "slack" season of return of currency usually begins in January, February or March and extends upto July, August or September, the average duration being six or seven months. In the pre-war years there was a fair amount of regularity in the periodicity of the busy and the slack seasons. The wartime monetary expansion distorted this even movement. The period of absorption that began in September, 1939 did not stop, as usual, in the first quarter of 1940, but continued until the end of June, 1940, there being a return of currency from July to September. Again the next period of absorption beginning in October, 1940 extended over June, 1941 followed by a return of currency only during July, 1941. There was continued absorption during the entire period from August, 1941 to June, 1944, a period during which wartime monetary expansion reached its peak. Again there was a return of currency only during July, 1944. The period of absorption once more extended from August, 1944 to June, 1945, a return of currency taking place again in July, 1945. The next period of absorption which began in August, 1945 ended after December, 1945, there being a return of currency during January, 1946. There was an absorption of currency during February to June, 1946, a period which is otherwise covered by the slack season. The return of currency began once again in July, 1946 and ended after September, 1946, there being an absorption of currency from October, 1946 to March, 1947. Thus, the tide of currency expansion during the war, resulting from steadily growing Governmental outlays, submerged the seasonal ebb and flow of currency. However, the month of July appears to mark the bottom of the slack season, and despite the rising wartime trend in currency circulation, the seasonal fall in the demand for currency, reaching its maximum in July asserted itself in 1941, 1944 and 1945 when returns of currency were noticed in that month. With the end of the war, although the tempo of currency expansion slackened appreciably, seasonality did not immediately reappear, and currency absorption was noticed in the slack months of February to June, 1946. The return of currency from July to September, 1946, would, however, appear to indicate the beginning of a process of return to normal conditions and the reappearance of currency trends in conformity with the normal seasonal pattern.

87. *Note Circulation and Demand Deposits.*—The following table gives comparative figures of the changes in note circulation and the demand deposits of scheduled banks since 1942-43, on a half-yearly basis.

TABLE 31.—CHANGES IN NOTE CIRCULATION AND DEMAND DEPOSITS OF SCHEDULED BANKS.

	1942-43		1943-44		1944-45		1945-46		1946-47	
	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March
1. Note circulation at the end of period	498	651	764	882	941	1,085	1,142	1,219	1,188	1,212
2. Increase during the period	110	153	113	118	59	111	57	77	—31	54
3. Percentage $\frac{\text{increase}}{\text{decrease}}$	28	32	17	15	7	15	5	7	—3	5
4. Demand deposits at the end of period	314	370	480	524	528	597	645	701	748	681
5. Increase during the period	91	52	90	64	64	9	48	56	47	—67
6. Percentage $\frac{\text{increase}}{\text{decrease}}$	40	16	24	14	12	2	8	9	7	—9

Before the wartime expansion of currency and credit got under way, opposite trends were witnessed in the movements of the volume of currency circulation and of demand deposits in the busy and the slack seasons. Note circulation tended to rise and demand deposits to contract in the busy season and *vice versa* in the slack season. During the war both deposits and currency circulation continued to expand, the incidence of the seasons being reflected in their varying rates of expansion: there was a greater percentage increase in demand deposits than in note circulation during the first half of the year corresponding generally to the slack season, while a comparatively larger expansion in note circulation than in deposits occurred in the second half of the year, which corresponds to the busy season. During the year under review, the pre-war tendency for notes in circulation and demand deposits to move in opposite directions during the different seasons reappeared. In the first half of the year notes in circulation declined by 3 per cent as against an increase of 7 per cent in demand deposits while in the second half, notes in circulation showed a rise of 5 per cent against a fall of 9 per cent in demand deposits. This emergence of the normal seasonal movements in currency and bank deposits followed the slowing down in the rate of monetary expansion witnessed during the war years.

88. *Circulation of Notes and Coin by Denominations.*—Statement XLVII shows the circulation of notes by denominations for the years ended 31st March, 1914 and 1921-35 and for the years ended 31st December, 1935-46. The denominational pattern of note circulation underwent a considerable change as a result of the promulgation of the High Denomination Bank Notes (Demonetisation) Ordinance 1946, issued in January, 1946, under which notes of the denomination of Rs. 500 and above ceased to be legal tender. These notes were exchanged during the year for notes of lower denominations. The amounts of notes of these denominations outstanding on 31st December, 1946 were Rs.3 lakhs in the case of Rs.500 denomination, Rs.1,31 lakhs of Rs.1,000 denomination and Rs.23 lakhs of Rs.10,000 denomination, as against Rs.26 lakhs, Rs.113.37 lakhs and Rs.18.46 lakhs respectively on 31st December, 1945. The circulation of Rs.100 denomination fell from Rs.495,84 lakhs at the end of 1945 to Rs.488,71 lakhs at the end of 1946. Its proportionate share in the total circulation also fell from 41.2 per cent of the gross circulation of all notes except Rs.10,000 at the end of 1945 to 38.8 per cent at the end of 1946. Against this there was a greater proportionate increase in the circulation of Rs.10 and Rs.5 denominations, whose share of the gross circulation excluding Rs.10,000 notes rose from 35.3 per cent and 12.8 per cent respectively at the end of 1945 to 43.3 per cent and 15.7 per cent at the end of 1946. This was in reversal of the trend noticed since 1939 for the proportion of Rs.10 and Rs. 5 denomination to decline as against the tendency of the proportion of notes of Rs.100 denomination and above to rise. Rs.2 denomination also maintained its tendency to rise, the circulation at the end of 1946 being Rs.25,42 lakhs against Rs.14,45 lakhs at the end of 1945, the proportionate share rising from 1.2 per cent to 2 per cent. Statement XLV shows the absorption of small coin by denominations since 1909-10. The steep fall in the absorption of all denominations of small coin excepting pice pieces noticed last year continued during the year under review and extended to pice pieces also.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

89. *Termination of Joint Monetary Arrangements with Burma.*—On the eve of separation of Burma from India, an Agreement, embodied in the India and Burma (Burma Monetary Arrangements) Order, 1937, was arrived at between the two countries, with the object of causing the least possible disturbance in the currency systems

of India and Burma during the initial stages of separation. Under this Order, the currencies of both countries were to continue to be closely linked and managed by the Reserve Bank of India. Provision, however, was made for the issue of distinctive bank notes for Burma immediately on political separation in order to facilitate the division of currency profits. Burma was also authorised to have local coinage of a design different from that of India.

Although at the time of separation it was anticipated that Burma would be in a position to evolve an independent currency system at the end of an initial period of three years, India and Burma continued to work under the joint monetary arrangements until the spring of 1942, when under the stress of the Japanese war, the Government of Burma and the office of the Reserve Bank of India in Rangoon temporarily moved to India. In June, 1942, the responsibility for Burma notes was transferred from the Reserve Bank to the Government of India along with the assets held by the Bank as cover against these notes, the intention being to hand over the liability along with the assets to the Government of Burma as soon as they re-established themselves in Burma.

As vast quantities of Burma notes of the old design were in the possession of the Japanese, it was decided to treat these as a dead currency, suitable arrangements for the redemption of which would be made when conditions permitted, and in the meantime arrangements were made for the use of Indian currency for meeting currency requirements in the early stages of re-occupation. The British Military Administration in Burma, issued on 1st May, 1945 a proclamation defining the status of the various types of currency circulating in Burma. In terms of the Proclamation, Japanese currency which had been put into circulation by the Japanese during the occupation ceased to be legal tender. Burma notes of Rs.5, Rs.10 and Rs. 100, India notes and coin and the Military Administration's 'occupation notes' (which were India notes bearing the inscription 'Military Administration of Burma, Legal tender in Burma only') were declared legal tender. Burma notes of the denominations of Rs.1,000 and Rs.10,000 were demonetised, though an opportunity was given to holders of these notes to exchange their holdings in legal tender currency on satisfying the Military Administration as to their *bona fides*. Consequently when the Government of Burma were re-established in Burma, payment of these notes was made to holders only on their fulfilling the requirements prescribed in the Exchange of High Denomination Burma Notes Rules, 1946 framed by Government in pursuance of the Burma Notes (Payment Restriction) Act, 1946. The time limit for the payment of the notes was fixed upto and including 31st December, 1946. The Reserve Bank re-opened in Rangoon on 20th August, 1945 and were appointed bankers to the Military Administration. The responsibility for the management of the currency, however, continued with the Military Administration, the Reserve Bank being responsible for carrying out certain administrative functions in respect of the note issue in Burma. Following the end of the military regime on 31st January, 1946, the Government of Burma took over the responsibility for the note issue in Burma, the Reserve Bank continuing to act as Government's agent in currency matters and as banker to Government and other banks. The currencies of India and Burma, however, continued to be linked together by the facilities for the free exchange of Burmese and British India currency through the Reserve Bank. The outstanding liability for the pre-war issues of Burma notes, which had been transferred from the Reserve Bank of India to the Government of India in June, 1942 was transferred together with the assets held against them, to the Government of Burma in June, 1946.

In June, 1946, the Government of Burma decided to sever the currency link with India and to establish an independent currency to be managed by a Currency Board in London with effect from 1st April, 1947. Authority was taken by an Order-in-Council in August, 1946 to amend the India and Burma (Burma Monetary Arrangements) Order, 1937 with a view to terminating the joint monetary arrangements with India by six months' notice. The notice, which was served on the Governor-General with effect from 1st October, 1946, expired on 31st March, 1947 and with it the currency system of Burma was delinked from that of India. In order to enable the Reserve Bank of India to wind up its affairs in Burma, the Reserve Bank of India Act, 1934 was amended in March, 1947 to provide for the deletion of all references to Burma appearing in the Act. The Reserve Bank's office in Rangoon formally ceased to function in that country on 1st April, 1947.

90. *Encashment of Burma Notes.*—With a view to meeting the convenience of the increasing number of repatriates from Burma, the scheme for encashment of Burma notes in operation last year (*vide* para 78 of the Report for 1945-46) was modified during the year under review. Under the modified scheme, which was put into force in September, 1946, encashment facilities were extended to more centres and different agencies and the previous formalities regarding the production of certificates of *bona fide* possession have been dispensed with. Exchanges are now made on payment of commission of four annas per cent, subject to a minimum of four annas, the commission being intended to cover the expenses incurred by the several agencies through which the encashments are effected. The new scheme is operative at the following centres.

- (a) Offices of the Reserve Bank of India at Calcutta, Bombay, Madras and Karachi.
- (b) Offices of the Imperial Bank of India at Chittagong, Vizagapatam, Cochin, Tuticorin and Negapatam.

In addition, encashments are also allowed at treasuries at Imphal, Aijal, Port Blair and the sub-treasury at Margherita. Encashments at those offices are, however, made at par.

The amount of Burma notes encashed during the year 1946-47, including those encashed at Rangoon came to Rs.8,40,67,535 as against Rs.9,95,45,870 during 1945-46, the total value of notes tendered since 5th January, 1942, when the offices of the Reserve Bank of India were first authorised to encash Burma notes aggregating Rs.25,18,71,120.

91. *Demonetisation of High Denomination Notes.*—Applications for the exchange of high denomination notes continued to be received during the year under review. Those received upto 26th April, 1946 were dealt with in terms of the notification of 26th January, 1946, under which the Governor and the Deputy Governor of the Bank were authorised to allow exchanges upto and inclusive of 26th April, 1946. Applications received after 26th April, 1946 were considered by the Government of India, the Bank effecting the exchanges subject to their approval. Arrangements were also made with the British Consular Authorities in foreign countries and Central Banks in countries like the United States, Canada and South Africa, for the exchange of holdings, if any, of high denomination notes belonging to persons residing in those countries.

In view of the ample time already given to all *bona fide* holders of high denomination notes to exchange their holdings, the Government of India announced in a press note issued on 28th February, 1947 that no further claim for the exchange of high denomination notes would be received after 28th February, 1947. The table below shows the amounts of notes of the denominations of Rs.500, Rs.1,000 and Rs.10,000 exchanged upto (i) 31st March, 1946, (ii) 26th April, 1946 and (iii) 31st March, 1947.

Denomination Rs.	Exchanged upto		
	31st March, 1946	26th April, 1946	31st March, 1947
500	20,37,500	20,45,500	21,70,000
1,000	105,80,95,000	106,55,65,000	112,44,87,000
10,000	17,35,20,000	17,39,00,000	22,06,40,000
Total ..	123,36,52,500	124,15,10,500	134,72,97,000

92. *Changes in the Form of Notes.*—No alterations were made in respect of paper, size, colour etc., of notes of various denominations (including the Government of India one rupee notes) issued during 1946-47.

93. *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 currency notes written off under this Section during 1946-47 amounted to Rs.1,77,490 (excluding Rangoon) compared with Rs.1,40,150 in the previous year. Notes amounting to Rs. 1,62,200 (excluding Rangoon) 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 value of notes written off and refunded over the past three years.

	1944-45	1945-46	1946-47*
Value of Notes written off at the end of the year	1,29,180	1,40,150	1,77,490
Value of Notes refunded during the year	8,840	6,710	1,62,200

* Excluding Rangoon.

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

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes ..	357	852	107,150	27,100*
Half notes	858	1,851	210,120	61,750
Mutilated notes :				
Registered	5,500	9,647	10,92,910	7,58,570
Unregistered	48,873	2,67,725	16,70,835½	15,05,549
Government of India one rupee notes	31,589	3,16,294	3,19,832	3,08,526

* Represents amount paid during 1946-47 in respect of claims admitted in previous years. Excluding Rangoon.

95. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year showed a considerable decline and stood at 9,861 (excluding Rangoon) compared with the record figure of 23,792 in 1945-46 and 12,675 in 1944-45. The distribution of note forgeries according to denominations for the last three years is given below.

Year	Rs.1 Government of India Notes	Rs.2	Rs.5	Rs.10	Rs.50	Rs.100	Rs.500	Rs.1,000
1946-47*	1,537	250	831	7,229	..	13	..	1
1945-46	12,306	584	494	10,389	..	17	1	1
1944-45	4,820	2,599	352	4,894	1	9	..	..

* Excluding Rangoon.

The largest number of forgeries was in respect of the Rs. 10 notes at 7,229, this being 73·3 per cent of the total. Of these, forgeries received in the Calcutta and Cawnpore Offices numbered 3,840 and 1,652 respectively or 53·1 per cent and 22·9 per cent. Forgeries in respect of the Government of India one rupee notes aggregated 1,537 or 15·6 per cent of the total, as compared with 51·7 per cent in 1945-46 and 38·0 per cent in 1944-45. The number of forged notes of all denominations detected amounted to 5,290 in Calcutta, 1,998 in Cawnpore and 1,109 in Bombay. 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
1946-47*	41	39	80	13	10	57
1945-46	39	36	75	18	18	39
1944-45	51	15	66	15	15	36

* Excluding Rangoon.

96. *Coinage.*—Statement XLVIII gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. Rupee coin minted during 1946 amounted to Rs.3·49 crores against Rs.22·59 crores in 1945. The following table shows the total mintage of rupee coin and the various denominations of small coin during 1946-47 at the Bombay, Calcutta and Lahore Mints.

TABLE 32.—MINTAGE OF RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint		Calcutta Mint		Lahore Mint		Total	
	Rs.	a.	Rs.	a.	Rs.	a.	Rs.	a.
Quaternary Rupees ..	78,72,000	0	....	....	92,25,532	0	170,97,532	0
Nickel Half Rupees ..	265,00,000	0	....	....	....	....	265,00,000	0
.. Quarter Rupees ..	209,00,000	0	....	....	....	....	209,00,000	0
.. 2 annas	37,37,500	0	61,65,500	0	26,02,500	0	125,05,500	0
.. 1 anna	31,43,750	0	65,65,000	0	20,17,000	0	117,25,750	0
.. ½ anna	10,06,250	0	29,24,765	15	12,33,375	0	51,64,390	15
Single Pice	5,72,500	0	12,02,474	2½	17,53,403	2	35,28,377	4½
Total	637,32,000	0	168,57,740	1½	168,31,810	2	974,21,550	3½

In view of the inadequate supplies of silver, the prevailing high price of the metal in India and the obligation to return in kind within five years after the end of emergency the 226 million ounces of lend-lease silver received from the United States between 1943 and 1945, the Government of India decided to discontinue the minting of the quaternary half and quarter rupee coins of one half fineness. By a notification dated 23rd May, 1946, the Central Government directed that half and quarter rupee coins of the same size and weight as the quaternary coins shall be minted in pure nickel. The new coins, which were first issued from the Bombay Office towards the end of May, 1946, are of the same size and weight as the quaternary coins, but have a different design and plain milling instead of the security edge. The new design, in which the marginal beads both on the obverse and reverse have been omitted, bears on the obverse the King's effigy with the words GEORGE VI KING EMPEROR and on the reverse a tiger, the word India, the year of issue and the denomination in English, Urdu and Devnagri scripts.

The Indian Coinage Act, 1906 (III of 1906) did not permit the minting of coins higher than eight anna pieces in a metal other than silver. An amendment to the existing Act was, therefore, necessary for the introduction of the nickel rupee which Government proposed to issue. Under modern conditions when the nature of coins as tokens of value is well understood, Government deem the use of a metal of high value like silver for coinage as unnecessary and wasteful. Besides, a large section of the Indian public is now accustomed to using notes and prefers the paper rupee. The need for a metallic rupee to the extent it is still in demand can be met by the use of a metal like pure nickel which is superior to silver for coinage purposes. The elimination of silver from the rupee coin will also facilitate the return of lend-lease silver to America. With this end in view, the Finance Member introduced in the Central Assembly on 17th February, 1947 a Bill to further amend the Indian Coinage Act 1906, authorising the Government to issue all coins, including the rupee in any metal. The Bill was passed on 10th April, 1947 and received the assent of the Governor-General on 18th April, 1947. The existing quaternary rupees, half rupees and quarter rupee coins shall continue to be legal tender. In the case of the half rupee coin, the existing position was that the silver half rupee was legal tender for any amount but the nickel half rupee only for a sum not exceeding one rupee. Under the Indian Coinage (Amendment) Act 1947, all half rupee coins are legal tender for a sum not exceeding ten rupees while coins of smaller denominations would continue to be legal tender for one rupee as before.

The issue of quaternary rupee coin was also discontinued from June, 1946. The mintage of quaternary rupee coin since December, 1940 when they were first issued, upto July, 1946 amounted to Rs.106.75 crores.

97. *Withdrawal of Silver Coin.*—All Victoria and King Edward VII rupee and half rupee coins were withdrawn with effect from 1st April, 1941 and 31st May, 1942 respectively and King George V and King George VI standard silver rupees and half rupees were called back with effect from 1st May, 1943. The amount of rupee coin withdrawn from circulation during the last three years is given below.

	1944-45	1945-46	(In lakhs of rupees) 1946-47
William IV 1835	0.01	....	....
Queen Victoria 1840	0.07	0.01	0.01
Standard Silver Rupees	50.25	13.39	2.88
Other uncurrent coin	0.80	0.12	0.18
Defective Quaternary Rupees	0.27	0.21	0.17
Total ..	51.40	13.73	3.24

Under the Indian Coinage (Amendment) Act, 1918, silver two anna pieces are no longer coined and issued. The coin, however, continues to be legal tender. The standard silver four anna coin also continues to be legal tender.

98. *Withdrawal of Cupro-nickel and Copper Coin.*—Eight anna cupro-nickel coins were withdrawn under Section 15A of the Indian Coinage Act, 1906, with effect from 1st October, 1924, and are now received at the Issue Offices only. Double pice coins are also being withdrawn from circulation but are still received at the treasuries and the Issue Offices. The total nominal value of uncurrent coin and badly worn and defaced nickel, copper and brass coins withdrawn from circulation during the year was as follows.

		Rs.	a.	p.		
Uncurrent Coin	{	Cupro-nickel eight anna	503	8	0	
		Bronze double pice	415	2	0	
Badly worn and defaced nickel copper and brass coin	{	Cupro-nickel -/4/-	1,74,781	4	0	
		Nickel-brass & Cupro-nickel Coin				
		-/2/- pieces	43,65,357	0	0	
		-/1/-	44,82,403	3	0	
		-/½/-	24,58,935	4	0	
		Copper & Bronze Coin				
		Single pice	4,277	11	3	
Half pice.. .. .	29	14	9			
Pie pieces	178	8	4			
Total ..		1,14,86,881	7	4		

99. *Counterfeit Coin.*—The following table gives the number of counterfeit coin by denominations cut at treasuries and railway stations during the three years 1944-45 to 1946-47.

	1946-47		1945-46		1944-45	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	7,846	....	8,056	....	7,143	....
Half Rupees	9,323	366	9,293	10	4,881	28
Quarter Rupees	10,783	3,787	9,795	3,170	7,113	1,406
Eighth Rupees	81	69,621	142	40,530	93	18,300
One Anna .. .. .	....	8,795	....	4,509	....	3,241
Half Anna .. .. .	....	91	....	3	....	....
Total ..	28,033	82,660	27,286	48,222	19,230	22,975

STATEMENT I

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN INDIA AND CERTAIN OTHER COUNTRIES SINCE 1938

(JANUARY—JUNE 1939=100)

(Reference paragraphs 2 & 21)

Year & Month	India		U. K.		U. S. A.		Canada		Australia	
	Calcutta	Bombay	P	C	P	C	P	C	P	C
	(Original Base. July 1914	July 1933 to June 1934	1930	July 1914	1926	1935-39	1926	1935-39	1926-29	1923-27)
1938	96	102	104	102	103	102	107	102	99	98
1939	109	102	106	103	101	100	103	101	100	100
1940	121	108	140	120	103	101	113	105	110	104
1941	141	120	157	130	114	106	123	111	117	110
1942	187	151	164	130	129	118	130	116	131	119
1943	311	223	167	129	135	125	136	118	138	123
1944	302	229	171	131	136	127	140	118	139	122
1945	292	227	174	132	138	130	141	119	140	123
1946	328	250	180	132	158	141	148	123	140	125
1944 January	301	229	169	130	135	125	140	118	138	....
February	304	221	169	130	136	125	140	118	137	....
March	302	217	169	130	136	125	141	118	137	122
April	301	222	170	130	136	126	140	118	138	....
May	296	227	171	130	136	126	140	118	138	....
June	304	228	171	131	137	127	140	118	139	122
July	303	232	172	131	136	127	140	118	140	....
August	302	241	172	131	136	128	140	118	140	....
September	305	230	172	131	136	128	140	118	139	123
October	301	230	171	131	136	128	140	118	139	....
November	303	233	172	131	137	128	140	118	139	....
December	305	228	172	131	137	128	140	118	139	122
1945 January	303	221	172	131	137	128	140	118	138	....
February	303	221	172	131	138	128	140	118	139	....
March	310	217	172	131	138	128	141	118	140	122
April	300	218	172	131	138	128	141	118	141	....
May	297	222	173	132	139	129	141	118	140	....
June	290	227	175	133	139	130	142	119	141	123
July	284	232	176	135	139	131	143	119	141	....
August	286	234	176	133	138	130	142	120	141	....
September	282	232	175	132	138	130	141	119	140	123
October	283	233	174	132	139	130	141	119	140	....
November	280	233	174	132	140	130	142	119	139	....
December	286	233	174	132	140	131	142	119	139	123
1946 January	287	233	177	132	140	131	143	119	139	....
February	303	234	177	132	141	131	143	119	139	....
March	306	238	177	132	143	131	144	119	140	124
April	308	239	178	132	144	132	148	120	140	....
May	317	240	178	133	145	133	148	121	140	....
June	327	260	178	132	148	135	149	123	140	125
July	331	269	181	133	163	142	149	124	140	....
August	333	268	182	133	169	145	149	125	138	....
September	338	260	182	132	162	147	149	125	139	125
October	351	255	183	132	175	150	151	126	139	....
November	364	262	184	132	183	154	152	126	141	....
December	371	269	185	133	194	155	152	126	140	126
1947 January	377	258	187	133	185	154	156	126	141	....
February	382	254	188	132	189	154	161	127	142	....
March	374	260	189	133	196	157	164	128	....	127

P—Wholesale Prices. C—Cost of Living. Sources: Calcutta—Indian Trade Journal (P); Bombay—Labour Gazette (C); U.K.—Board of Trade (P); Ministry of Labour (C); U.S.A.—Bureau of Labour Statistics (P.C.); Canada—Dominion Bureau of Statistics (P.C.); Australia—Monthly Bulletin of Statistics, United Nations (P.C.).

STATEMENT II

INDEX NUMBERS OF WHOLESALE PRICES IN INDIA BY GROUPS OF ARTICLES SINCE 1939-40

(Average of weekly figures)

(Week ended 19th August, 1939=100; Source: Economic Adviser to the Government of India)

(Reference paragraph 21)

Year and Month	Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	Chief Articles of Export	General Index	Food Articles †	Industrial Raw Materials ††	Semi-manufactured Articles **
1939-40§ ..	127.5	118.8	124.2	131.5	130.5	125.6	...		
1940-41 ..	108.6	121.5	113.4	119.8	114.1	114.8	106.5		
1941-42 ..	124.2	146.9	132.5	154.5	137.3	137.0	122.1		
1942-43 ..	166.2	165.9	166.0	190.4	161.7	171.0	174.6		
1943-44 ..	268.7	185.0	232.5	251.7	236.4	236.5	263.4		
1944-45 ..	265.4	206.0	240.5	258.3	243.9	244.2	232.9		
1945-46 ..	272.6	210.0	246.2	240.0	248.9	244.9	237.0	249.8†	
1946-47 ..	313.8	235.3	280.0	259.1	296.8	275.4	256.8	316.3	242.2§§
April 1944	247.8	199.4	227.7	261.2	229.8	234.6	232.1		
May "	250.6	203.1	231.0	262.5	235.9	237.4	228.3		
June "	256.1	204.3	234.5	259.4	239.3	239.7	232.3		
July "	268.5	203.8	241.2	260.7	246.7	245.3	236.9		
August "	268.8	201.5	240.3	262.5	246.9	245.0	237.3		
September "	265.3	203.2	239.2	259.0	244.5	243.3	234.2		
October "	262.7	208.3	240.1	255.8	242.4	243.4	233.9		
November "	268.9	209.5	244.1	255.7	245.2	246.5	235.4		
December "	273.8	210.2	247.1	256.8	248.0	249.2	231.4		
January 1945	276.3	211.6	248.5	257.1	249.7	250.3	233.5		
February "	274.5	209.0	246.9	255.7	249.1	248.8	231.3		
March "	273.6	208.7	246.2	253.7	249.8	247.8	234.9		
April "	267.9	208.5	243.1	239.6	246.8	242.3	233.7		
May "	258.3	208.7	237.8	239.0	241.8	238.1	234.0	232.5	
June "	256.2	208.7	236.6	240.7	239.6	237.4	234.2	238.1	
July "	268.3	212.0	244.8	242.8	248.6	244.4	236.7	244.5	
August "	268.0	210.8	244.1	243.5	248.4	244.1	239.3	242.4	
September "	264.2	210.8	241.9	242.9	245.2	242.2	238.2	237.7	
October "	268.7	210.8	244.5	242.9	248.0	244.1	235.9	239.7	
November "	271.1	210.8	245.9	236.0	246.4	243.6	236.5	239.0	
December "	278.5*	211.7	250.3	235.8	249.1	247.1	238.8	250.7	
January 1946	285.4*	211.2	253.9*	237.3	253.5*	250.2*	240.5	267.7	
February "	291.5*	210.3	256.7*	239.2	257.4*	252.8*	243.0	276.5	
March "	295.7*	206.3	257.1*	240.2	261.0*	253.3*	244.8	283.5	
April "	294.3*	206.1	256.3*	240.6	262.8*	252.7*	244.6	282.2	
May "	299.3*	207.4	259.6*	239.2	266.7*	255.0*	242.6	288.9	
June "	302.8*	226.4	270.5*	240.0	279.9*	263.5*	245.5	290.7	
July "	303.8*	245.7	275.7	250.5	289.5	270.1	248.2	296.1	
August "	303.5*	240.7	277.3	250.2	291.2	271.3	252.4	297.0	239.3@
September "	302.2*	243.2	277.7	248.6	289.0	271.1	253.6	292.9	239.2
October "	321.7*	239.8	236.9	262.9	303.2	281.5	255.1	303.5	239.7
November "	336.0*	237.3	293.6	275.6	313.4	289.6	262.0	354.0	241.8
December "	326.0*	236.8	287.6	277.8	310.7	285.4	263.2	348.5	242.4
January 1947	314.6*	243.0	284.5	279.9	313.4	283.5	276.0	343.3	241.1
February "	324.8*	248.8	291.1	277.0	322.6	289.2	275.4	352.1	242.2
March "	335.8*	247.1	298.1	274.3	327.4	292.7	271.8	362.9	248.9

§ Seven months ended March, 1940. † Base: last week of August, 1939=100. †† A new series, figures for which are available from May, 1945; (Base: year ended August, 1939=100). ‡ Average for eleven months ended March, 1946. ** A new series, figures for which are available from the last week of August, 1946; (Base: year ended August, 1939=100). §§ Average for seven months ended March, 1947. @ Last week. * Estimated.

STATEMENT III

BALANCE OF TRADE (PRIVATE) IN MERCHANDISE OF BRITISH INDIA, 1946

(Reference paragraph 22)

		1945					(In lakhs of rupees)						1946				
131	Imports*	Import Price Indices†	Exports	Export Price Indices†	Re-exports	Total Ex-ports	Balance of trade		Imports*	Import Price Indices†	Exports	Export Price Indices†	Re-exports	Total Ex-ports	Balance of trade		
		18,21	127	18,07	136	1,39	19,46	+ 1,25	January	20,98	145	24,10	133	80	24,90	+ 3,92	
	17,86	127	15,91	135	2,45	18,36	+ 50	February	17,16	172	19,90	132	1,55	21,45	+ 4,29		
	22,32	121	13,24	136	1,78	15,03	- 7,29	March	20,46	150	26,01	142	5,36	31,37	+ 10,91		
	18,43	124	16,04	142	46	16,50	- 1,93	April	15,96	159	19,41	135	1,86	21,27	+ 5,31		
	21,52	141	16,41	130	44	16,85	- 4,67	May	20,43	152	25,14	140	5,25	30,39	+ 9,96		
	23,36	131	17,96	134	56	18,52	- 4,84	June	16,53	153	21,76	147	3,50	25,34	+ 8,81		
	20,20	135	17,40	133	1,13	18,53	- 1,67	July	21,75	174	22,14	149	1,59	23,73	+ 1,98		
	21,24	118	16,49	127	4,62	21,12	- 13	August	19,04	200	19,83	156	1,29	21,12	+ 2,09		
	18,97	118	17,94	129	85	18,80	- 17	September	26,35	172	18,73	147	1,23	19,97	- 6,39		
	19,50	129	24,27	134	3,78	28,05	+ 8,54	October	25,69	178	24,55	152	1,26	25,81	+ 12		
	20,06	143	25,31	129	99	26,30	+ 6,24	November	27,84	165	23,91	149	1,36	25,27	- 2,57		
	19,64	151	20,02	126	3,07	23,09	+ 3,45	December	30,39	182	32,08	161	93	32,99	+ 2,60		
	2,41,32		2,19,06		21,53	2,40,60	- 72	Total	2,62,58		2,77,55		26,07	3,03,61	+ 41,03		

* 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. † Base: 1927-28 = 100.

STATEMENT IV

HIGHEST, LOWEST AND AVERAGE (MONTHLY) PRICES OF BAR GOLD AND SOVEREIGNS IN BOMBAY, 1946-47

(Reference paragraph 30)

Month	Gold (per fine tola)									Sovereigns			Average estimated stocks of gold during each month in Bombay ‡ (Tolas)
	Spot			Settlement ¶			Highest	Lowest	Average †				
	Highest	Lowest	Average †	Highest	Lowest	Average †							
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.				
1946-47													
April	100 12 0 (30)	96 0 0 (18 & 19)	98 5 7	97 4 0 (16)	91 4 0 (20)	93 13 4	70 8 0 (4)	65 4 0 (25, 26 & 27)	67 8 6	21,250			
May	111 0 0 (25)	99 0 0 (3 & 4)	105 12 11	99 4 0 (9)	95 6 0 (3)	97 5 0	71 4 0 (14)	65 8 0 (3)	68 3 10	17,500			
June	107 4 0 (1 & 3)	103 0 0 (7)	105 8 5	106 4 0 (25)	104 1 0 (26)	104 15 11	70 0 0 (24)	66 0 0 (7)	68 6 10	32,500			
July	104 12 0 (1)	84 4 0 (17)	94 3 3	104 11 0 (1)	83 0 0 (17)	93 8 3	68 10 0 (4)	60 8 0 (19)	64 13 7	44,250			
August	99 13 0 (10)	93 6 0 (14)	96 5 6	99 5 0 (10)	92 12 0 (2 & 3)	95 14 6	66 8 0 (26, 28 & 29)	63 0 0 (14)	65 6 10	22,400			
September	102 0 0 (13)	95 10 0 (28)	99 4 2	100 12 0 (13)	91 4 0 (28)	97 3 5	70 0 0 (26 & 30)	68 8 0 (19 & 28)	69 4 11	20,000			
October	101 8 0 (16)	97 10 0 (24)	99 12 4	94 7 0 (10)	85 11 0 (31)	91 7 3	70 0 0 (8 & 10)	68 0 0 (31)	69 5 6	20,000			
November	(a)	(a)	100 2 1	94 4 0 (23)	85 7 0 (1)	89 5 1	67 8 0 (7, 8, 10-21 & 23)	65 0 0 (29)	67 0 11	19,000			
December	103 12 0 (30)	96 4 0 (9)	100 7 11	100 12 0 (30)	93 6 0 (9)	96 11 0	66 0 0 (13 & 24)	64 8 0 (2 & 18)	65 5 5	13,750			
January	107 11 0 (30)	100 12 0 (6)	104 7 0	104 12 0 (11)	98 5 0 (2)	100 8 5	68 14 0 (29)	65 0 0 (4 & 6)	66 14 0	10,000			
February	108 9 0 (10)	95 6 0 (24)	105 0 2	105 15 6 (8)	91 0 0 (24)	100 12 1	69 0 0 (14)	65 0 0 (24)	67 13 2	20,000			
March	107 8 0 (10)	97 0 0 (1)	103 12 6	107 4 0 (10)	93 16 0 (1)	102 5 2	69 8 0 (6 & 10)	66 8 0 (1)	68 15 8	38,750			
				103 6 0 (10)	91 12 0 (5)	100 7 10							

The Treasury's price of gold in the United States was unchanged at \$35 per fine ounce. The Treasury's buying price of gold in London remained unchanged at £8-12-3 per fine ounce.

Figures within brackets refer to dates of quotations. † Average of closing quotations for working days. ‡ Average of week-end stocks. ¶ Monthly from 16th April, 1946 to 19th June, 1946 and fortnightly from 20th June to 23rd November; market (for forward business) closed from 16th May to 18th June and again from 24th November to 8th December, 1946 and two-monthly settlement thereafter. (a) Not available.

STATEMENT V

HIGHEST, LOWEST AND AVERAGE (ANNUAL) PRICES OF GOLD AND SILVER IN BOMBAY SINCE 1926-27 WITH IMPORT DUTIES

(Reference paragraph 30)

Year	Gold (per fine tola)				Silver (per 100 tolas gross)			
	Highest	Lowest	Average †	Import duty	Highest	Lowest	Average †	Import duty
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1926-27	21 11 6	21 4 6	21 7 8	Nil	72 0 0	55 8 0	63 1 5	Nil
1927-28	21 11 3	21 4 9	21 7 6	..	61 2 0	56 8 0	59 3 7	..
1928-29	21 11 6	21 4 6	21 6 10	..	66 6 0	58 2 0	60 9 2	..
1929-30	22 0 0	21 5 3	21 7 5	..	59 7 0	46 14 0	53 9 11	..
1930-31	21 13 3	21 3 6	21 12 6	..	57 4 0	39 0 0	46 15 1	9 6 0
1931-32†	31 2 0	21 3 6	24 4 3	..	66 8 0	41 12 0	50 3 11	14 1 0
1932-33†	32 1 6	26 10 0	29 5 2	..	60 0 0	48 14 0	52 11 4	14 1 0
1933-34†	34 12 0	28 11 0	32 4 5	..	59 14 0	52 15 0	56 0 10	17 9 3
1934-35†	36 13 3	33 3 0	35 15 8	..	69 0 0	50 7 0	60 13 5	11 11 6
1935-36†	36 12 0	31 3 6	35 4 11	..	87 0 0	46 12 0	65 1 1	4 11 0
1936-37†	35 8 0	33 15 3	34 12 6	..	56 2 0	47 0 0	50 5 8	4 11 0
1937-38†	35 2 9	34 3 6	34 7 10	..	55 15 6	46 1 6	51 4 1	7 0 6
1938-39†	37 10 6	34 12 3	35 10 3	..	53 1 6	48 2 0	51 11 3	7 0 6
1939-40†	43 8 0	36 9 0	39 13 11	..	66 4 0	44 7 6	55 4 9	7 0 6
1940-41†	48 8 0	40 2 6	42 6 0	..	64 13 0	54 10 0	62 8 0	7 0 6
1941-42	57 12 0	41 9 6	44 7 11	..	97 6 0	61 12 6	66 11 4	8 7 0*
1942-43	72 0 0	44 12 0	57 10 10	..	116 8 0	75 4 0	94 2 6	8 7 0*
1943-44	96 4 0	65 4 0	76 11 6	..	141 8 0	101 8 6	120 7 11	8 7 0*
1944-45	78 12 0	61 2 0	71 7 4	..	143 4 0	113 10 0	128 10 9	8 7 0*
1945-46	97 12 0	63 6 0	80 3 0	25 0 0 (a)	159 6 0	118 0 0	135 1 11	{ 8 7 0* 18 12 0(a)
1946-47	111 0 0	84 4 0	101 1 2	{ 25 0 0 12 8 0 (b)	195 0 0	127 0 0 (c)	162 4 10	{ 18 12 0 9 6 0(b)

† Average of closing quotations for working days.

† Gold exported from India.

* Including Surcharge of 20 per cent.

(a) Effective from 1st March, 1946.

(b) Effective from 12th August, 1946.

(c) Unofficial.

STATEMENT VI

PRICES (WEEKLY) OF GOLD AND SILVER AND ESTIMATED STOCKS IN BOMBAY, 1946-47

(Reference paragraph 30)

		Silver (per 100 tolas gross)				Gold (per fine tola)				
Friday 1946-47		Spot	Settlement †	Premium of ready over set- tlement rate	Estimated Stocks (Bars)	Spot	Settlement †	Premium of ready over set- tlement rate	Estimated Stocks (Tolas)	
		Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.		
1 st	April	5	162 6 0	161 2 0	1 4 0	2,500	98 0 0	..	..	25,000
	"	12	162 12 0	161 8 0	1 4 0	2,000	98 12 0	..	..	20,000
	"	19	161 10 0	161 8 0	0 2 0	2,000	96 0 0	92 2 0	3 14 0	10,000
	"	26	165 2 0	162 2 0	3 0 0	2,500	98 0 0	83 5 0	4 11 0	30,000
	May	3	167 12 0	166 4 0	1 8 0	2,500	99 0 0	95 13 0	3 3 0	15,000
	"	10	174 4 0	171 4 0	3 0 0	2,000	104 0 0	99 4 0	4 12 0	15,000
	"	17	179 0 0	..	..	2,000	104 12 0	..	..	10,000
	"	24	190 0 0	..	..	2,000	107 8 0	..	..	25,000
	"	31	185 0 0	..	..	2,000	107 0 0	..	..	22,500
	June	7	169 0 0	..	..	3,000	103 12 0	..	..	30,000
	"	14	175 8 0	..	..	3,500	106 8 0	..	..	25,000
	"	21*	175 5 0	175 11 0	0 6 0	3,500	105 0 0	104 8 0	0 8 0	40,000
	"	28	171 14 0	171 14 0	..	3,000	104 14 0	104 14 0	..	35,000
	July	5	162 8 0	162 0 0	0 8 0	3,000	100 0 0	99 0 0	1 0 0	30,000
	"	12	158 14 0	159 0 0	0 2 0	3,000	92 5 0	91 15 0	0 6 0	25,000
	"	19	156 4 0	155 8 0	0 12 0	3,800	86 10 0	85 10 0	1 0 0	70,000
	"	26	165 12 0	164 12 0	1 0 0	4,000	95 0 0	94 8 0	0 8 0	40,000
	August	2	163 12 0	164 12 0	1 0 0	2,500	94 10 0	94 6 0	0 4 0	30,000
	"	9	169 8 0	168 12 0	0 12 0	600	97 4 0	87 0 0	0 4 0	20,000
	"	16	168 0 0	167 0 0	1 0 0	300	96 14 0	86 6 0	0 8 0	25,000
	"	23	167 4 0	166 4 0	1 0 0	100	97 0 0	96 4 0	0 12 0	25,000
	"	30*	165 14 0	164 12 0	1 2 0	150	95 12 0	94 5 0	1 7 0	12,000
	September	6	167 0 0	165 8 0	1 8 0	150	99 12 0	98 4 0	1 8 0	20,000
	"	13	166 12 0	164 6 0	2 6 0	100	101 4 0	100 12 0	0 8 0	20,000
	"	20	163 12 0	160 12 0	3 0 0	200	98 6 0	95 13 0	2 9 0	20,000
	"	27	171 0 0	165 12 0	5 4 0	100	97 4 0	95 0 0	2 4 0	20,000

October	4	..	..	..	..	169 14 0	162 6 0	7 8 0	125	99 8 0	92 10 0	6 14 0	20,000
"	11	..	..	..	..	170 0 0	181 2 0	8 14 0	300	99 14 0	93 10 0	6 4 0	20,000
"	18*	..	..	..	..	165 12 0	155 6 0	10 6 0	500	100 4 0	91 14 0	8 6 0	20,000
"	25	..	..	..	..	164 12 0	151 4 0	13 8 0	5,000	99 11 0	89 12 0	9 15 0	20,000
November	1	..	..	..	..	159 15 0	148 12 0	11 3 0	5,000	98 8 0	85 12 0	12 12 0	20,000
"	8	..	..	..	..	156 8 0	148 6 0	8 2 0	5,200	100 14 0	90 4 0	10 10 0	20,000
"	15	..	..	..	..	164 12 0	145 8 0	9 4 0	6,000	99 14 0	88 0 0	11 14 0	20,000
"	22	..	..	..	..	151 4 0	143 10 0	7 10 0	3,000	101 6 0	91 10 0	9 12 0	20,000
"	29	..	..	..	..	130 12 0	..	..	3,500	97 0 0	..	..	15,000
December	6	..	..	..	..	136 0 0	..	..	2,000	98 12 0	..	..	15,000
"	13	..	..	..	..	144 12 0	137 14 0	6 14 0	500	101 0 0	96 4 0	4 12 0	15,000
"	20	..	..	..	..	142 0 0	128 4 0	16 8 0	1,000	100 10 0	95 2 0	5 8 0	15,000
"	27	..	..	..	..	152 8 0	137 8 0	4 8 0	1,000	102 8 0	99 10 0	2 14 0	10,000
January	3	..	..	..	..	153 4 0	148 8 0	4 12 0	1,500	101 8 0	98 13 6	2 10 6	10,000
"	10*	..	..	..	..	146 6 0	137 8 0	15 12 0	1,500	102 4 0	101 8 0	0 12 0	10,000
"	17	..	..	..	..	153 12 0	142 10 0	3 12 0	3,000	104 12 0	94 9 0	7 11 0	10,000
"	24	..	..	..	..	165 4 0	131 10 0	14 12 0	3,000	105 8 0	97 3 0	7 9 0	10,000
"	31	..	..	..	..	155 4 0	143 0 0	12 4 0	4,000	106 14 0	98 6 0	7 2 0	10,000
February	7	..	..	..	..	158 4 0	148 0 0	7 4 0	4,000	107 6 0	102 2 0	4 12 0	10,000
"	14	..	..	..	..	158 9 0	150 10 0	7 10 0	4,000	107 6 0	103 15 6	3 6 6	10,000
"	21	..	..	..	..	154 12 0	149 5 0	9 4 0	3,000	107 4 0	104 11 0	2 9 0	10,000
"	28	..	..	..	..	158 8 0	148 8 0	6 4 0	3,000	101 0 0	97 4 0	3 12 0	30,000
March	7*	..	..	..	..	160 1 0	137 0 0	17 12 0	3,000	100 0 0	94 12 0	5 4 0	30,000
"	14	..	..	..	..	168 0 0	152 8 0	6 0 0	3,000	105 0 0	104 6 0	0 10 0	30,000
"	21*	..	..	..	..	165 8 0	139 8 0	19 0 0	3,000	105 8 0	98 14 0	6 2 0	40,000
"	28	..	..	..	..	161 4 0	143 9 0	16 8 0	7,000	104 4 0	101 8 0	4 2 0	45,000
							163 0 0	5 0 0		102 8 0	103 4 0	1 0 0	
							156 0 0	9 8 0			101 4 0	3 0 0	
							160 14 0	0 6 0			102 8 0	..	40,000
							165 12 0	5 8 0			101 4 0	1 4 0	

* Market closed; preceding working day's quotations given. † Monthly from 29th March, 1946 (16th April for gold) to 16th June (19th June for gold), fortnightly from 17th June (20th June for gold) to 23rd November, 1946 and two-monthly from 9th December, 1946; market (for forward business) closed from 16th May to 18th June (for gold) and 15th June (for silver) and again from 24th November to 8th December (for both gold and silver).

STATEMENT VII

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY (MONTHLY), 1946-47

(Reference paragraph 32)

Month	Price in London* (per fine ounce)		Market price in New York** (per fine ounce)			Price in Bombay (per 100 tolas gross)									Average estimated stocks during each month in Bombay‡ (in bars of 2,800 tolas)		
	Highest, Lowest, Average †		Highest, Lowest, Average †			Spot			Settlement ¶								
	Spot	Forward	Highest	Lowest	Average †	Highest	Lowest	Average †	Highest	Lowest	Average †	Highest	Lowest	Average †			
1946-47	d.	d.	Cents.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.		
April ..	44	44	70½	167	3 0	159	8 0	163	10 1	165	7 0	158	2 0	161	12 11	2,250	
					(29)		(3)				(4)		(3)		161	3 3	
May ..	44	44	70½	195	0 0	164	6 0	182	0 4	171	4 0	163	4 0	167	1 0	2,100	
					(25)		(1)				(10 & 11)		(1)				
June ..	44	44	70½	183	8 0	168	0 0	175	5 6	179	10 0	168	10 0	174	10 1	3,250	
					(3)		(7)				(18)		(29)				
July ..	44	44	90½	170	4 0	150	4 0	161	4 1	170	4 0	150	0 0	161	4 10	3,625	
					(1)		(16)				(1)		(16)				
August	{ 55½ H 44 L	{ 55½ H 44 L	90½	171	12 0	160	4 0	167	4 2	171	0 0	162	4 0	166	9 4	730	
	{ 53-5/16A	{ 53-5/16A			(10)		(13)				(10)		(14)				
September	55½	55½	90½	172	14 0	163	4 0	167	3 4	167	6 0	160	4 0	164	1 4	138	
					(30)		(19 & 20)				(30)		(20)				
October	55½	55½	{ 90½ H 89 L	173	8 0	158	8 0	166	6 6	166	4 0	147	12 0	156	9 7	1,481	
			{ 90-1/16A		(10)		(29)				(1)		(29)				
November	55½	55½	90½	(a)		(a)		151	8 7	150	4 0	142	14 0	146	11 7	4,540	
											(1)		(22)				
December	55½	55½	{ 90½ H 83½ L	160	12 0	137	2 0	143	11 4	153	12 0	127	4 0	140	7 9	1,125	
			{ 86-11/16A		(31)		(9)				(31)		(9)				
												142	8 0	122	4 0	132	8 8
											(31)		(10)				
January	55½	55½	{ 83½ H 70½ L	157	13 0	146	6 0	153	7 6	151	0 0	142	0 0	146	12 11	2,600	
			{ 76½ A		(25)		(9)				(2)		(9)				
												149	0 0	131	4 0	139	9 7
											(31)		(9)				
February	{ 47½ H 44 L	{ 46½ H 43 L	{ 80½ H 70½ L	160	0 0	152	6 0	156	9 2	152	12 0	144	6 0	149	3 1	3,250	
	{ 44-15/32A	{ 44½ A	{ 72-5/16A		(8)		(17)				(28)		(17)				
												139	12 0	134	6 0	137	4 3
											(28)		(17)				
March	{ 52 H 44 L	{ 51½ H 43½ L	{ 86½ H 70½ L	171	0 0	157	8 0	163	9 0	166	4 0	153	8 0	161	1 2	4,000	
	{ 47-1/16A	{ 46½ A	{ 77-5/16A		(17)		(1)				(10)		(1)				
												157	12 0	138	12 0	152	14 2
											(10)		(1)				

Figures within brackets refer to dates of quotations. † Average of closing quotations for working days. ‡ Average of week-end stocks. * London Treasury's price of silver for essential purposes: 44d. per fine ounce from 24th September, 1945; 55½d. per fine ounce from 6th August, 1946 and 44d. per fine ounce from 3rd February, 1947. ** Price of silver in New York: 70½ cents per fine ounce from 10th October, 1945 to 30th June, 1946; market closed from 1st July to 10th July; 90½ cents per fine ounce from 11th July to 2nd October, 1946; 89 cents per fine ounce on 3rd October and 90½ cents per fine ounce from 4th October to 4th December, 1946. ¶ Monthly from 29th March, 1946 to 16th June, 1946 and fortnightly from 17th June to 23rd November, 1946; market (for forward business) closed from 16th May to 15th June and again from 24th November to 8th December, 1946 and two-monthly settlement thereafter. (a) Not available. H = Highest. L = Lowest. A = Average.

STATEMENT VIII

IMPORTS AND EXPORTS OF GOLD COIN AND BULLION, 1946

(Reference paragraph 34)

		IMPORTS						EXPORTS						NET IMPORTS (+) OR EXPORTS (-)		
		Gold Bullion		Sovereigns and other British gold coin		TOTAL		Gold Bullion		Sovereigns and other British gold coin		TOTAL				
		Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	
137	January 1946	302	66,489	..	..	302	66,489	..	..	..	..	..	..	+	302 + 66,489
	February ..	111	24,828	..	..	111	24,828	..	..	..	..	..	..	+	111 + 24,828
	March ..	371	91,311	..	..	371	91,311	131	32,724	14,062	35,71,875	14,103	36,04,599	-13,822	-35,13,288
	April ..	313	35,909	..	..	313	35,909	150	39,000	19,063	51,66,368	19,813	52,05,368	-19,500	-51,69,459
	May ..	37,313	93,80,990	..	..	37,313	93,80,990	40	10,560	..	..	40	10,560	+37,273	+93,70,430
	June
	July ..	93	28,195	..	..	93	28,195	..	..	..	..	..	..	+	93 + 28,195
	August ..	1	150	13	2,777	14	2,927	..	..	..	..	..	..	+	14 + 2,927
	September ..	6,015	15,90,783	..	..	6,015	15,90,783	..	..	..	..	..	..	+	6,015 + 15,90,783
	October ..	1,365	3,59,707	15	3,290	1,380	3,62,997	..	..	..	..	..	..	+	1,380 + 3,62,997
	November ..	5,301	13,93,593	2	500	5,303	13,94,093	..	..	..	..	..	..	+	5,303 + 13,94,093
	December ..	15,368	40,74,512	30	7,815	15,398	40,82,327	..	..	30,142	17,06,666	30,142	17,06,666	-14,746	+23,75,661
Total ..	66,551	1,70,52,467	60	14,382	66,611	1,70,66,849	321	82,284	63,867	1,04,44,909	64,188	1,05,27,193	+2,423	+65,39,656		

STATE

QUANTITY AND VALUE OF IMPORTS§ AND EXPORTS OF
(Reference)

	IMPORTS					
	Gold Bullion		Sovereigns and other British gold coin		TOTAL	
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
Average for 1900-01 to 1904-05	(a)	5,72,18,318	(a)	9,34,97,221	2,496,571	15,07,15,539
Average for 1905-06 to 1909-10	(a)	9,65,96,452	(a)	7,83,64,043	2,845,107	17,49,60,495
Average for 1910-11 to 1914-15	2,115,569	13,49,74,877	2,786,453	16,42,39,395	4,902,022	29,92,14,272
Average for 1915-16 to 1919-20	2,423,885	14,94,65,235	796,983	4,70,19,473	3,220,868	19,64,84,708
Average for 1920-21 to 1924-25	4,344,849	28,54,42,004	1,183,850	7,90,80,246	5,528,699	36,45,22,250
Average for 1925-26 to 1929-30	2,426,556	13,84,17,212	1,394,720	7,82,14,107	3,821,276	21,66,31,319
1930-31	1,099,230	6,31,40,997	1,230,396	6,93,11,456	2,329,626	13,24,52,453
1931-32	235,609	1,53,60,450	214,441	1,26,34,905	450,050	2,79,95,364
1932-33	119,742	91,13,200	52,670	40,68,191	172,412	1,31,81,391
1933-34	105,507	85,60,464	29,394	24,33,821	134,901	1,09,94,285
1934-35	62,015	55,38,348	17,977	16,54,753	79,992	71,83,101
1935-36	56,200	50,72,099	47,261	44,23,311	103,461	94,95,410
1936-37	61,086	57,09,880	111,695	1,03,78,239	172,781	1,60,88,119
1937-38	39,067	34,61,069	131,699	1,22,23,092	171,666	1,56,84,161
1938-39	43,696	39,60,395	34,402	33,03,033	78,098	72,63,428
1939-40	26,231	27,26,503	44,692	44,97,696	70,923	72,24,199
1940-41	5,484	6,22,198	11	1,390	5,495	6,23,588
1941-42	2,496	2,96,375	442	50,255	2,938	3,46,630
1942-43	548	67,602	..	..	548	67,602
1943-44	18,908	35,84,367	3	625	18,911	35,84,992
1944-45	7,949	15,82,145	..	..	7,949	15,82,145
1945-46	10,994	22,02,853	..	..	10,994	22,02,853
1946-47	65,767	1,68,69,839	60	14,382	65,827	1,68,84,221
(Nine months ended December 1946)						
Total for 31 years from 1900-01 to 1930-31 ..	(a)	4,37,37,11,488	(a)	2,77,13,83,881	116,402,337	7,14,50,95,369
Total for 15 years from 1931-32 to 1945-46 ..	796,432	6,78,57,957	684,687	5,56,69,311	1,481,119	12,35,27,268

Since 1941-42 figures are on post-separation basis. § The figures for the years 1943-44 to 1945-46 do not include the sales of about 7.5 million ounces made in India on behalf of the Allied Governments. (a) Figures not available.

MENT IX

GOLD COIN AND BULLION (INDIA AND BURMA) SINCE 1900-01 paragraph 34)

EXPORTS						NET IMPORTS (+) OR EXPORTS (-)		
Gold Bullion		Sovereigns and other British gold coin		TOTAL		Quantity in ounces	Value in rupees	
Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees			
(a)	4,85,71,823	(a)	3,97,99,942	1,520,365	8,83,71,765	+	976,206	+ 6,23,43,774
(a)	3,34,76,990	(a)	2,40,30,440	1,000,328	5,75,07,430	+	1,844,779	+ 11,74,53,065
535,654	3,07,89,183	254,980	1,50,03,372	790,634	4,57,92,555	+	4,111,388	+ 24,34,21,717
851,352	4,91,96,822	236,247	1,31,45,685	1,075,034	6,23,41,932	+	2,145,834	+ 13,41,42,776
907,000	6,99,52,231	101,892	74,74,737	1,008,892	7,74,26,968	+	4,519,807	+ 28,70,95,282
10,853	6,17,458	8,038	4,64,532	18,901	10,81,990	+	3,802,375	+ 21,55,49,329
86,884	49,29,307	89	5,031	86,973	49,34,338	+	2,242,653	+ 12,75,18,115
7,758,315	58,43,62,379	321,112	2,33,60,827	8,079,427	60,77,23,206	-	7,829,377	- 57,97,27,842
8,102,406	63,46,29,876	423,835	3,37,79,871	8,526,241	66,84,09,347	-	8,353,829	- 65,52,27,956
6,645,012	56,50,86,325	185,187	1,55,43,921	6,830,199	58,15,30,246	-	6,695,298	- 57,05,35,961
5,723,875	52,76,09,980	51,137	49,57,728	5,774,812	53,25,67,708	-	5,694,820	- 52,53,74,607
4,072,548	37,83,21,643	50,173	47,33,722	4,122,723	38,30,55,365	-	4,019,262	- 37,35,59,955
3,183,450	29,45,14,987	367	34,261	3,183,817	29,45,49,248	-	3,011,036	- 27,84,61,129
1,841,172	17,00,03,695	97,311	89,93,695	1,938,483	17,90,02,290	-	1,766,817	- 16,33,18,129
589,995	5,72,59,150	845,330	8,07,06,346	1,435,325	13,79,65,496	-	2,387,647*	-23,26,02,068*
3,426,914	37,17,43,852	10,405	11,02,393	3,437,319	37,28,46,245	-	4,155,343†	-44,64,30,422†
997,857	12,64,28,105	22,015	25,49,808	1,019,872	12,80,77,913	-	1,014,377	- 12,83,54,325
159,461	1,80,47,219	26,894	34,52,127	186,355	2,14,90,346	-	183,417	- 2,11,52,716
1,837	2,76,232	23,472	45,18,718	30,309	47,94,950	-	29,761	- 47,27,348
2,684	5,52,111	8,215	10,98,280	10,899	22,50,391	+	8,012	+ 13,34,601
2,834	5,56,513	1,206	2,65,000	4,040	8,21,513	+	3,909	+ 7,60,632
1,324	3,30,431	19,239	46,14,214	21,063	49,94,645	-	10,069	- 27,91,792
190	49,560	49,805	68,73,034	49,995	69,22,594	+	15,832	+ 99,61,627
(a)	1,16,79,48,968	(a)	49,95,98,572	27,157,745	1,66,75,47,540	+	89,244,592	+5,47,75,47,829
42,509,984	3,73,06,77,198	2,090,900	19,03,10,711	44,680,884	3,92,09,87,909	-	43,119,765 ‡	-3,79,74,60,641 ‡

* Including 1,030,420 ounces of gold valued at Rs. 10,19 lakhs earmarked on account of purchasers abroad. † Including 788,947 ounces of gold valued at Rs. 8,08,08,376 earmarked on account of purchasers abroad. ‡ Including 1,819,367 ounces of gold valued at Rs. 18,27,08,376 earmarked on account of purchasers abroad.

STATE
QUANTITY AND VALUE OF IMPORTS AND EXPORTS
(Reference

	IMPORTS				EXPORTS	
	Private		Government		Private	
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
Average for 1900-01 to 1904-05	57,952,778	10,21,59,397	23,944,496	4,43,07,532	24,374,965	4,40,63,495
Average for 1905-06 to 1909-10	58,692,689	10,23,54,941	37,635,284	7,52,77,318	9,265,611	2,30,09,410
Average for 1910-11 to 1914-15	59,749,141	10,61,42,280	18,418,183	3,52,16,322	16,231,999	3,27,52,650
Average for 1915-16 to 1919-20	12,301,301	2,37,92,158	105,380,023	28,32,58,307	7,005,565	1,67,47,759
Average for 1920-21 to 1924-25	87,999,844	18,99,72,421	745,257	20,17,664	14,864,944	3,38,52,496
Average for 1925-26 to 1929-30	110,058,132	17,44,82,295	178,262	4,67,948	13,156,954	2,30,75,210
1930-31	111,193,480	13,45,91,817	31,936	70,900	15,288,301	1,81,33,248
1931-32	32,371,768	4,41,90,307	27,371	73,655	13,474,371	1,82,60,008
1932-33	8,426,518	1,62,87,315	2,914	7,842	7,944,020	90,02,713
1933-34	4,831,264	81,15,156	41,132	57,436	6,998,385	79,78,563
1934-35	20,617,050	4,45,08,622	1,060	1,417	27,250,006	4,07,90,902
1935-36	33,517,880	4,46,22,281	16,319,000	1,99,52,479	20,200,205	3,18,84,541
1936-37	112,247,392	13,87,41,437	8,556	23,023	2,144,483	28,47,436
1937-38	19,563,948	2,50,36,330	1,115	3,000	7,619,840	99,56,495
1938-39	11,429,178	1,48,99,584	1,895	2,311	3,505,080	45,43,879
1939-40	31,040,978	4,10,45,742	742	1,997	974,215	18,09,136
1940-41	7,245,776	1,19,82,129	1,397,726	21,79,469	1,377,129	36,80,278
1941-42	16,220,589	2,61,01,533	5,362,812	1,15,51,862	813,012	21,03,397
1942-43	1,206,021	19,42,268	352,887	9,30,335	1,243,868	33,30,119
1943-44	148,036	4,63,278	26,264,639	3,88,53,367	655,555	17,93,517
1944-45	398,771	11,14,147	145,416,174	22,59,63,774	925,828	24,78,032
1945-46	924,397	29,69,928	55,357,754	7,77,27,638	347,888	9,31,394
1946-47 (Nine months ended December 1946)	23,640,969	9,54,49,494	16,616,033	2,52,01,907	21,407	97,058
Total for 31 years from 1900-01 to 1930-31	2,044,962,905	3,62,91,09,277	931,539,461	2,20,27,96,355	439,786,491	88,56,38,348
Total for 15 years from 1931-32 to 1945-46	309,199,556	42,20,20,057	250,555,777	37,73,29,604	95,473,885	14,13,90,410

MENT X

OF SILVER (INDIA AND BURMA) SINCE 1900-01†
paragraph 34)

Government		NET IMPORTS (+) OR EXPORTS (—)				NET TOTAL IMPORTS (+) OR EXPORTS (—)	
Quantity in ounces	Value in rupees	Private	Government	Government	Government	Quantity in ounces	Value in rupees
		Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees		
473,031	12,61,520	+ 33,577,813	+ 5,80,95,902	+ 23,471,465	+ 4,30,46,012	+ 57,049,278	+ 10,11,41,914
24,990	78,819	+ 49,427,078	+ 7,93,45,531	+ 37,610,294	+ 7,51,98,499	+ 87,037,372	+ 15,45,44,030
924,024	24,64,629	+ 43,517,142	+ 7,33,89,630	+ 17,494,159	+ 3,27,51,693	+ 61,011,301	+ 10,61,41,323
3,950,144	1,06,64,081	+ 5,295,736	+ 70,44,399	+ 101,429,879	+ 27,25,94,226	+ 106,725,615	+ 27,96,38,625
271,534	7,23,762	+ 73,134,900	+ 15,61,19,925	+ 473,723	+ 12,93,902	+ 73,608,623	+ 15,74,13,827
9,725,568	1,34,33,986	+ 96,901,178	+ 15,14,07,085	— 9,547,306	— 1,29,66,038	+ 87,353,872	+ 13,84,41,047
15,403,180	1,57,36,413	+ 95,907,179	+ 11,64,58,569	— 15,371,244	— 1,56,65,513	+ 80,535,935	+ 10,07,93,058
30,066,049	3,02,21,042	+ 18,897,397	+ 2,59,30,290	— 30,038,678	— 3,01,47,387	— 11,141,281	— 42,17,088
25,002,704	2,74,23,305	+ 482,498	+ 72,84,602	— 24,999,790	— 2,74,15,553	— 24,517,282	— 2,01,30,951
50,863,091	6,37,65,455	— 2,167,131	+ 1,36,593	— 50,821,959	— 6,37,08,019	— 52,989,090	— 6,35,71,426
41,011,998	5,77,83,939	+ 2,367,044	+ 37,17,720	— 41,010,938	— 5,77,82,522	— 38,643,894	— 5,40,64,802
28,120,597	3,84,24,938	+ 13,317,675	+ 1,27,37,740	— 11,801,597	— 1,84,72,459	+ 1,516,078	— 57,34,719
..	..	+ 110,102,909	+ 13,58,94,001	+ 8,556	+ 23,023	+ 110,111,465	+ 13,59,17,024
..	..	+ 11,944,108	+ 1,50,79,835	+ 1,115	+ 3,000	+ 11,945,223	+ 1,50,82,835
3,899,415	45,66,410	+ 7,934,098	+ 1,03,55,705	— 3,897,520	— 45,64,099	+ 4,036,578	+ 57,91,606
16,245,409	2,43,94,316	+ 30,066,763	+ 3,92,36,606	— 16,244,667	— 2,43,92,319	+ 13,822,096	+ 1,48,44,287
19,577,200	3,05,51,269	+ 5,868,647	+ 83,01,851	— 18,179,474	— 2,83,71,801	— 12,310,827	— 2,00,69,950
49,352,183	9,00,32,435	+ 15,407,577	+ 2,39,98,136	— 43,989,371	— 7,84,80,573	— 28,581,794	— 5,44,82,437
34,627,993	8,24,58,913	— 37,847	— 13,87,851	— 34,275,106	— 8,15,28,578	— 34,312,953	— 8,29,16,429
5,173,808	1,55,00,947	— 507,519	— 13,30,239	+ 21,090,831	+ 2,33,52,420	+ 20,583,312	+ 2,20,22,181
536,572	15,30,664	— 527,057	— 13,63,885	+ 144,879,602	+ 22,44,33,110	+ 144,352,545	+ 22,30,69,225
198,596	6,64,171	+ 576,509	+ 20,38,534	+ 55,159,158	+ 7,70,63,467	+ 55,735,667	+ 7,91,02,001
23,758	1,24,149	+ 23,619,562	+ 9,53,52,436	+ 16,587,275	+ 2,50,77,758	+ 40,206,837	+ 12,04,30,194
92,249,635	15,88,70,398	+ 1,605,176,414	+ 2,74,34,70,929	+ 839,289,826	+ 2,04,39,25,957	+ 2,445,466,240	+ 4,78,73,96,886
304,675,615	46,73,17,894	+ 213,725,671	+ 28,06,29,647	— 54,119,838	— 8,99,88,290	+ 159,605,833	+ 19,06,41,357

Since 1941-42 figures are on post-separation basis.

† Government of India rupees are shown at face value.

STATEMENT XI
IMPORTS AND EXPORTS OF SILVER, 1946
(Reference paragraph 34)

			IMPORTS				EXPORTS				NET TOTAL IMPORTS	
			Private		Government		Private		Government			
			Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
January	1946	..	4,330	14,405	..	..	..	..	..	..	4,330	14,405
February	"	..	..	..	13,150,219	1,84,63,985	..	..	9,835	36,178	13,140,384	1,84,27,707
March	"	..	24,923	93,036	..	..	..	..	..	..	24,923	93,036
April	"	..	24,750	1,10,014	..	..	1,500	6,504	11,428	50,264	11,822	53,246
May	"	..	88,582	4,28,729	..	..	607	2,738	..	..	87,975	4,25,991
June	"	..	606,394	26,34,551	..	..	..	..	1,547	4,500	604,847	26,30,051
July	"	..	1,241,347	55,51,465	..	..	4,517	19,112	..	..	1,239,947	55,44,825
August	"	..	694,906	29,44,842	..	..	1,500	6,640	14,231	62,764	679,175	28,75,438
September	"	..	5,930,424	2,63,73,749	..	..	5,020	24,684	1,338	5,767	5,923,466	2,63,43,298
October	"	..	2,374,423	98,05,261	16,616,033	2,52,01,907	1,500	6,340	143	589	18,988,813	3,50,00,239
November	"	..	12,571,636	4,71,31,430	..	..	4,663	24,400	71	265	12,566,902	4,71,06,766
Total		..	23,670,222	9,55,56,935	29,766,252	4,36,65,792	21,407	97,058	38,593	1,60,327	53,376,474	13,89,65,342

STATEMENT XII
STERLING TRANSACTIONS OF THE RESERVE BANK OF INDIA, 1946-47
(Reference paragraph 35)

Net Purchases (+) Sales (-)				Average rate †				(In thousands of £ and rupees)			
£		Rs.		s.	d.	Net Purchases (+) Sales (-)		Average rate †			
£		Rs.		s.	d.	£		Rs.		s.	d.
+77,253	+1,03,00,15	1	6	1941-42		1943-44	+101,756	+1,35,67,18	1	6	
+88,322	+1,17,75,72	1	6	1942-43		1944-45	+86,995	+1,15,99,43	1	6	
1945-46						Month	1946-47				
+407	+53,69	1	6	..	..	April	-1,020	-1,36,49	1	6	
+142	+18,00	1	6	..	..	May	-4,005	-5,34,84	1	6	
-205	-28,15	1	6	..	..	June	-2,290	-3,06,01	1	6	
+3,009	+4,00,76	1	6	..	..	July	-520	-69,79	1	6	
+14,370	+19,15,58	1	6	..	..	August	-8,616	-11,49,95	1	6	
+13,499	+17,99,66	1	6	..	..	September	-13,290	-17,73,71	1	6	
+7,740	+10,31,77	1	6	..	..	October	-18,520	-24,72,49	1	6	
+5,370	+7,15,95	1	6	..	..	November	-3,001	-4,00,76	1	6	
+6,910	+9,21,33	1	6	..	..	December	+3,695	+4,92,46	1	6	
+5,775	+7,69,95	1	6	..	..	January	-4,905	-6,54,69	1	6	
+6,140	+8,18,30	1	6	..	..	February	-5,580	-7,44,59	1	6	
+16,110	+21,47,99	1	6	..	..	March	-7,484	-9,98,96	1	6	
+79,267	+1,05,64,83	1	6	..	..	Total	-65,536	-87,49,82	1	6	

Net purchases/sales represent the balance of purchases/sales of sterling under both ready and forward contracts over sales/purchases including amounts cancelled in respect of forward purchases/sales exclusive of Government transactions. † Nearest to 1/64d.

STATEMENT XIII

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

(Reference paragraph 50)

(In lakhs of rupees)

Paid to	INCOME-TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1945-46 Accounts	1946-47 Revised	1947-48 Budget	1938-39 Accounts	1945-46 Accounts	1946-47 Revised	1947-48 Budget	1938-39 Accounts	1945-46 Accounts	1946-47 Revised	1947-48 Budget
Madras	22.50	4,31.25	4,48.05	6,24.90	..	..	..	..	..	..	..	..
Bombay	30.00	5,75.00	5,97.40	8,33.20	..	..	..	..	..	..	..	..
Bengal	30.00	5,75.00	5,97.40	8,33.20	2,21.27	1,36.25	2,44.86	2,97.26	..	8,00.00	..	..
United Provinces	22.50	4,31.25	4,48.05	6,24.90	..	..	..	..	25.00	..	..	..
Punjab	12.00	2,30.00	2,38.96	3,33.28	..	..	..	..	..	..	..	..
Bihar	15.00	2,87.50	2,98.70	4,16.60	17.12	8.77	13.61	16.19	..	..	..	..
Central Provinces and Berar	7.50	1,43.75	1,49.35	2,08.30	..	..	..	..	..	..	..	..
Assam	3.00	57.50	59.74	83.32	11.69	11.33	19.67	23.90	30.00	30.00	30.00	30.00
N. W. F. P.	1.50	28.75	29.87	41.66	..	..	..	..	1,00.00	1,00.00	1,00.00	1,00.00
Orissa	3.00	57.50	59.74	83.32	0.92	1.01	1.96	2.65	43.00	40.00	40.00	40.00
Sind	3.00	57.50	59.74	83.32	..	..	..	..	1,05.00	..	..	..
Total	1,56.00	28,75.00	29,87.00	41,66.00	2,51.00	1,57.36	2,80.00	3,40.00	3,03.00	9,70.00	1,70.00	1,70.00

STATEMENT XIV

BUDGETARY POSITION OF PROVINCES, 1947-48

(Reference paragraph 49)

(In lakhs of rupees)

Provinces	REVENUE						EXPENDITURE						Total Expenditure	Surplus(+) or Deficit(-)	Debt outstanding on 31st March
	Customs and In-come-Tax	Land Revenue	Excise	Stamps	Total Tax Revenue	Total Revenue	Direct Demands on Revenue	Irrigation	Debt Services	Security Services†	Social Services‡				
MADRAS															
1938-39 (Accounts)	23	5,13	3,72	1,73	12,44	16,13	2,07	1,28	— 44	5,72	4,63	16,10	+ 3	14,48	
1945-46 (Accounts)	4,31	5,24	16,80	3,74	40,48	47,99	3,24	1,73	— 5	9,93	9,19	47,99	..	21,00	
1946-47 (Revised)	4,07	5,53	14,22	4,27	39,82	59,98	3,93	2,04	+ 71	13,89	13,61	59,97	+ 1	24,33	
1947-48 (Budget)	6,24	5,62	9,59	4,33	37,26	49,73	3,96	1,71	— 19	13,08	13,37	49,73	..	..
BOMBAY															
1938-39 (Accounts)	30	3,55	2,90	1,44	9,83	12,45	1,77	51	1,26	3,16	2,90	12,80	— 35	35,55	
1945-46 (Accounts)	5,75	3,83	8,91	2,67	28,90	34,97	3,68	70	3,52	8,58	6,58	34,13	+ 84	32,30	
1946-47 (Revised)	5,42	3,37	9,01	3,00	28,93	36,11	3,39	76	3,54	10,14	9,49	36,03	+ 8	31,76	
1947-48 (Budget)	7,03	3,65	9,42	2,72	31,81	38,91	3,21	1,02	3,47	9,42	12,26	38,85	+ 6	..	
BENGAL															
1938-39 (Accounts)	2,51	3,24	1,59	2,58	11,00	12,76	98	39	16	5,25	3,03	12,77	— 1	4,34	
1945-46 (Accounts)	8,02	3,87	8,17	4,03	33,26	45,56	1,81	1,95	71	8,92	8,73	40,60	+ 4,96	25,11	
1946-47 (Revised)	8,02	3,73	5,63	3,90	27,77	38,73	2,30	73	44	10,10	12,54	52,01	—13,28	27,63	
1947-48 (Budget)	10,30	3,79	5,89	3,90	31,26	47,68	2,61	2,24	45	10,46	14,32	53,88	— 6,20	..	
UNITED PROVINCES															
1938-39 (Accounts)	23	5,82	1,33	1,28	9,70	12,80	1,54	1,33	61	4,09	3,57	12,80	..	34,19	
1945-46 (Accounts)	4,31	6,76	5,95	2,15	22,87	29,95	2,65	1,39	66	8,03	6,78	29,94	+ 1	31,84	
1946-47 (Revised)	4,48	6,73	6,15	2,08	22,87	34,15	3,01	2,02	74	8,70	7,88	33,21	+ 94	34,82	
1947-48 (Budget)	5,27	6,68	5,25	2,10	22,93	40,13	3,08	3,20	69	9,60	11,82	40,60	— 47	..	
PUNJAB															
1938-39 (Accounts)	12	2,64	1,02	78	5,02	11,17	86	1,50	— 21	3,31	3,22	11,61	— 44	34,52	
1945-46 (Accounts)	2,30	3,33	3,03	1,33	12,80	23,27	2,14	2,09	— 68	6,65	5,79	21,20	+ 2,07	31,23	
1946-47 (Revised)	2,39	3,73	3,32	1,49	13,51	24,00	2,37	2,20	— 73	8,11	6,77	23,53	+ 47	35,77	
1947-48 (Budget)	2,81	3,46	3,38	1,31	13,54	24,98	2,45	2,53	— 99	7,98	7,13	23,73	+ 1,25	..	
BIHAR															
1938-39 (Accounts)	32	1,32	1,20	1,05	4,10	5,24	38	15	6	2,05	1,36	4,93	+ 31	1,66	
1945-46 (Accounts)	3,27	1,40	4,62	1,61	12,43	15,24	59	27	16	3,85	2,50	12,13	+ 3,11	2,13	
1946-47 (Revised)	3,40	1,40	4,95	1,70	12,97	15,85	76	43	7	5,35	3,44	15,10	+ 75	2,20	
1947-48 (Budget)	3,96	1,40	3,95	1,70	12,54	16,58	76	35	7	4,82	4,84	16,34	+ 24	..	

CENTRAL PROVINCES AND BERAR														
1938-39 (Accounts)	8	2,12	64	37	3,80	4,27	65	25	-1	1,63	97	4,71	- 44	6,45
1945-46 (Accounts)	1,44	2,67	2,44	60	9,19	10,59	1,40	14	50	2,68	1,49	10,48	+ 11	6,84
1946-47 (Revised)	1,49	2,54	2,14	64	8,95	11,36	1,36	16	41	3,45	2,40	11,35	+ 1	6,99
1947-48 (Budget)	1,76	2,58	1,81	65	9,21	13,04	1,40	20	45	3,26	2,92	11,57	+1,47	..
ASSAM														
1938-39 (Accounts)	15	1,13	35	18	2,03	2,58	36	1	34	81	71	2,99	- 41	1,40
1945-46 (Accounts)	1,17	1,74	82	22	5,36	6,51	71	6	25	1,63	1,49	6,76	- 25	5,28
1946-47 (Revised)	1,19	1,71	73	24	4,73	6,83	26	11	12	1,53	1,54	6,84	- 1	2,83
1947-48 (Budget)	1,29	1,82	70	21	4,65	9,43	67	16	12	1,52	1,63	11,80	-2,37	..
NORTH-WEST FRONTIER PROVINCE														
1938-39 (Accounts)	2	18	9	7	45	1,81	9	5	2	72	37	1,78	+ 3	78
1945-46 (Accounts)	29	23	21	11	1,12	3,00	21	12	..	1,15	59	2,84	+16	96
1946-47 (Revised)	30	22	26	13	1,17	3,15	23	16	..	1,29	72	3,40	-25	90
1947-48 (Budget)	35	23	26	13	1,24	4,20	25	23	2	1,31	1,05	4,18	+ 2	..
145	ORISSA													
1938-39 (Accounts)	4	46	33	18	1,10	1,82	18	13	1	61	44	1,61	+ 1	31
1945-46 (Accounts)	59	54	88	22	2,72	3,61	52	21	12	95	87	3,44	+ 17	74
1946-47 (Revised)	61	52	1,06	25	2,68	4,44	35	33	19	1,32	1,41	4,75	- 31	72
1947-48 (Budget)	76	52	1,05	25	2,87	6,10	38	46	19	1,39	2,72	7,20	-1,10	..
SIND														
1938-39 (Accounts)	3	36	37	17	1,10	3,70	26	1,28	2	83	52	3,46	+24	29,52
1945-46 (Accounts)	58	74	1,49	32	4,13	8,64	2,14	1,43	-80	1,98	1,28	8,63	+ 1	4,56
1946-47 (Revised)	60	66	1,32	39	3,58	8,47	2,39	1,28	-80	2,81	1,60	8,46	+ 1	4,48
1947-48 (Budget)	70	73	1,25	32	3,57	9,24	2,42	1,24	-79	2,53	1,92	9,21	+ 3	..
Total all Provinces														
1938-39 (Accounts)	4,03	25,95	13,54	9,83	60,57	84,74	9,14	6,88	1,82	26,17	21,77	85,76	- 1,02	1,63,20
1945-46 (Accounts)	32,03	30,35	53,32	17,03	172,96	229,33	19,09	10,09	4,39	54,35	45,29	218,14	+11,19	1,62,97
1946-47 (Revised)	31,97	30,14	48,79	18,09	166,98	243,07	20,35	10,21	4,69	66,69	61,24	254,65	-11,58	1,72,43
1947-48 (Budget)	40,47	30,48	42,55	17,62	170,88	266,02	21,19	13,34	3,49	65,37	73,42	267,09	- 7,07	..

† Include General Administration, Administration of Justice, Jails and Convict Settlements, Police, Ports and Pilotage and Miscellaneous Departments.

‡ Include Scientific Departments, Education, Medical, Public Health, Agriculture, Veterinary, Co-operation, Industries and Civil Aviation.

STATEMENT XV
DEBT POSITION OF PROVINCES SINCE 1936-37
(Reference paragraph 51)

(In lakhs of rupees)

		At the end of											
		1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	
I	Public Debt												
	(a) Permanent Debt	8,72	12,64	15,07	19,60	23,33	23,04	31,07	39,63	50,87	59,28	66,07	
	(b) Floating Debt .. .. .	..	..	1,50	1,80	50	1,00	82	29,40	30,03	20,51	19,51
	(c) Loans from Central Government ..	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	98,66	63,67	52,21	54,73	
II	Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,62	27,26	28,59	29,78	30,97	32,12	
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	1,70,26	1,96,28	1,74,35	1,62,97	1,72,43	
IV	Appropriation for Reduction or Avoidance of Debt	1,28	1,19	1,06	87	1,78	1,80	1,98	2,05	4,57	4,94	5,85	
V	Closing Cash Balance	10,70	9,27	6,30	8,83	10,63	11,50	20,47	22,63	21,86	31,56	16,78	

STATEMENT XVI
GOVERNMENT BALANCES IN INDIA WITH THE RESERVE BANK OF INDIA AND AT GOVERNMENT TREASURIES, 1946-47
(Reference paragraphs 52 & 56)

(In lakhs of rupees)

Reserve Bank of India				Government Treasuries							
Central Government		Provincial Governments		Last day of the month				Central Government		Provincial Governments	
1945-46	1946-47	1945-46	1946-47					1945-46	1946-47	1945-46	1946-47
2,77,01	5,38,06	18,18	19,58	..	April	..	..	17	5,11	1,63	1,79
2,66,61	5,12,14	18,73	15,41	..	May	..	..	— 11	5,01	1,87	1,27
2,63,46	4,62,24	22,97	18,56	..	June	..	..	11	4,98	1,71	1,41
3,49,55	4,83,25	18,83	22,17	..	July	..	..	44	5,46	1,65	1,73
3,51,42	5,00,04	18,14	21,08	..	August	..	..	32	5,52	1,88	2,01
3,87,19	4,75,13	24,87	17,25	..	September	..	..	44	5,01	1,84	1,44
4,14,62	4,47,27	15,68	22,40	..	October	..	..	42	39	2,02	2,49
4,68,13	4,57,07	12,38	23,74	..	November	..	..	32	16	1,28	1,51
4,86,63	4,60,82	12,62	16,84	..	December	..	..	41	39	1,63	1,89
4,87,32	4,39,69	17,50	21,61	..	January	..	..	31	56	1,79	1,71
5,26,48	4,29,50	20,83	17,77	..	February	..	..	9	25	1,40	1,97
5,27,20	4,22,85	31,61	30,89	..	March	..	..	4,88	— 8	2,28	2,50
4,02,14	4,69,01	19,36	20,61	..	Average	..	..	65	2,73	1,77	1,79

STATEMENT XVII

GOVERNMENT OF INDIA TREASURY BILLS (ANNUAL) SINCE 1918-19

(Reference paragraph 53)

				(In thousands of rupees)					
YEAR			Amount offered for tender	Amount tendered	Amount sold	Amount of inter- mediates sold	Total amount sold	Average yield	Amount outstanding at end of year*
1918-19	..	..	....	....	87,09,05	....	87,09,05		49,24,30
1919-20	..	..	....	....	102,48,00	....	102,48,00		52,98,00
1920-21	..	..	....	....	139,18,00	....	139,18,00		104,93,10
1921-22	..	..	....	....	139,26,00	....	139,26,00		111,86,70
1922-23	..	..	....	....	95,84,00	....	95,84,00		71,23,90
1923-24	..	..	....	....	50,68,00	....	50,68,00		51,77,20
1924-25	..	..	....	....	....	....	....		49,65,40
1925-26	..	..	....	....	....	....	....		49,65,15
1926-27	..	..	....	....	....	....	....		41,47,15
1927-28	..	..	33,75,00	53,62,30	25,86,90	4,50,45	30,37,35		30,52,55
1928-29	..	..	31,75,00	38,19,50	20,48,75	1,89,25	22,38,00		43,14,80
1929-30	..	..	65,00,00	93,85,25	44,73,00	20,00,75	64,73,75		65,25,45
1930-31	..	..	96,00,00	107,22,50	69,11,00	89,91,75	159,02,75		61,26,50
1931-32	..	..	104,00,00	107,60,75	75,00,00	126,25,50	201,25,50		97,19,85
1932-33	..	..	81,00,00	139,32,00	65,97,00	55,60,25	121,57,25		61,57,20
1933-34	..	..	80,00,00	120,95,00	76,14,25	35,98,75	112,13,00	1.62	59,23,70
1934-35	..	..	61,50,00	103,65,25	59,47,50	29,35,00	88,82,50	1.58	54,34,25
1935-36	..	..	58,00,00	113,51,50	57,76,75	12,73,75	70,50,50	1.21	32,13,00
1936-37	..	..	83,00,00	125,99,00	80,98,50	....	80,98,50	0.78	28,53,75
1937-38	..	..	72,00,00	117,86,00	71,99,25	....	71,99,25	0.97	38,00,50
1938-39	..	..	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	1.63	46,30,00
1939-40	..	..	71,50,00	118,98,50	70,50,00	49,93,00	120,43,00	1.87	54,70,50
1940-41	..	..	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	0.89	68,90,25
1941-42	..	..	81,00,50	140,27,00	81,00,50	37,59,50	118,60,00	0.72	136,97,75
1942-43	..	..	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	0.87	264,69,50
1943-44	..	..	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	0.90	110,61,25
1944-45	..	..	252,00,00	551,48,50	229,27,75	....	229,27,75	0.49	86,70,50
1945-46	..	..	160,00,00	204,77,75	117,90,75	....	117,90,75	0.40	83,33,00
1946-47	..	..	80,00,00	104,96,50	51,27,25	....	51,27,25	0.42	77,59,00

* Includes amount outstanding on account of Issue Department (upto 1934-35 on account of the Currency Reserve), Provinces and others.

STATEMENT XVIII

GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS, 1946-47

(Reference paragraph 53)

(In thousands of rupees)

		SALES TO PUBLIC					Average rate of discount of accepted tenders Rs. a. p.	Total amount out- standing including amount out- standing on account of Issue Dept., Provinces and others
1946-47 Week ended	Amount offered for tender	Amount tendered	Amount sold	Amount discharged	Amount outstanding			
April 1 to 5	....	....	....	1,07,00	30,39,25	....	82,64,75
" 12	....	....	....	64,75	29,74,50	....	82,73,25
" 19	....	....	....	1,70,00	28,04,50	....	83,72,00
" 26	....	....	....	2,81,50	25,23,00	....	83,08,25
May 3	....	....	....	3,33,50	21,89,50	....	80,07,25
" 10	....	....	....	3,32,50	18,57,00	....	76,91,75
" 17	....	....	....	2,83,75	15,73,25	....	72,08,00
" 24	....	....	....	4,00,00	11,73,25	....	67,16,50
" 31	....	....	....	25,00	11,48,25	....	66,41,00
June 7	....	....	....	3,76,25	7,72,00	....	59,44,00
" 14	....	....	....	2,94,25	4,77,75	....	55,66,00
" 21	....	....	....	64,00	4,13,75	....	54,16,00
" 28	2,00,00	12,02,50	1,94,75	2,78,25	3,30,25	0 6 0	54,21,50	
July 5	4,00,00	17,63,50	4,05,25	1,32,75	6,02,75	0 6 0	56,74,75	
" 12	4,00,00	11,68,00	4,00,00	....	10,02,75	0 6 0	61,35,25
" 19	4,00,00	6,74,25	2,74,25	....	12,77,00	0 6 6	64,32,75
" 26	2,00,00	2,65,25	60,25	....	13,37,25	0 7 0	63,13,75
August 2	2,00,00	2,30,50	30,50	....	13,67,75	0 7 0	63,65,50
" 9	2,00,00	83,50	73,50	....	14,41,25	0 7 0	65,52,75
" 16	2,00,00	1,32,50	1,32,50	....	15,73,75	0 7 0	67,26,75
" 23	2,00,00	1,49,00	1,49,00	....	17,22,75	0 7 0	71,12,00
" 30	....	....	....	....	17,22,75	....	72,42,00
September 6	2,00,00	80,75	80,75	....	18,03,50	0 7 0	73,78,25
" 13	2,00,00	75,00	65,00	....	18,68,50	0 7 0	76,53,75
" 20	2,00,00	1,59,25	1,39,25	....	20,07,75	0 7 0	80,47,50
" 27	2,00,00	58,00	46,00	....	20,53,75	0 7 0	80,20,75
October 4	2,00,00	2,67,00	97,50	5,84,50	15,66,75	0 6 11	72,02,25	
" 11	2,00,00	3,64,75	1,58,25	9,00	17,16,00	0 6 11	73,39,75	
" 18	2,00,00	3,85,00	2,97,50	4,00,50	16,13,00	0 6 11	72,06,75	
" 25	2,00,00	3,20,75	68,75	2,75,25	13,98,50	0 6 10	67,65,25	
November 1	2,00,00	2,54,60	3,84,50	60,25	17,20,75	0 7 0	72,94,50	
" 8	2,00,00	30,00	15,50	30,50	17,05,75	0 6 0	71,43,25	
" 15	2,00,00	61,50	56,50	1,29,00	16,33,25	0 6 8	70,91,75	
" 22	2,00,00	1,07,75	89,00	77,00	16,45,25	0 7 0	70,40,00	
" 29	2,00,00	1,88,00	1,71,75	1,49,00	16,68,00	0 7 0	71,19,00	
December 6	2,00,00	1,25,75	1,00,75	80,50	16,88,25	0 7 0	70,16,00	
" 13	2,00,00	2,09,00	1,67,00	65,25	17,90,00	0 7 0	65,85,50	
" 20	2,00,00	1,60,00	1,50,00	75,00	18,65,00	0 7 0	65,82,00	
" 27	....	....	....	1,10,25	17,54,75	....	63,65,25
January 3	....	....	....	12,00	17,42,75	....	63,52,25
" 10	2,00,00	1,61,00	1,48,25	2,00,00	16,91,00	0 7 0	63,70,50	
" 17	2,00,00	2,27,50	1,13,25	2,00,00	16,04,25	0 7 0	62,13,25	
" 24	2,00,00	2,18,50	1,92,75	2,00,00	15,97,00	0 7 0	60,96,00	
" 31	2,00,00	2,51,50	1,13,75	2,00,00	15,10,75	0 7 0	62,69,75	
February 7	2,00,00	1,82,00	1,33,50	2,00,00	14,44,25	0 7 0	62,67,75	
" 14	2,00,00	1,32,75	94,00	21,00	15,17,25	0 7 0	62,64,25	
" 21	2,00,00	1,37,25	83,75	36,50	15,44,50	0 7 0	63,98,00	
" 28	2,00,00	1,03,75	43,75	2,60,73	13,27,50	0 7 0	61,70,25	
March 7	2,00,00	2,29,00	1,69,00	1,00,75	13,95,75	0 7 0	67,83,00	
" 14	2,00,00	1,85,25	1,45,25	1,67,00	13,74,00	0 7 0	73,50,25	
" 21	2,00,00	1,01,75	61,75	1,50,00	12,85,75	0 7 0	76,51,50	
" 28	2,00,00	50,25	50,25	....	13,36,00	0 7 0	78,59,00
29 to 31	....	....	....	....	13,36,00	....	77,59,00
Total	80,00,00	104,96,50	51,27,25	69,37,50	13,36,00	0 6 9	77,59,00	

There were no sales of intermediates during the year.

STATEMENT XX

PROVINCIAL AND BURMA GOVERNMENT TREASURY BILLS SINCE 1938-39

(Reference paragraph 57)

(In thousands of rupees)

Provinces and Particulars	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	Total
MADRAS										
Amount offered for tender ..	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	1,00,00	1,00,00	1,50,00	..	15,90,00
Amount tendered	2,42,75	5,38,50	7,34,25	3,06,50	4,56,00	1,65,00	3,10,00	3,33,00	..	30,86,00
Amount sold	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	60,00	1,00,00	1,00,00	..	15,00,00
Average rate of discount per cent per annum Rs.	1 8 8	2 4 3	0 12 9	0 12 0	0 11 11	0 13 7	0 9 0	0 5 4	..	..
Amount outstanding ..	..	..	..	..	..	..	..	..	..	..
BOMBAY										
Amount offered for tender ..	..	..	..	..	..	50,00	..	..	..	50,00
Amount tendered .. ..	..	..	..	..	..	1,15,00	..	..	..	1,15,00
Amount sold .. ..	..	..	..	..	..	50,00	..	..	..	50,00
Average rate of discount per cent per annum Rs.	..	..	..	..	..	0 10 0	..	..	..	..
Amount outstanding ..	..	..	..	..	..	50,00	..	..	..	..
BENGAL										
Amount offered for tender ..	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	12,50,00	1,03,10,00
Amount tendered .. ..	..	1,53,25	1,82,50	13,52,50	1,34,50	37,68,50	55,48,00	27,75,00	17,20,50	1,56,32,75
Amount sold .. ..	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	12,50,00	1,03,10,00
Average rate of discount per cent per annum Rs.	..	1 2 10	1 0 3	0 14 0	0 10 0	0 15 2	0 8 11	0 7 3	0 7 10	..
Amount outstanding ..	..	30,00	..	1,00,00	..	12,50,00	5,00,00	7,50,00	8,00,00	8,00,00
UNITED PROVINCES										
Amount offered for tender ..	80,00	2,60,00	..	..	75,00	6,00,00	..	..	..	10,15,00
Amount tendered	85,00	2,76,75	..	..	97,00	11,58,00	..	..	..	16,16,75
Amount sold	80,00	2,60,00	..	..	75,00	6,00,00	..	..	..	10,15,00
Average rate of discount per cent per annum Rs.	1 8 11	2 11 9	..	..	0 12 3	0 14 2	..	..	..	..
Amount outstanding ..	..	40,00	..	..	..	1,00,00	..	..	..	..
PUNJAB										
Amount offered for tender ..	..	90,00	..	..	..	..	..	..	..	90,00
Amount tendered .. ..	..	1,01,25	..	..	..	..	..	..	..	1,01,25
Amount sold .. ..	..	90,00	..	..	..	..	..	..	..	90,00
Average rate of discount per cent per annum Rs.	..	2 8 10	..	..	..	..	..	..	..	..
Amount outstanding ..	..	..	..	..	..	..	..	..	..	..

CENTRAL PROVINCES AND BHRAR											
Amount offered for tender ..	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	..	..	6,95,00
Amount tendered	3,06,75	1,95,25	2,44,00	1,65,25	1,31,00	1,39,00	..	..	..	..	11,71,25
Amount sold	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	..	..	6,95,00
Average rate of discount per cent per annum	Rs. 1 15 6	2 10 8	0 14 10	0 11 3	0 10 0	0 10 5	..	..	..	..	..
Amount outstanding ..	1,10,00	40,00	50,00	..	..	80,00	..	..	..	..	..
ASSAM											
Amount offered for tender ..	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	..	50,45,00
Amount tendered	82,50	1,10,75	67,25	..	1,49,00	12,20,00	27,61,00	27,44,00	8,46,00	..	79,80,50
Amount sold	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	..	50,45,00
Average rate of discount per cent per annum	Rs. 2 4 8	2 12 4	1 15 0	..	1 2 0	0 14 4	0 9 0	0 6 10	0 7 11	..	..
Amount outstanding ..	40,00	25,25	..	..	80,00	2,50,00	4,50,00	3,50,00	1,00,00	..	1,00,00
ORISSA											
Amount offered for tender ..	..	..	..	..	..	..	1,00,00	..	..	..	1,00,00
Amount tendered .. ..	..	..	..	..	..	..	3,46,00	..	..	..	3,46,00
Amount sold .. ..	..	..	..	..	..	..	1,00,00	..	..	..	1,00,00
Average rate of discount per cent per annum	Rs. ..	..	..	..	..	..	0 7 6	..	..	..	..
Amount outstanding ..	..	..	..	..	..	..	50,00	..	..	..	..
BURMA											
Amount offered for tender ..	..	..	..	..	..	..	..	..	5,00,00	..	5,00,00
Amount tendered .. ..	..	..	..	..	..	..	..	..	5,70,00	..	5,70,00
Amount sold by tender ..	..	..	..	..	..	..	..	..	5,00,00	..	5,00,00
Amount sold on tap .. ..	..	..	..	..	..	..	..	..	5,17,00	..	5,17,00
Average rate of discount per cent per annum	Rs. ..	..	..	..	..	..	..	..	0 11 9	..	..
Amount outstanding ..	..	..	..	..	..	..	..	..	1,14,00	..	1,14,00
TOTAL											
Amount offered for tender ..	5,70,00	11,80,00	6,90,00	8,15,00	4,35,00	46,05,00	53,50,00	36,00,00	21,50,00	..	1,93,95,00
Amount tendered	7,17,00	13,75,75	12,28,00	18,14,25	9,67,50	65,63,50	89,65,00	58,52,00	31,36,50	..	3,06,19,50
Amount sold	5,70,00	11,80,00	6,90,00	8,15,00	4,35,00	45,65,00	53,50,00	35,50,00	26,67,00*	..	1,98,22,00
Average rate of discount per cent per annum	Rs. 1 13 0	2 8 9	0 14 8	0 13 8	0 13 1	0 14 9	0 8 11	0 7 0	0 9 4	..	..
Amount outstanding ..	1,50,00	1,35,25	50,00	1,00,00	80,00	17,30,00	10,00,00	11,00,00	10,14,00	..	10,14,00

* Including Rs. 5,17,00,000 sold on tap.

STATEMENT XXI

PROVINCIAL AND BURMA GOVERNMENT THREE MONTHS TREASURY BILLS, 1946-47

(Reference paragraph 57)

(In thousands of rupees)

Week ended	Issuing Government	Amount offered for tender	Amount tendered	Amount sold	Average rate of discount per cent per annum	Amount outstanding with the public
					Rs. a. p.	
1946-47						
April	26 .. Assam ..	1,50,00	3,30,00	1,50,00	0 8 1	2,00,00
May	10 .. Bengal ..	2,50,00	3,55,50	2,50,00	0 8 0	2,50,00
July	12 .. Bengal ..	2,00,00	5,65,00	2,00,00	0 6 9	4,50,00
July	26 .. Assam ..	1,00,00	2,66,00	1,00,00	0 8 0	1,00,00
September	6 .. Burma ..	2,00,00	2,17,00	2,00,00	0 11 11	2,00,00
September	20 .. Burma ..	2,00,00	2,33,00	2,00,00	0 12 0	4,00,00
October	4 .. Burma ..	1,00,00	1,20,00	1,00,00	0 10 0	5,00,00
November	1 .. Assam ..	50,00	1,50,00	50,00	0 7 0	50,00
December to February	6 to 14 } * .. Burma ..	.....	.....	5,17,00	0 12 0	5,17,00
January	31 .. Assam ..	1,00,00	1,00,00	1,00,00	0 8 0	1,00,00
January	31 .. Bengal ..	4,00,00	4,00,00	4,00,00	0 8 0	4,00,00
February	28 .. Bengal ..	4,00,00	4,00,00	4,00,00	0 8 0	8,00,00

* Sold on tap.

STATEMENT XXII

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 61)

(A) Rupee Debt

(In crores of rupees)

End of March	Un-dated	Per-cent- age of Total	Over 10 years	Per-cent- age of Total	Between 5 and 10 years	Per-cent- age of Total	Under 5 years	Per-cent- age of Total	Trea- sury Bills	Per-cent- age of Total	Post Office Savings Bank Deposits and Cash Certifi- cates	Per-cent- age of Total	*Other obliga- tions	Per-cent- age of Total	Total	Percent- age in- crease(+) or de- crease(-)
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	+90.5
1924	.. 137.25	28.4	29.29	6.1	96.93	20.1	94.45	19.6	51.77	10.7	33.21	6.9	39.62	8.2	482.52	+35.5
1929	.. 137.41	24.9	121.03	21.9	50.25	9.2	81.54	14.8	43.15	7.8	56.79	10.3	61.04	11.1	551.21	+14.2
1934	.. 126.69	18.3	160.73	23.2	67.93	9.8	79.22	11.4	59.24	8.5	115.04	16.7	93.34	12.1	693.09	+25.7
1939	.. 123.46	18.1	113.80	16.0	124.71	17.6	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	113.76	15.6	49.35	6.8	54.71	7.5	135.35	18.6	87.48	12.1	727.79	+2.6
1941	.. 148.52	17.3	182.98	21.2	150.31	17.5	95.07	11.0	68.90	8.0	108.80	12.6	106.59	12.4	861.17	+16.3
1942	.. 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	.. 245.50	20.3	238.68	19.8	91.75	7.6	172.80	14.3	264.70	21.9	92.77	7.7	99.98	8.3	1,206.18	+28.2
1944	.. 283.89	21.2	454.43	33.8	85.38	6.4	182.86	13.6	110.61	8.2	118.47	8.8	107.05	8.0	1,342.69	+11.3
1945	.. 284.03	18.1	396.17	25.2	282.44	18.0	249.50	15.9	86.71	5.5	159.18	10.1	113.39	7.2	1,571.42	+17.0
1946 (Preliminary)	284.04	14.7	663.80	34.3	222.75	11.5	321.59	16.6	83.33	4.3	221.62	11.4	139.92	7.2	1,936.95	+23.3
1947 (..)	264.07	11.9	755.55	35.3	171.10	8.0	343.18	16.0	77.59	3.6	266.06	12.4	272.21†	12.7	2,139.76	+10.5

* Include (1) the unclaimed balances 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 and Five-Year Interest-Free Prize Bonds. † Includes Special Floating Loans amounting to Rs. 139.25 crores.

STATEMENT XXII—(continued)

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 61)

(In crores of rupees)

(B) Sterling Debt *

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	257.90	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	—	—	43.08	8.4	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	134.00	63.6	34.66	16.4	17.32	8.2	20.95	9.9	3.77	210.70	— 38.9
1943	20.32	22.2	18.65	20.4	28.30	30.9	20.62	22.5	3.71	91.60	— 56.5
1944	3.35	4.7	17.78	24.7	17.50	24.3	28.85	40.1	4.45	71.93	— 21.5
1945	2.96	4.4	15.99	23.7	16.46	24.3	28.25	41.8	3.93	67.59	— 6.0
1946 (Preliminary)	..	2.87	4.5	15.14	23.8	10.54	16.5	31.37	49.3	3.78	63.70	— 5.8
1947 (")	..	2.60	4.4	2.80	4.7	20.74	35.1	29.30	49.6	3.62	59.06	— 7.3

* Converted at 1s. 4d. per rupee upto 1923-24 and thereafter at 1s. 6d. † Including (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 XXIII

(A) POST OFFICE CASH CERTIFICATES *

(Reference paragraph 63)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Amount outstanding
1917-18	10,00	1,12	8,88	8,88
1918-19 }	4,03	7,16	— 3,13	5,75
1919-20 }				
1920-21 }	1,00	2,41	— 1,41	4,34
1921-22 }				
1922-23 }	7,61	3,53	4,08	8,42
1923-24 }				
1924-25 }	15,65	3,10	12,55	20,97
1925-26 }				
1926-27 }	13,61	3,88	9,73	30,70
1927-28 }				
1928-29	4,01	3,31	1,00	32,30
1929-30	7,15	4,45	2,70	35,00
1930-31	11,78	8,35	3,43	38,43
1931-32	14,49	8,34	6,15	44,58
1932-33	15,74	4,68	11,06	55,64
1933-34	13,31	5,24	8,07	63,71
1934-35	9,95	7,70	2,25	65,96
1935-36	13,45	13,43	2	65,98
1936-37	14,88	16,46	— 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	11,04	— 7,07	39,01
1942-43	3,76	8,20	— 4,44	34,57
1943-44	5,50	5,43	7	34,64
1944-45	5,48	4,31	1,17	35,82
1945-46	6,67	3,72	2,95	38,76
1946-47 (Preliminary) ..	4,98	4,50	48	39,23

* Figures for Burma are included upto 1936-37.

(B) POST OFFICE DEFENCE SAVINGS CERTIFICATES †

	Receipts	Repayments	Net receipts	Amount outstanding
1940-41	2,41	12	2,29	2,29
1941-42	2,81	75	2,06	4,35
1942-43	2,02	81	1,21	5,56
1943-44	2,43	1,02	1,41	6,97
1944-45 .. ..	..	55	— 55	6,42
1945-46 .. ..	..	50	— 50	5,92
1946-47 (Preliminary) ..	..	73	— 73	5,20

† Replaced by the Twelve-year National Savings Certificates from 1st October, 1943.

(C) POST OFFICE NATIONAL SAVINGS CERTIFICATES ‡

	Receipts	Repayments	Net receipts	Amount outstanding
1943-44	8,66	1	8,65	8,65
1944-45	19,55	1	19,54	28,19
1945-46	23,21	10	23,11	51,30
1946-47 (Preliminary) ..	21,71	2,43	19,28	70,56

‡ Including Hyderabad State National Savings Certificates from 1944-45.

STATEMENT XXIV

(A) POST OFFICE SAVINGS BANK

(Reference paragraph 63)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding
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	77,50†
1938-39	44,61	1,42	41,65	4,38	81,88
1939-40	40,51	1,15	45,22	— 3,56	78,32
1940-41	25,35	93	45,09	—18,81	59,51
1941-42	21,91	83	30,18	— 7,44	52,07
1942-43	22,26	73	22,84	15	52,22
1943-44	35,22	93	24,19	11,96	64,18
1944-45	43,76	1,22	28,94	16,04	80,22
1945-46	74,42	1,70	41,30	34,82	1,15,04
1946-47 (Preliminary) ..	89,38	(a)	64,07	25,31	1,40,35

† The outstandings are lower by Rs. 2,15 lakhs on account of the transfer of Burma and Aden balances.

(a) Not available.

(B) POST OFFICE DEFENCE SAVINGS BANK

	Deposits	Withdrawals	Net increase in Deposits	Amount outstanding
1941-42	11	..	11	11
1942-43	29	..	29	40
1943-44	3,59	1	3,58	3,98
1944-45	4,37	2	4,35	8,53†
1945-46	1,98	2	1,96	10,50
1946-47 (Preliminary) ..	27	5	22	10,72

† The change in the outstanding is due to adjustments made in the accounts for March, 1945.

STATEMENT XXV
PRINCIPAL ITEMS OF SMALL SAVINGS (MONTHLY), 1946-47
(Reference paragraph 63)

		(In lakhs of rupees)											
		Post Office Cash Certificates		Defence Savings Certificates		National Savings Certificates †		Post Office Savings Bank Deposits		Defence Savings Bank Deposits		Total Receipts	Total Month-end outstandings
		Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding		
1945-46													
	April ..	48	35,97	....	6,38	1,57	29,61	5,02	82,47	26	8,79	7,33	1,63,22
	May ..	49	36,15	....	6,35	1,53	31,13	5,10	94,70	23	9,02	7,35	1,67,35
	June ..	50	36,39	....	6,32	1,39	32,51	5,52	87,37	17	9,19	7,58	1,71,78
	July ..	54	36,67	....	6,29	1,65	34,16	5,87	90,44	16	9,35	8,22	1,76,91
	August ..	54	36,97	....	6,25	1,78	35,03	5,91	93,52	13	9,48	8,36	1,82,15
	September ..	57	37,30	....	6,21	1,89	37,96	6,00	93,63	10	9,58	8,56	1,87,68
	October ..	61	37,59	....	6,16	2,01	39,96	6,77	99,99	7	9,65	9,46	1,93,35
	November ..	53	37,79	....	6,12	2,00	41,95	6,16	1,02,59	11	9,76	8,80	1,98,12
	December ..	51	37,95	....	6,03	1,80	43,74	6,24	1,05,01	11	9,87	8,66	2,02,68
157	January ..	89	38,45	....	6,03	2,68	46,40	8,34	1,09,13	15	10,02	12,06	2,10,03
	February ..	56	38,69	....	5,99	2,30	48,68	6,80	1,11,78	9	10,11	9,64	2,15,25
	March ..	45	38,76	....	5,92	2,61	51,39	8,50	1,15,04	40	10,50	11,96	2,21,52
	Total ..	6,67	38,76	....	5,92	23,21	51,30	76,12	1,15,04	1,98	10,50	1,07,98	2,21,52
1946-47													
	April ..	41	38,81	....	5,85	1,64	52,93	7,27	1,17,78	10	10,59	9,42	2,25,96
	May ..	46	38,90	....	5,80	1,65	54,57	7,62	1,20,03	9	10,68	9,82	2,30,28
	June ..	45	39,02	....	5,74	1,72	56,28	7,16	1,22,29	5	10,72	9,38	2,34,05
	July ..	36	39,08	....	5,69	1,55	57,82	6,01	1,24,42	1	10,72	7,93	2,37,73
	August ..	39	39,15	....	5,63	1,71	59,52	6,48	1,26,24	....	10,71	8,58	2,41,25
	September ..	44	39,20	....	5,57	1,83	61,32	7,68	1,28,94	....	10,70	9,95	2,45,73
	October ..	45	39,26	....	5,52	1,72	62,98	7,96	1,31,43	....	10,70	10,13	2,49,89
	November ..	49	39,33	....	5,46	1,98	64,78	7,77	1,33,66	1	10,71	10,23	2,53,94
	December ..	39	39,30	....	5,40	1,96	66,42	7,20	1,35,09	3	10,73	9,58	2,56,94
	January ..	40	39,28	....	5,33	2,40	68,27	7,73	1,36,35	....	10,72	10,53	2,59,95
	February ..	34	39,22	....	5,27	1,76	69,50	7,30	1,37,59	....	10,72	9,40	2,62,21
	March ..	40	39,23	....	5,20	1,81	70,56	9,21	1,40,35	....	10,72	11,42	2,66,06
	Total ..	4,98	39,23	....	5,20	21,71	70,56	89,38	1,40,35	27	10,72	1,16,34	2,66,06

† Including Hyderabad State National Savings Certificate.

STATEMENT XXVI

PRICES (IN BOMBAY) OF REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA, 1946-47

(Reference paragraph 67)

(In rupees)

	3½ per cent Loan 1947-50				3 per cent Loan 1951-54				3 per cent First Victory Loan 1957				4 per cent Loan 1960-70			
	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield
1946-47																
April	103½ (30)	103½ (1-13)	103 7/8	1.30	102½ (1-15)	102 1/8 (16-30)	102½	2.57	102½ (3)	102½ (1)	102½	2.74	115 1/8 (12-20)	114 1/8 (1-2)	115½	2.72
May	103½ (1-14)	102½ (30-31)	103½	1.31	102½ (30-31)	102 1/8 (1-8)	102½	2.55	103½ (28-29)	102½ (14-16)	102 1/8	2.73	115½ (28-31)	115 (1-23)	115½	2.72
June	102 3/8 (12-19)	102½ (1-11, 20-29)	102½	1.53	104½ (28-29)	102½ (3)	103½	2.34	104 1/8 (29)	103 5/8 (3)	103½	2.61	116½ (29)	115½ (1-8)	115½	2.66
July	102½ (2-9, 22-31)	102 1/8 (10-20)	102½	1.41	104 1/8 (25-31)	104 3/8 (2)	104 1/8	2.04	105½ (25)	104 1/8 (2)	105 3/8	2.47	117½ (24-31)	116½ (2-6)	116 7/8	2.57
August	102½ (1-2)	102½ (26-28)	102 9/16	1.42	104 1/8 (1-3)	104 3/8 (27)	104½	2.01	105 1/8 (2,13)	104½ (27-28)	105½	2.44	117½ (1-21)	116½ (27-28)	117½	2.53
September	102½ (2-30)	102½ (2-30)	102½	1.42	104½ (2-6)	103½ (18-24)	104½	2.13	104½ (2)	103 5/8 (17)	104 1/8	2.57	116½ (2-10)	116½ (11-30)	116 1/8	2.58
October	102½ (1-11)	102½ (30-31)	102 1/8	1.33	104½ (28-31)	103½ (1-8)	104	2.14	104 1/8 (12-14)	104½ (1-2)	104½	2.53	116½ (1-29)	116½ (30-31)	110½	2.58
November	102½ (1-11)	102 (12-30)	102 1/8	1.42	104 1/8 (11-22)	104 1/8 (29-30)	104½	2.09	104 1/8 (15-21)	104½ (28-30)	104 5/8	2.51	116½ (13-14)	116½ (1-11, 25-30)	116 7/8	2.58
December	102 (2-4)	101½ (18-31)	101 1/8	1.49	104 1/8 (2-3)	103½ (19-27)	103 1/8	2.15	104 5/8 (2)	103 1/8 (20-24)	103½	2.61	116½ (2-4)	115½ (18-27)	115 7/8	2.62
January	101½ (2-31)	101½ (2-31)	101½	1.37	103½ (2-4)	103 (22-23)	103½	2.24	103½ (2)	102 5/8 (31)	103	2.67	115½ (2)	114½ (31)	115	2.68
February	101½ (1-28)	101½ (1-28)	101½	1.15	103 1/8 (1)	101 5/8 (18)	102½	2.48	102 5/8 (1-3, 26)	101½ (18-20)	102	2.78	114½ (1-5)	112 (20-22)	112½	2.85
March	101½ (1)	101½ (18-31)	101 1/8	1.15	102½ (6-12)	102½ (1-4, 29-31)	102½	2.44	102½ (6)	102½ (1)	102½	2.73	114½ (6-15)	113 (1-5)	113 7/8	2.76

		3 per cent Loan 1963-65				3 per cent Funding Loan 1966-68				3 per cent First Development Loan 1970-75				3 per cent Loan 1986 or Later (Conversion Loan of 1946) @			
		Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield
1946-47																	
April	.. ..	102 $\frac{11}{16}$ (9)	102 $\frac{1}{16}$ (1)	102 $\frac{5}{16}$	2.80	102 $\frac{9}{16}$ (9-11, 13-23)	101 $\frac{7}{16}$ (1)	102 $\frac{7}{16}$	2.84	102 $\frac{7}{16}$ (9-10)	101 $\frac{11}{16}$ (1)	102 $\frac{1}{16}$	2.86				
May	.. ..	103 $\frac{7}{16}$ (28-30)	102 $\frac{9}{16}$ (2-6)	102 $\frac{11}{16}$	2.73	103 $\frac{1}{16}$ (28-29)	102 $\frac{9}{16}$ (1-18)	102 $\frac{11}{16}$	2.83	104 $\frac{1}{16}$ (28)	102 $\frac{9}{16}$ (2-6, 10)	102 $\frac{7}{16}$	2.84				
June	.. ..	104 $\frac{11}{16}$ (28-29)	103 $\frac{1}{16}$ (3)	104	2.71	104 $\frac{11}{16}$ (28-29)	103 $\frac{1}{16}$ (3)	104 $\frac{1}{16}$	2.74	105 $\frac{7}{16}$ (28-29)	103 $\frac{11}{16}$ (3)	104 $\frac{3}{16}$	2.75				
July	.. ..	106 $\frac{1}{16}$ (24-31)	105 (2)	105 $\frac{9}{16}$	2.59	106 $\frac{1}{16}$ (24-31)	105 (2)	105 $\frac{1}{16}$	2.63	106 $\frac{11}{16}$ (24)	105 $\frac{1}{16}$ (2)	106	2.66				
August	.. ..	106 $\frac{9}{16}$ (1-3, 7-14)	104 $\frac{1}{16}$ (28)	105 $\frac{7}{16}$	2.57	106 $\frac{1}{16}$ (1-3)	104 $\frac{1}{16}$ (28)	106	2.61	106 $\frac{11}{16}$ (1-3)	104 $\frac{1}{16}$ (27)	106 $\frac{1}{16}$	2.66				
1949																	
September	.. ..	105 (6)	104 (16-18)	104 $\frac{7}{16}$	2.67	105 (6)	103 $\frac{1}{16}$ (17)	104 $\frac{1}{16}$	2.71	105 $\frac{1}{16}$ (5)	103 $\frac{1}{16}$ (17)	104 $\frac{11}{16}$	2.73	104 $\frac{11}{16}$ (26)	103 $\frac{1}{16}$ (16-17)	104 $\frac{9}{16}$	2.83
October	.. ..	105 (28-29)	104 $\frac{1}{16}$ (1)	104 $\frac{1}{16}$	2.64	104 $\frac{1}{16}$ (14-18)	104 $\frac{1}{16}$ (1)	104 $\frac{1}{16}$	2.69	105 $\frac{9}{16}$ (9-15)	104 $\frac{1}{16}$ (1-2, 18-22, 28-31)	105 $\frac{1}{16}$	2.71	104 $\frac{1}{16}$ (9)	104 (1)	104 $\frac{1}{16}$	2.87
November	.. ..	105 $\frac{9}{16}$ (20-21)	104 $\frac{11}{16}$ (1-7)	105 $\frac{1}{16}$	2.62	104 $\frac{1}{16}$ (20-23)	104 $\frac{1}{16}$ (26-30)	104 $\frac{11}{16}$	2.69	105 (20-22)	104 $\frac{1}{16}$ (26, 29-30)	104 $\frac{11}{16}$	2.73	104 $\frac{11}{16}$ (8, 12-13)	104 $\frac{1}{16}$ (26)	104 $\frac{11}{16}$	2.87
December	.. ..	104 $\frac{1}{16}$ (2)	103 $\frac{1}{16}$ (19-24)	103 $\frac{1}{16}$	2.72	104 $\frac{1}{16}$ (2)	103 $\frac{9}{16}$ (19-24)	103 $\frac{11}{16}$	2.76	104 $\frac{9}{16}$ (2)	103 $\frac{9}{16}$ (19-24)	103 $\frac{11}{16}$	2.79	104 $\frac{1}{16}$ (2)	103 (19)	103 $\frac{7}{16}$	2.90
January	.. ..	103 $\frac{5}{16}$ (2)	102 $\frac{5}{16}$ (31)	103	2.77	103 $\frac{1}{16}$ (2)	102 $\frac{9}{16}$ (31)	103	2.80	103 $\frac{11}{16}$ (2)	102 $\frac{9}{16}$ (31)	103 $\frac{1}{16}$	2.82	103 $\frac{11}{16}$ (2)	102 $\frac{1}{16}$ (30)	102 $\frac{1}{16}$	2.92
February	.. ..	102 $\frac{1}{16}$ (26, 28)	100 $\frac{11}{16}$ (20)	101 $\frac{9}{16}$	2.88	102 $\frac{1}{16}$ (26, 28)	100 $\frac{11}{16}$ (20)	101 $\frac{9}{16}$	2.89	102 $\frac{1}{16}$ (26, 28)	100 $\frac{1}{16}$ (17)	101 $\frac{9}{16}$	2.91	102 $\frac{1}{16}$ (26)	100 $\frac{1}{16}$ (17)	101 $\frac{1}{16}$	2.96
March	.. ..	102 $\frac{1}{16}$ (6)	102 $\frac{1}{16}$ (1)	102 $\frac{1}{16}$	2.81	102 $\frac{1}{16}$ (6)	102 $\frac{1}{16}$ (1)	102 $\frac{7}{16}$	2.81	102 $\frac{1}{16}$ (6)	102 $\frac{1}{16}$ (1, 22-31)	102 $\frac{3}{16}$	2.86	102 $\frac{1}{16}$ (5)	100 $\frac{11}{16}$ (26)	101 $\frac{11}{16}$	2.94

Figures within brackets refer to dates of quotations.

@ Issued on 16th September, 1946.

STATEMENT XXVII
HIGHEST AND LOWEST PRICES (ANNUAL) OF REPRESENTATIVE RUPEE SECURITIES OF THE
GOVERNMENT OF INDIA SINCE 1933-34

(In rupees)

(Reference paragraph 67)

	3½ per cent Loan 1947-50		3 per cent Loan 1951-54		3 per cent First Victory Loan 1957		4 per cent Loan 1960-70		3 per cent Loan 1963-65		3 per cent Funding Loan 1966-68		3 per cent First Development Loan 1970-75		3 per cent Loan 1986 or Later (Con- version Loan of 1946)	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1933-34 ..	97½	90	..	..	..	..	103½	90½	..	..	..	..	..	..	..	..
1934-35 ..	102½	97⅞	..	..	..	..	111⅞	101½	..	..	..	..	..	..	..	..
1935-36 ..	107½	100⅞	103½	96½	..	..	113½	103	..	..	..	..	..	..	..	..
1936-37 ..	108½	103¾	105	100½	..	..	116⅞	109½	..	..	..	..	..	..	..	..
1937-38 ..	107½	105	102½	100½	..	..	114⅞	110½	..	..	..	..	..	..	..	..
1938-39 ..	106⅞	103	103½	100	..	..	114¾	107½	98½	96	..	..	..	..	..	..
1939-40 ..	104½	92½	101⅞	86	..	..	111⅞	94	97⅞	82	..	..	..	..	..	..
1940-41 ..	104½	98½	99⅞	92½	..	..	109	99	95	85½	..	..	..	..	..	..
1941-42 ..	103½	96½	100	93½	..	..	111½	99	95⅞	85½	..	..	..	..	..	..
1942-43 ..	104	97⅞	99½	94	..	..	110⅞	103⅞	95½	88½	..	..	..	..	..	..
1943-44 ..	103½	103	100⅞	99½	..	..	112½	110⅞	98⅞	95½	..	..	..	..	..	..
1944-45 ..	101½	101½	101⅞	98½	..	..	113⅞	110½	99½	96½	98½	96½	..	..	..	..
1945-46 ..	103½	103½	102½	100½	102½	99½	114⅞	112½	101½	98½	101½	93½	101½	97	..	..
1946-47 ..	103½	101½	104½	101½	105½	101½	117½	112	106⅞	100½	106½	100½	106½	100½	104½	100½

STATEMENT XXVIII

INDEX NUMBERS OF PRICES (MONTHLY) OF INDIAN SECURITIES (1927-28=100)

(Prepared in the office of the Economic Adviser to the Government of India)

(Reference paragraph 68)

Year and Month	Variable Yield Industrial Securities											General Index
	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)	Banking (8 shares)	
1939-40 .. (Sept.-March)	111.2	134.5	85.1	64.3	164.5	539.3	69.0	97.2	162.8	346.7	116.6	120.5
1940-41 ..	114.6	147.5	85.5	54.6	149.0	507.1	67.5	86.2	159.4	299.4	123.8	117.4
1941-42 ..	115.9	155.9	111.0	57.2	152.5	504.3	77.7	107.2	193.9	323.9	133.3	129.0
1942-43 ..	115.0	144.9	146.6	53.9	161.3	441.5	86.9	141.7	235.9	359.9	144.9	138.6
1943-44 ..	117.2	164.3	198.8	65.6	227.2	555.9	118.0	211.4	278.4	488.0	190.9	182.2
1944-45 ..	118.0	176.2	185.2	79.3	298.1	557.5	120.3	220.0	294.0	510.1	194.1	197.3
1945-46 ..	118.6	187.0	199.0	100.9	356.4	651.1	131.8	215.3	287.6	599.2	217.6	220.8
1945-47 ..	120.6	198.4	269.9	134.9	415.2	796.4	170.8	239.6	307.8	900.3	288.0	271.5
August 1939	117.6	137.7	69.4	117.7	131.7	369.5	57.8	74.7	149.6	174.0	119.2	98.5
1945-46												
194												
April ..	117.6	181.0	179.7	86.0	316.5	569.6	121.8	193.7	292.0	487.2	192.4	199.8
May ..	117.7	181.5	182.7	86.3	325.1	579.9	122.1	203.7	295.8	486.8	192.0	202.2
June ..	118.2	183.5	183.0	89.3	348.5	584.8	120.2	200.3	257.2	529.7	197.4	207.3
July ..	118.4	186.2	191.8	93.9	364.2	610.8	128.4	211.4	265.1	557.3	207.2	217.0
August ..	118.0	187.7	186.2	96.3	354.3	608.3	127.8	217.3	264.7	552.2	199.8	212.6
September ..	118.3	187.4	188.9	94.8	353.0	634.2	126.6	221.6	276.7	537.0	205.4	213.3
October ..	118.7	187.3	189.2	99.6	354.0	627.6	127.2*	212.2	281.1	557.1	215.1	214.9
November ..	119.3	187.7	200.5	107.2	363.8	678.2	130.9*	217.9	298.0	638.5	227.2	225.3
December ..	119.0	189.0	208.1	111.7	373.7	699.8	139.1*	222.7	299.0	635.3	233.4	232.4
January ..	119.3	189.8	218.6	111.5	373.8	706.1	147.7*	223.8	304.9	698.4	243.4	238.6
February ..	119.2	190.8	218.2	112.1	365.1	724.8	145.4*	223.5	300.3	701.7	242.8	236.7
March ..	119.2	191.3	241.4	120.4	385.2	789.0	144.0*	230.2	316.5	809.5	254.6	249.7
1946-47												
April ..	119.8	193.8	251.2	125.6	424.1	777.0	148.4*	236.3	317.7	857.0	262.8	259.8
May ..	119.4	195.9	264.7	125.0	419.8	798.8	151.9*	242.0	317.9	869.8	281.5	267.3
June ..	120.7	200.5	277.5	136.5	427.7	844.7	163.7*	260.6	328.4	899.0	302.7	280.9
July ** ..	121.9	202.8	290.9	153.1	495.8	881.5	178.0*	268.1	331.1	984.0	313.0	303.8
August † ..	122.8	204.0	314.1	163.9	501.4	943.0	187.4*	263.6	341.3	1101.6	315.8	314.9
September ..	121.2	200.9	279.6	147.2	436.5	811.8	181.5*	246.5	306.6	972.3	285.3	282.0
October ..	121.5	198.5	276.7	125.3	362.0	777.1	175.1*	234.8	308.0	913.2	293.2	285.5
November ..	121.5	198.4	268.4	134.3	401.6	773.7	171.3*	232.3	302.7	891.4	283.7	264.6
December ..	120.7	197.6	251.0	126.3	377.0	727.6	172.7*	223.3	286.1	834.9	264.9	252.6
January ..	119.7	196.4	256.3	126.7	376.4	728.6	177.7*	222.5	284.7	830.1	291.4	256.3
February ..	117.4	193.2	238.7	118.7	344.4	696.5	170.6*	205.2	260.8	749.7	273.9	239.3
March ‡ ..	..	..	..	..	..	..	..	..	..	..	..	..

* Estimated.

** Averages for three weeks ended 20th July, 1946.

† For the week ended 10th August, 1946.

‡ Indices for March, 1947 have not been compiled as the stock exchanges remained closed for most of the period.

STATEMENT XXIX

CONTROL OF CAPITAL ISSUES

(FROM 1st OCTOBER, 1945 TO 31st MARCH, 1947)

(Rupees in crores)

(Reference paragraph 69)

Classification	Immediate Schemes								Long-range Schemes					
	Applications		Consents		Refusals		Applications		Consents		Refusals			
	No. of com-panies	Amount asked for	No. of com-panies	Amount wholly or partially allowed	No. of com-panies	Amount asked for	No. of com-panies	Amount asked for	No. of com-panies	Amount wholly or partially allowed	No. of com-panies	Amount asked for		
I. INDUSTRIAL	British India	{ Initial	228	44.48	206	36.72	22	6.29	269	125.73	201	90.26	68	23.66
		{ Further	172	33.44	165	31.22	7	1.37	81	31.91	68	28.25	13	3.45
	Outside British India	{ Initial	28	8.68	24	7.85	4	0.48	44	19.12	36	13.37	8	5.35
		{ Further	13	2.79	10	2.18	3	0.62	5	6.27	4	6.02	1	0.25
	Total Industrial	..	441	89.39	405	77.97	38	8.76	399	183.03	309	146.90	90	32.71
II. AGRICULTURAL	British India	{ Initial	55	14.00	47	6.74	8	2.31	7	2.00	5	1.45	2	0.55
		{ Further	22	2.43	17	1.70	5	0.70	1	0.99	1	0.99	..	..
	Outside British India	{ Initial	3	0.61	3	0.61	..	..	1	0.25	1	0.25	..	..
		{ Further	4	0.28	4	0.28	..	..	..	..	..	..	..	..
	Total Agricultural	..	84	18.22	71	9.33	13	3.01	9	3.24	7	2.69	2	0.55
III. FINANCIAL	British India	{ Initial	121	25.66	62	18.81	59	6.51	18	12.45	18	12.45	..	..
		{ Further	282	35.43	98	10.45	184	21.81	2	0.58	1	0.09	1	0.49
	Outside British India	{ Initial	9	2.45	2	0.45	7	2.00	..	..	..	..	..	..
		{ Further	33	5.06	15	1.73	18	2.90	..	..	..	..	..	..
	Total Financial	..	445	63.60	177	31.44	268	33.22	20	13.03	19	12.54	1	0.49

	IV. TRADE AND TRANSPORT													
	British India	{ Initial	97	35.55	85	30.37	12	2.74	17	42.60	16	42.35	1	0.25
		{ Further	25	5.44	23	2.36	2	3.02	5	4.09	5	4.09	..	..
Outside British India	{ Initial	2	0.40	2	0.40	..	..	2	0.50	2	0.50	..	..
		{ Further	..	..	..	..	..	..	..	..	..	..	..
	Total Trade and Transport ..		124	41.39	110	33.13	14	5.76	24	47.19	23	46.94	1	0.25
	V. OTHER SERVICES													
	British India	{ Initial	40	8.86	37	8.42	3	0.32	18	9.90	17	9.75	1	0.15
		{ Further	8	0.76	8	0.55	..	..	..	..	..	..	..	..
Outside British India	{ Initial	1	0.25	1	0.25	..	..	1	0.05	1	0.05	..	..
		{ Further	..	..	..	..	..	..	..	..	..	..	..
	Total Other Services..		49	9.87	46	9.22	3	0.32	19	9.95	18	9.80	1	0.15
139	VI. TOTAL NON-INDUSTRIAL													
	British India	{ Initial	313	84.97	231	64.34	82	11.88	60	66.95	56	66.00	4	0.95
		{ Further	337	44.06	146	15.06	191	25.53	8	5.66	7	5.17	1	0.49
Outside British India	{ Initial	15	3.71	8	1.71	7	2.00	4	0.80	4	0.80	..	..
		{ Further	37	5.34	19	2.01	18	2.90	..	..	..	..	..
	Total Non-Industrial..		702	138.08	404	83.12	298	42.31	72	73.41	67	71.97	5	1.44
	VII. GRAND TOTAL (INDUSTRIAL & NON-INDUSTRIAL)													
	British India	{ Initial	541	129.45	437	101.06	104	18.17	329	192.68	257	165.26	72	24.61
		{ Further	509	77.50	311	46.28	193	26.90	89	37.57	75	33.42	14	3.94
Outside British India	{ Initial	43	12.39	32	9.56	11	2.48	48	19.92	40	14.17	8	5.35	
		{ Further	50	8.13	29	4.19	21	3.52	5	6.27	4	6.02	1	0.25
	TOTAL		1,143	227.47	809	161.09	334	51.07	471	256.44	376	218.87	95	34.15
	Total (From 17th May, 1943 to 30th September, 1945)		4,411	288.98	3,537	166.03	874	89.17	249	96.26	247	94.53	2	0.29
	Grand Total (From 17th May, 1943 to 31st March, 1947)		5,554	516.45	4,346	327.12	1,208	140.24	720	352.70	623	313.40	97	34.44

**STATE
MONEY
(Reference)**

	Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate				Bazar Bill Calcutta	
		Highest	Lowest	Calcutta		Bombay		Highest	Lowest
1935-36 ..	3 (3½ up to November)	3½	3	1	½	3½	¼	8	5
		Apr.-Nov.	Dec.-Mar.	Apr.-July	Feb.-Mar.	April	Sept.-Mar.	Apr.-June	Aug.-Nov & Jan.-Mar.
1936-37 ..	3	3	3	½	½	1½	½	6	5
				Apr.-June	July-Mar.	Jan.	Sept.-Nov.		
1937-38 ..	3	3	3	¾	½	1½	¼	8	5
				Apr.-July, Feb.-Mar.	Aug.-Jan.	April	Aug.-Dec.	Nov.-Mar.	Apr.-Sept.
1938-39 ..	3	3	3	2½	½	2½	¼	8	6
				Jan.-Feb.	July	Jan.-Feb.	July, Sept., & Nov.	Apr.-June	July-Mar.
1939-40 ..	3	3½	3	2	½	2½	¼	7	6
		Nov.-Mar.	Apr.-Oct.	Apr.-May	Aug.-Sept.	April	Aug.-Sept.		
1940-41 ..	3	3½	3	¾	½	1¾	¼	7	6
		Apr.-Jan.	Feb.-Mar.	Apr. & June	May & July	April	Aug.-Mar.		
1941-42 ..	3		3		½	½	¼	7	6
						Apr. & Jan.	May-Dec., Feb.-Mar.		
1942-43 ..	3		3		½		¼	7	6
1943-44 ..	3		3		½		¼	7	6
1944-45 ..	3		3		½	½	¼	7	6
						April	May-Mar.		
1945-46 ..	3		3		½	1	¼	7	6
						Dec.	April-Jan. March		
1946-47 ..	3		3		½	¾	¼	10	6
						Aug.-Nov.	July-Aug.	Dec.-Mar.	Apr.-Nov
1st of									1946-
April ..	3		3		½		½		6 to 7
May ..	3		3		½		½		6 to 7
June ..	3		3		½		½		6 to 7
July ..	3		3		½		½		6 to 7
August ..	3		3		½		½ to ¾		6 to 7
September ..	3		3		½		½ to ¾		6 to 7
October ..	3		3		½		½ to ¾		6 to 7
November ..	3		3		½		½ to ¾		6 to 7
December ..	3		3		½		½		9 to 10
January ..	3		3		½		½		9 to 10
February ..	3		3		½		½		9 to 10
March ..	3		3		½		½		9 to 10

* The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange Imperial Bank discounts first class three months commercial bills. † Rates at which bills of small traders are reported

MENT XXX

RATES IN INDIA SINCE 1935-36

paragraph 70)

Rate † Bombay		Average Treasury Bill Rate per cent per annum	Deposit Rates §					
Highest	Lowest		3 months		6 months		12 months	
			Highest	Lowest	Highest	Lowest	Highest	Lowest
6½	3	1.21	..	..	..	..	..	..
Apr.-July	October							
5½	3½	0.78	..	..	..	..	..	..
Apr.-May, Jan.-Mar.	July-Dec.							
5½	5½	0.97	..	..	..	..	..	..
(unchanged)								
5½	3	1.63	2½	¾	2½	1½	2	1½
Apr. & Feb.	October		January	Aug.-Sept.	Dec.-Jan.	Aug.-Sept.	Dec.-Jan.	Aug.-Sept.
6½	5½	1.86	2½	1	2½	1	2	1½
Jan.-Mar.	Apr.-Aug. Oct.-Nov.		Sept.-Feb.	June	Sept.	June-July	Sept. & Dec.- Mar.	Nov.
6½	5½	0.89	2½	¾	2½	1½	2	1½
Jan.-Mar.	Apr.-Aug. Oct.-Nov.		April	Sept.-Mar.	April	Aug.-Mar.	April	May-Mar.
6½	4½	0.82	1½	½	1½	1	2	1½
Jan.-Mar.	Aug.-Oct.		Feb.-Mar.	Sept.	Feb.-Mar.	Aug.-Sept.	March	January
6½	5	0.87	1½	½	1½	¾	2	1½
April	Aug.-Oct.		Apr.-May	Sept.-Oct.	Apr.-May	Sept.-Oct. Dec.-Jan.	Apr.-May	June-Mar.
6	4½	0.90	1	½	1½	1	1½	1½
April	May-Oct.		Apr.-June, Dec.-Jan.	July-Nov. Feb.-Mar.	Apr.-June	July-Mar.		
5½	4½	0.49	¾	½	1½	½	1½	1
Apr.-July, Nov.-Mar.	Aug.-Oct.		Apr.-May, Oct.-Mar.	June-Sept.	April	May-Sept.	Oct.-Dec.	Feb. & Mar.
5½	5½	0.38	1	½	1½	½	1½	1½
(April-March)			Jan.-Mar.	June-Dec.	Jan.-Mar.	June-Aug.	Jan.-Mar.	Apr.-Dec.
7½	5½	0.43	1½	½	1½	¾	1½	1½
Jan.-Mar.	Apr.-Oct.		Feb.-Mar.	Aug.-Sept.	Jan.-Mar.	July-Nov., Mar. Apr.-Mar.	Apr.-Mar.	Apr.-June
47								
5½	..	..	¾ to 1		1 to 1½		1½ to 1¾	
5½	..	..	¾ to 1		1 to 1½		1½ to 1¾	
5½	0.38	..	¾ to 1		1 to 1½		1½ to 1¾	
5½	0.39	..	¾ to 1		1 to 1½		1½ to 1¾	
5½	0.44	..	½ to ¾		¾ to 1		1½ to 1¾	
5½	0.44	..	½ to ¾		¾ to 1		1½ to 1¾	
5½	0.43	..	¾		¾ to 1		1½ to 1¾	
6	0.43	..	¾		¾ to 1		1½ to 1¾	
6	0.44	..	¾ to 1		1 to 1½		1½ to 1¾	
7½	0.44	..	¾ to 1		1 to 1½		1½ to 1¾	
7½	0.44	..	¾ to 1½		1½ to 1¾		1½ to 1¾	
7½	0.44	..	1 to 1½		1½ to 1¾		1½ to 1¾	

or other commercial paper eligible for purchase under the Reserve Bank of India Act. † The rate at which the to have been discounted by shroffs. These are unofficial quotations. § As quoted by the larger banks in Bombay.

STATEMENT XXXI

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA SINCE 1935-36*

(Reference paragraph 71)

(In lakhs of rupees)

	Average of Friday Figures	No. of scheduled banks at the end of period	Demand Liabilities	% of (b) to (f)	Time Liabilities	Savings Deposits **†	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (h) over the statutory minimum	Total cash and balances with Reserve Bank	% of (j) to (f)	Advances	Bills Dis-counted	Total Advances and Bills Dis-counted	% of (n) to (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
	1935-36 ..	50	121,90	55.3	98,66	†	220,56	5,95	31,86	23,79	37,81	17.14	87,70	3,56	91,26	41.38
	1936-37 ..	50	128,58	55.9	101,32	†	229,90	6,01	26,27	17,81	32,28	14.04	95,11	4,70	99,81	43.41
	1937-38 ..	54	132,77	54.9	109,04	†	241,81	6,61	24,62	15,81	31,23	12.92	113,43	6,28	119,71	49.51
	1938-39 ..	55	129,98	54.7	107,85	†	237,83	6,64	15,94	7,28	22,58	9.50	115,85	4,86	120,71	50.75
			(6,17)	(4,55)	(10,72)			(26)			(4,51)	(26)	(4,77)			
	1939-40 ..	59	139,65	56.8	106,03	38,86	245,68	7,08	17,43	8,33	24,51	9.98	125,89	5,25	131,14	53.38
			(7,01)	(4,08)	(11,09)			(35)			(4,42)	(28)	(4,70)			
1991	1940-41 ..	63	163,90	61.0	104,94	37,58	268,84	8,37	36,42	26,13	44,79	16.66	122,13	3,84	125,97	46.86
			(8,11)	(3,76)	(11,89)			(42)			(4,43)	(15)	(4,58)			
	1941-42 ..	59	211,35	66.3	107,61	37,24	318,96	9,86	36,65	23,93	46,51	14.58	120,20	4,93	125,13	39.23
			(11,22)	(4,24)	(15,46)			(70)			(4,88)	(9)	(4,97)			
	1942-43 ..	61	306,28	74.6	104,21	48,30	410,49	12,97	55,73	38,33	68,70	16.73	95,68	2,18	97,86	23.83
	1943-44 ..	75	456,63	76.2	142,78	68,03	599,41	20,57	63,63	37,99	84,20	14.05	156,14	5,59	161,73	26.98
	1944-45 ..	84	584,80	75.1	194,12	90,58	778,92	27,31	89,25	56,00	116,56	14.96	224,22	11,16	235,38	30.22
	1945-46 ..	91	654,53	71.6	259,52	121,66	914,05	34,80	89,91	51,99	124,71	13.64	285,07	16,05	301,12	32.94
	1946-47 ..	98	725,54	69.2	323,11	133,04	1,048,65	41,11	81,25	38,51	122,36	11.67	406,30	21,32	427,71	40.79
	April 1946	91	700,91	70.0	300,89	123,38	1,001,90	36,71	75,01	33,94	111,72	11.15	366,40	21,71	388,11	38.74
	May ..	91	707,02	69.7	307,01	125,33	1,014,03	36,82	87,42	45,93	124,24	12.25	373,44	20,46	393,90	38.85
	June ..	91	711,17	69.6	310,89	126,92	1,022,06	40,47	101,78	60,00	142,25	13.92	364,63	20,39	385,02	37.67
	July ..	93	721,80	69.3	312,08	128,13	1,033,88	41,06	103,95	61,62	145,01	14.03	363,40	18,95	382,35	36.98
	August ..	94	740,36	70.1	316,29	130,01	1,056,65	44,60	80,80	37,46	125,40	11.87	388,36	19,10	407,46	38.56
	Sept. ..	95	749,69	70.1	320,02	131,97	1,069,71	45,05	80,74	36,86	125,79	11.76	395,26	20,26	415,52	38.84
	Oct. ..	95	746,51	69.8	323,05	132,61	1,069,56	40,33	77,99	34,20	118,32	11.06	393,90	20,14	414,04	38.71
	Nov. ..	96	751,78	69.4	331,11	133,68	1,082,89	42,34	78,74	34,53	121,08	11.18	412,89	22,51	435,40	40.21
	Dec. ..	96	733,88	69.0	330,34	133,52	1,064,22	43,53	75,04	31,74	118,57	11.14	431,73	22,68	454,41	42.70
	Jan. 1947	96	732,99	68.7	334,44	133,55	1,067,43	42,81	74,13	30,79	116,94	10.96	454,04	23,73	477,77	44.76
	Feb. ..	96	712,37	67.4	345,22	133,54	1,057,59	40,00	70,97	28,45	110,97	10.49	466,06	23,70	489,76	46.31
	March ..	96	690,49	66.6	346,86	133,04	1,037,35	39,04	69,39	27,93	108,43	10.45	465,86	22,07	487,93	47.04

Figures for Burma shown within brackets.

* Figures for India only from 1942-43. ** For the purposes of Section 42 of the Reserve Bank of India Act, the Savings Bank Deposits are classified into demand or time liabilities according to rules of the various scheduled banks in respect of withdrawal of these deposits. † Annual figures as at the end of March and monthly figures as at the end of the month. ‡ Figures not available.

STATEMENT XXXII

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA SINCE 1935-36*

Indices (1938-39 = 100)

(Reference paragraph 71)

	Average of Friday Figures	Demand	Time	Total	Cash	Balances	Excess of	Total	% of (g) to (c)	Advances	Bills	Total	% of (k) to (e)
		Liabil- itica	Liabil- ities	Demand and Time Liabil- ities		with Reserve Bank	(e) over the sta- tutory minimum	Cash and Balances with Reserve Bank			Dis- counted	Advances and Bills Dis- counted	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1935-36	93.8	91.5	92.7	89.6	199.9	326.8	167.4	180.4	75.7	73.3	75.6	81.5
1936-37	98.9	93.9	96.7	90.5	104.8	244.6	142.9	147.8	82.1	96.7	82.7	85.5
1937-38	102.1	101.1	101.7	99.5	154.5	217.2	138.3	136.0	97.9	129.2	99.2	97.6
1938-39	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1939-40	107.4	98.3	103.3	106.6	109.3	114.4	108.5	105.1	108.7	108.0	108.6	105.2
1940-41	126.1	97.3	113.0	126.1	228.5	358.9	198.4	175.4	105.4	79.0	104.4	92.3
1941-42	162.6	99.8	134.1	148.5	229.9	328.7	206.0	153.5	103.8	101.4	103.7	77.3
1942-43	235.6	96.6	172.6	195.3	349.6	526.5	304.3	176.1	82.6	44.9	81.1	46.9
1943-44	351.3	132.4	252.0	309.8	399.2	521.8	372.9	147.9	134.8	115.0	134.0	53.2
1944-45	449.9	180.0	327.5	411.3	550.9	781.6	516.2	157.5	193.5	229.6	195.0	59.5
1945-46	503.6	240.6	384.3	524.1	564.1	554.0	521.2	123.9	246.1	330.2	195.0	71.2
1946-47	558.2	299.6	440.9	619.1	509.7	529.0	541.9	122.8	350.8	438.7	354.3	80.4
April 1946	539.2	279.1	421.3	552.9	470.6	466.2	494.8	117.4	316.3	446.7	321.5	76.3
May	543.9	284.7	426.4	554.5	548.4	630.9	550.2	128.9	322.3	421.0	326.3	76.6
June	547.1	288.3	429.7	609.5	638.5	824.2	630.0	146.5	314.7	419.5	319.0	74.2
July	555.3	289.4	434.7	618.4	652.1	846.4	642.2	147.7	313.7	389.9	316.8	72.9
August	569.6	293.3	444.3	671.7	506.9	514.6	555.4	124.9	335.2	393.0	337.6	76.0
September	576.8	296.7	449.8	678.5	506.5	506.3	557.1	123.8	341.2	416.9	344.2	76.5
October	574.3	299.5	449.7	607.4	489.3	469.8	524.0	116.4	340.0	414.4	343.0	76.3
November	578.4	307.0	455.3	637.7	491.0	474.3	536.2	117.7	356.4	463.2	360.7	79.2
December	584.6	306.3	447.5	655.6	470.8	436.0	525.1	117.3	372.7	466.7	376.4	84.1
January 1947	563.9	310.1	448.8	644.7	465.1	422.9	517.9	115.4	391.9	488.3	395.8	88.2
February	548.1	320.1	444.7	602.4	445.2	390.8	491.5	110.4	402.3	487.7	405.7	91.3
March	531.2	321.6	436.2	588.0	435.3	383.7	480.2	110.0	402.1	454.1	404.2	92.7

*Figures for India only from 1942-43.

STATEMENT XXXIII
CLEARING HOUSE STATISTICS (ANNUAL) SINCE 1918-19
(Reference paragraph 73)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Total	Other Centres†
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	14,30,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	29,76,54	..
1921-22	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	20,24,90	..
1922-23	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	20,60,08	..
1923-24	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	18,03,01	..
1924-25	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	18,06,36	..
1925-26	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	16,88,53	..
1926-27	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	16,09,57	..
1927-28	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	16,74,59	..
1928-29	10,94,00	6,52,36	65,73	28,02	1,25,00	7,31	8,69	..	19,81,10	..
1929-30	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	19,99,74	..
1930-31	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	17,30,65	..
1931-32	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	15,15,66	..
1932-33	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	16,18,53	..
1933-34	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	16,41,20	..
1934-35	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	17,33,01	..
1935-36	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	18,43,35	..
1936-37	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	19,31,66	..
1937-38	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	20,51,12	..
1938-39	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	19,74,54	28,31
1939-40	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	23,18,73	31,73
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	42,28
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	91,27
1942-43	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,94	28,15,71	1,63,38
1943-44	17,18,61	19,66,69	1,96,80	1,01,36	..	1,01,06	77,80	1,19,16	42,81,48	2,97,74
1944-45	23,51,59	22,36,97	2,27,37	1,24,54	..	1,12,95	95,94	1,29,94	52,79,30	3,37,87
1945-46	28,26,21	24,87,60	2,98,23	1,45,49	..	1,13,47	1,03,39	1,46,02	61,20,41	4,22,21
1946-47	28,42,25	28,59,08	3,78,00	2,01,82	..	1,42,66	1,36,92	1,56,37	67,17,10	4,51,32

* Figures from December, 1941 not available. † Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madras, Mangalore, Simla, Nagpur, Rawalpindi (from April, 1941), Patna (from April, 1943), Allahabad (from October, 1943), Lyalpur (from September, 1944), Jullundur City (from February, 1945), Agra (from May, 1945), Dehra Dun (from February, 1946), Alleppey (from November, 1946), Rajkot (from January, 1947), and Gaya (from March, 1947).

STATEMENT XXXIV

NUMBER AND AMOUNT OF CHEQUES CLEARED (MONTHLY) AT EACH CENTRE, 1946-47

(Reference paragraph 73)

(Rupees in lakhs)

Centre	1946-47												Total
	April	May	June	July	August	September	October	November	December	January	February	March	
BOMBAY—													
Number ..	7,40,563	7,22,069	6,47,316	6,36,169	6,32,604	5,66,948	6,00,568	6,90,031	7,22,861	7,72,217	6,50,727	6,65,281	81,07,354
Amount ..	2,54,64	2,45,22	2,23,60	2,38,78	2,58,07	2,29,83	2,26,03	2,19,40	2,51,38	2,57,68	2,16,06	2,38,39	28,59,08
CALCUTTA—													
Number ..	7,07,201	8,31,523	6,90,633	7,04,198	3,33,227	5,37,605	4,80,402	6,65,272	6,20,844	7,57,031	6,89,488	7,20,965	77,38,389
Amount ..	2,95,56	2,91,07	2,68,83	3,03,47	1,76,97	2,00,09	1,76,05	2,35,29	2,24,17	2,49,01	2,11,84	2,09,90	28,42,25
CAWNPORE—													
Number ..	33,567	36,818	32,147	31,247	29,820	35,027	34,381	37,372	38,902	40,524	35,708	34,766	4,20,369
Amount ..	11,98	12,17	10,64	9,93	10,69	10,75	10,99	12,02	14,12	15,86	12,09	11,36	1,42,66
DELHI—													
Number ..	89,577	89,722	79,090	87,709	81,536	89,278	88,994	84,065	83,780	1,01,838	87,934	86,794	10,50,317
Amount ..	12,53	12,51	11,25	13,05	13,31	13,75	14,03	12,55	12,36	14,68	13,35	13,10	1,56,37
KARACHI—													
Number ..	62,869	68,591	61,212	69,603	65,618	79,836	83,770	85,211	86,976	95,971	82,186	87,560	9,29,403
Amount ..	12,05	16,08	13,47	16,76	12,75	14,49	17,52	19,20	19,10	21,76	18,45	20,19	2,01,82
LARORE—													
Number ..	77,838	79,351	71,016	76,221	64,353	77,976	80,481	79,321	68,744	93,387	79,883	68,708	9,17,279
Amount ..	9,87	10,60	10,60	12,02	9,65	12,71	11,99	10,88	11,98	15,29	12,28	9,05	1,36,92
MADRAS—													
Number ..	1,72,643	1,84,199	1,70,681	1,77,337	1,75,028	1,77,130	1,89,640	1,80,760	1,64,885	2,06,281	1,81,951	2,12,913	21,93,448
Amount ..	26,37	29,44	28,72	30,40	33,93	32,43	33,44	31,69	27,44	33,14	32,60	38,40	3,78,00
Total—													
Number ..	18,84,258	20,12,273	17,52,095	17,82,484	13,82,186	15,63,800	16,18,236	18,22,032	17,86,992	20,67,249	18,07,967	18,76,987	213,56,559
Amount ..	6,23,00	6,17,09	5,67,11	6,24,47	5,15,37	5,14,05	4,90,05	5,41,03	5,60,55	6,07,32	5,16,67	5,40,39	67,17,10
OTHER CENTRES*—													
Number ..	2,20,765	2,21,766	1,97,045	1,56,919	1,56,355	1,96,523	2,18,914	2,42,495	2,14,728	2,61,608	2,27,547	2,19,783	25,34,448
Amount ..	39,76	41,58	38,81	27,53	34,87	37,37	34,46	36,17	34,60	43,95	42,11	40,11	4,51,32

* Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madras, Mangalore, Simla, Nagpur, Rawalpindi, Patna, Allahabad, Lyallpur, Jullundur City, Agra, Dehra Dun, Alleppey (from November, 1946), Rajkot (from January, 1947), and Gaya (from March, 1947).

STATEMENT XXXV

(A) REMITTANCES THROUGH THE RESERVE BANK OF INDIA Telegraphic Transfers issued and paid, 1946-47

(Reference paragraph 74)

(In lakhs of rupees)

Centre	1944-45				1945-46				1946-47			
	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 ..	90,28	186,23	104,22	164,00	69,41	202,33	127,56	226,38	98,84	179,18	140,51	178,26
Calcutta ..	261,61	134,89	294,85	132,75	291,75	104,48	332,59	146,40	138,37	236,99	148,26	249,39
Cawnpore ..	17,73	20,94	11,69	30,86	20,40	21,34	14,83	31,49	25,72	25,24	21,62	31,10
Delhi ..	32,20	16,71	45,49	40,54	47,06	30,90	32,93	24,84	40,36	29,25	32,75	21,21
Karachi ..	21,51	22,89	19,03	25,24	15,55	21,10	18,12	20,78	16,20	18,27	15,69	22,62
Lahore ..	30,46	32,39	21,17	48,25	29,97	37,39	26,55	55,83	44,51	36,88	34,22	48,54
Madras ..	19,04	25,53	18,01	44,69	27,94	35,03	39,61	67,05	40,83	42,44	35,61	54,46
Total ..	472,83	439,58	514,46	486,33	502,66	452,57	592,19	572,77	404,83	568,22	428,67	605,56

170

(B) REMITTANCES THROUGH THE IMPERIAL BANK OF INDIA, 1946-47*

(Reference paragraph 74)

(In lakhs of rupees)

From Offices in	1944-45				To Offices in 1945-46				1946-47			
	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle	337,36	117,70	15,49	470,55	322,97	115,48	16,45	454,90	313,49	106,20	16,57	436,26
Bombay Circle	62,74	164,08	25,21	252,03	75,17	217,93	25,74	318,84	99,49	239,01	20,86	359,36
Madras Circle	25,43	44,11	136,16	205,70	25,12	59,76	146,33	231,21	41,92	62,02	160,19	264,13
Total ..	425,53	325,89	176,86	928,28	423,26	393,17	188,52	1004,95	454,90	407,23	197,62	1059,75

* Telegraphic Transfers paid, Mail Transfers received, Drafts paid and Demand Drafts purchased.

STATEMENT XXXV—(Continued)

**(C) REMITTANCES EFFECTED BETWEEN THE RESERVE BANK OF INDIA AND THE IMPERIAL BANK OF INDIA AND
TREASURY AGENCIES ***

(Reference paragraph 74)

(Rupees in lakhs)

	HALF-YEAR ENDED 30-9-45				HALF-YEAR ENDED 31-3-46				HALF-YEAR ENDED 30-9-46			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	14,462	41,27	286,131	63,36	15,273	47,06	298,019	72,14	14,557	38,88	273,933	66,70
Scheduled Banks :												
At par	10,011	342,41	2,492	17,94	9,227	357,38	2,700	17,41	10,075	392,50	2,841	32,48
At premium	5,072	34,09	17,221	17,26	6,471	50,09	17,057	18,42	5,000	36,63	16,736	18,08
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	565	2,20	4,775	4,69	445	1,75	5,057	5,11	480	1,44	4,945	5,17
Co-operative Banks and Societies :												
At par	68	78	555	3,86	48	76	430	2,79	66	1,36	417	3,52
At premium	249	1,80	10,520	9,17	410	3,37	11,064	8,58	291	1,41	10,104	8,75
Local Funds at a premium (under para. 3E (i) (f) of the Remittance Facilities Scheme) ..	9	—	3,698	47	8	2	4,644	47	8	3	3,486	32
Other remittances at par ..	1,995	38,05	96,230	44,98	1,769	23,65	103,257	43,21	2,016	32,52	100,024	35,15
Government :												
Intra-Provincial at par ..	854	3,45	146,092	46,14	298	3,67	160,867	44,51	1,141	2,71	135,410	38,07
Extra-Provincial at premium ..	79	15	11,815	3,83	69	58	16,842	4,95	88	1,58	10,631	4,32
Total ..	33,364	464,20	579,529	211,70	34,018	488,34	619,937	217,58	33,702	509,05	558,527	212,56

* Including Burma from 1st September, 1945.

STATEMENT XXXVI

ENCASHMENT OF FOREIGN CIRCLE NOTES, 1946-47

(Reference paragraph 76)

(In rupees)

	Bombay	Calcutta	Cawnpore	Cashied by				Rangoon †	Total
				Karachi	Lahore	Madras			
Bombay .. ..	....	2,96,23,100	1,94,99,300	2,86,84,350	8,52,41,450	4,81,63,250	....	21,12,11,450
Calcutta	27,91,40,250	....	11,64,28,150	1,14,28,250	11,14,09,850	2,88,48,800	....	54,72,55,300
Cawnpore	1,26,38,600	1,63,46,750	....	16,98,450	1,74,21,100	19,06,300	....	4,99,11,200
Karachi	1,58,40,800	35,78,550	27,23,150	....	3,50,18,970	21,06,000	....	5,92,67,270
Lahore	3,86,29,700	2,54,27,300	1,69,16,500	1,39,11,200	....	51,49,700	....	10,00,34,400
Madras	4,36,48,250	1,05,12,450	48,80,150	33,78,150	1,36,20,700	....	....	7,60,39,700
Rangoon	5,57,100	1,37,700	1,18,100	5,000	94,850	1,45,950	....	10,58,700
Total 1946-47	39,04,54,500	8,56,25,850	16,05,65,350	5,90,05,400	26,29,06,920	8,63,20,000	....	104,47,78,020
1945-46	18,75,14,200	6,18,75,850	9,87,87,150	2,57,40,900	14,50,87,510*	4,33,97,300	....	56,24,02,910*
1944-45	14,68,17,070	3,85,34,150	5,65,04,850	2,19,25,520	8,99,15,250	2,86,72,550	....	38,23,69,390

† Figures not available.

* Corrected.

STATEMENT XXXVII

RESERVE BANK OF INDIA : BANKING DEPARTMENT*

WEEKLY STATEMENT OF ASSETS AND LIABILITIES, 1946-47

(In lakhs of rupees)

(Reference paragraph 77)

		LIABILITIES						ASSETS							
		Deposits				Total	Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans and Advances to Govts.	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
Friday 1946-47		Central Government	Other Govts.	Banks	Others										
April	5	.. 530,41	30,63	76,60	9,81	647,45	20,19	677,64	11,41	612,23	—	19	2,60	34,39	18,82
..	12	.. 528,71	27,11	73,64	9,01	638,47	21,83	670,30	8,85	605,84	—	6	3,10	35,08	17,37
..	19	.. 531,45	24,37	75,27	9,41	640,50	21,72	672,22	9,19	605,99	—	6	3,59	35,09	18,30
..	26	.. 532,63	24,54	83,36	12,32	652,85	22,71	685,56	14,56	604,34	—	6	11,32	36,08	19,20
May	3	.. 531,11	21,62	84,77	12,35	649,85	20,55	680,40	11,53	601,14	—	6	10,91	38,55	18,21
172 ..	10	.. 524,40	14,23	84,70	12,96	636,29	21,66	657,95	9,07	594,38	—	6	6,78	39,02	18,66
..	17	.. 514,00	17,34	90,66	12,65	634,65	20,76	655,41	12,30	592,58	—	6	5,43	35,31	19,73
..	24	.. 509,52	16,66	91,47	12,95	630,60	21,62	652,22	15,67	590,15	—	12	2,29	34,32	19,67
..	31	.. 509,52	15,62	98,51	6,60	630,25	23,18	653,43	17,15	593,12	—	10	2,47	30,40	20,19
June	7	.. 487,92	20,77	100,08	6,58	615,35	21,26	646,61	8,71	585,60	—	4	67	29,38	22,21
..	14	.. 474,05	19,05	106,70	6,48	606,28	22,10	638,38	9,26	584,49	43	1	67	31,10	12,42
..	21	.. 453,08	24,34	107,13	6,25	590,80	23,54	624,34	15,98	563,68	35	8	67	30,09	13,49
..	28	.. 458,50	20,97	106,28	6,52	592,27	21,46	623,73	16,48	562,63	—	6	18	30,37	14,01
July	5	.. 460,43	16,62	111,96	6,03	595,04	17,70	622,74	20,61	557,19	—	6	—	29,84	15,04
..	12	.. 472,85	15,84	108,02	5,64	602,35	17,47	629,82	24,70	564,95	—	6	—	24,88	15,23
..	19	.. 474,74	16,43	105,74	6,44	603,35	20,38	633,73	32,62	563,90	—	6	30	21,74	15,11
..	26	.. 489,11	17,21	104,80	6,60	617,72	19,27	646,99	40,02	563,49	—	6	30	17,70	25,42
August	2	.. 414,34	12,36	93,11	42,77	562,58	55,05	627,63	37,54	564,02	—	1,16	40	7,19	17,32
..	9	.. 493,16	24,26	83,85	8,21	609,48	15,11	634,59	34,49	563,44	—	6	62	16,88	19,10
..	16	.. 504,92	24,54	85,58	8,58	623,62	13,68	647,30	40,18	570,20	—	77	62	16,61	18,92
..	23	.. 505,95	21,93	88,62	8,59	625,09	13,41	648,50	46,61	565,16	—	38	83	16,01	19,51
..	30	.. 513,77	21,47	84,60	8,47	628,31	15,02	653,33	49,93	562,01	—	5,28	97	16,00	19,14

	September 6	..	489,48	22,98	83,22	8,72	604,40	15,14	629,54	48,75	539,06	—	5,48	2,78	16,04	17,43
	.. 13	..	490,44	20,26	89,80	8,94	609,24	13,63	632,87	53,21	536,53	—	5,25	2,78	16,25	18,85
	.. 20	..	490,76	16,81	86,85	7,96	608,38	16,57	634,95	64,48	530,55	—	3,42	2,78	16,27	17,45
	.. 27	..	486,93	17,39	86,78	9,89	600,93	15,03	626,02	70,45	516,54	—	22	2,41	16,32	20,08
	October 4	..	471,93	24,40	84,94	11,36	592,63	14,83	617,51	62,63	511,40	36	9	2,01	16,35	24,67
	.. 11	..	474,91	22,31	73,57	12,92	583,71	15,67	609,38	57,87	510,93	19	3,32	1,90	16,36	19,01
	.. 18	..	463,31	22,63	83,33	10,09	579,36	15,39	604,75	61,49	504,81	17	28	1,91	16,46	19,63
	.. 25	..	448,46	24,23	84,64	12,85	570,18	20,73	600,91	63,80	495,62	—	32	1,81	16,47	22,89
	November 1	..	451,21	23,78	79,56	12,49	567,04	19,05	596,09	64,69	489,77	—	42	1,81	16,44	22,96
	.. 8	..	447,16	24,24	79,52	11,79	562,70	14,28	586,98	62,57	487,66	—	36	1,81	16,50	28,08
	.. 15	..	416,39	25,50	83,98	14,88	570,75	13,15	593,90	55,74	486,33	—	15	2,15	20,44	23,09
	.. 22	..	454,82	27,07	85,74	17,22	584,85	11,39	606,24	57,36	491,94	—	9	2,65	20,50	24,70
	.. 29	..	450,90	23,98	82,94	18,26	576,07	11,47	597,54	58,92	486,02	—	11	2,65	26,03	23,81
	December 6	..	446,37	20,11	81,83	16,20	564,51	11,23	585,74	46,94	483,52	10	25	44	29,43	25,06
173	.. 13	..	445,67	18,29	77,25	16,55	557,76	13,62	581,38	30,41	485,00	30	28	44	30,41	25,54
	.. 20	..	457,27	15,72	78,06	16,27	568,22	15,93	594,15	39,86	487,11	9	20	74	39,73	26,62
	.. 27	..	457,62	18,00	71,84	17,08	564,54	14,92	589,46	34,35	487,42	9	36	40	40,42	26,42
	January 3	..	457,26	18,08	76,67	16,42	568,43	14,96	593,38	23,53	487,01	30	10,33	1,25	43,52	26,54
	.. 10	..	449,09	16,23	79,51	15,99	560,82	12,71	583,53	22,95	480,90	5	1,29	2,52	48,64	27,18
	.. 17	..	442,81	18,33	82,14	15,54	558,81	17,31	586,12	27,00	477,96	5	29	2,10	51,14	27,59
	.. 24	..	439,23	22,95	77,29	15,31	554,78	16,96	581,74	32,02	473,76	—	3	2,00	46,62	27,30
	.. 31	..	439,33	22,11	72,06	15,70	549,20	16,01	575,21	32,89	469,90	—	3	2,80	41,93	27,67
	February 7	..	434,15	21,02	68,01	16,51	539,68	15,68	565,36	20,47	468,23	—	3	2,95	45,74	27,95
	.. 14	..	435,47	17,61	74,42	14,68	542,17	18,20	570,38	19,53	467,00	5	28	3,44	50,95	29,14
	.. 21	..	451,15	19,89	76,62	13,21	560,87	19,22	590,09	24,00	487,21	—	2	3,19	46,27	29,42
	.. 28	..	434,17	17,97	79,60	25,61	557,34	18,50	585,84	28,49	475,53	—	2	2,94	49,15	29,72
	March 7	..	402,14	42,05	74,85	28,88	547,92	22,75	580,67	14,42	477,88	—	8	2,20	62,89	33,21
	.. 14	..	410,91	31,98	76,08	27,14	546,10	21,47	577,58	12,51	472,80	—	2	3,25	55,80	33,20
	.. 21	..	424,44	30,22	73,63	27,92	556,21	18,30	584,51	15,16	482,25	—	4	3,00	58,16	25,90
	.. 28	..	431,76	30,28	71,32	28,65	562,01	18,70	590,71	16,20	477,21	—	55	3,25	66,32	27,18

* Capital and Reserves, rupees ten crores.

STATEMENT XXXVIII

RESERVE BANK OF INDIA : ISSUE DEPARTMENT

WEEKLY STATEMENT OF ASSETS AND LIABILITIES, 1946-47

(In lakhs of rupees)

(Reference paragraph 78)

					LIABILITIES				ASSETS			
Friday 1946-47					Notes in Circulation	Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED) or Assets	Gold Coin & Bullion	Sterling Securities	Rupee Coin	Rupee Securities	<i>Percentage of Gold and Sterling Secu- rities to Total Notes Issued</i>
171	April	5	..	..	1,231,28	11,27	1,242,55	44,42	1,120,32	19,07	57,84	93.74
	"	12	..	..	1,238,48	8,73	1,247,21	44,42	1,125,32	19,63	57,84	93.79
	"	19	..	..	1,237,96	9,00	1,246,96	44,42	1,125,32	19,38	57,84	93.81
	"	26	..	..	1,232,74	14,33	1,247,07	44,42	1,125,32	19,49	57,84	93.80
	May	3	..	..	1,235,31	11,32	1,246,63	44,42	1,125,32	19,05	57,84	93.83
	"	10	..	..	1,241,94	8,82	1,250,76	44,42	1,130,32	18,18	57,84	93.92
	"	17	..	..	1,238,55	12,04	1,250,59	44,42	1,130,32	18,01	57,84	93.93
	"	24	..	..	1,235,47	15,34	1,250,81	44,42	1,130,32	18,23	57,84	93.92
	"	31	..	..	1,233,09	16,87	1,250,96	44,42	1,130,32	18,28	57,84	93.91
	June	7	..	..	1,246,43	8,50	1,254,93	44,42	1,135,32	17,35	57,84	94.01
	"	14	..	..	1,245,35	9,01	1,254,36	44,42	1,135,32	16,78	57,84	94.05
	"	21	..	..	1,238,28	15,72	1,254,00	44,42	1,135,32	16,42	57,84	94.08
	"	28	..	..	1,237,84	16,19	1,254,03	44,42	1,135,32	16,45	57,84	94.08
	July	5	..	..	1,233,61	20,36	1,253,97	44,42	1,135,32	16,39	57,84	94.08
"	12	..	..	1,229,49	24,44	1,253,93	44,42	1,135,32	16,35	57,84	94.08	
"	19	..	..	1,222,14	32,34	1,254,48	44,42	1,135,32	16,90	57,84	94.04	
"	26	..	..	1,215,46	39,73	1,255,19	44,42	1,135,32	17,61	57,84	93.99	

176	August	2	..	..	..	1,218,24	37,26	1,255,50	44,42	1,135,32	17,92	57,84	93-97
	"	9	..	..	..	1,221,22	34,19	1,255,41	44,42	1,135,32	17,83	57,84	93-97
	"	16	..	..	..	1,215,89	39,92	1,255,81	44,42	1,135,32	18,23	57,84	93-94
	"	23	..	..	..	1,209,92	46,34	1,256,26	44,42	1,135,32	18,68	57,84	93-91
	"	30	..	..	..	1,206,78	40,64	1,256,42	44,42	1,135,32	18,84	57,84	93-90
	September	6	..	..	..	1,207,80	48,47	1,256,27	44,42	1,135,32	18,69	57,84	93-91
	"	13	..	..	..	1,203,53	52,94	1,256,47	44,42	1,135,32	18,89	57,84	93-89
	"	20	..	..	..	1,194,22	64,23	1,258,45	44,42	1,135,32	20,87	57,84	93-75
	"	27	..	..	..	1,187,85	70,24	1,258,09	44,42	1,135,32	20,51	57,84	93-77
	October	4	..	..	..	1,195,54	62,44	1,257,98	44,42	1,135,32	20,40	57,84	93-78
	"	11	..	..	..	1,200,37	57,44	1,257,81	44,42	1,135,32	20,23	57,84	93-79
	"	18	..	..	..	1,197,25	61,27	1,258,52	44,42	1,135,32	20,94	57,84	93-74
	"	25	..	..	..	1,195,17	63,54	1,258,71	44,42	1,135,32	21,13	57,84	93-73
	November	1	..	..	..	1,194,59	64,49	1,259,08	44,42	1,135,32	21,50	57,84	93-70
	"	8	..	..	..	1,205,86	62,33	1,258,19	44,42	1,135,32	20,61	57,84	93-76
	"	15	..	..	..	1,202,99	55,47	1,258,46	44,42	1,135,32	20,88	57,84	93-74
	"	22	..	..	..	1,202,02	57,07	1,259,09	44,42	1,135,32	21,51	57,84	93-70
	"	29	..	..	..	1,200,98	58,63	1,259,61	44,42	1,135,32	22,03	57,84	93-66
	December	6	..	..	..	1,212,21	46,84	1,258,85	44,42	1,135,32	21,27	57,84	93-72
	"	13	..	..	..	1,219,17	39,10	1,258,27	44,42	1,135,32	20,89	57,84	93-76
"	20	..	..	..	1,219,16	39,40	1,258,56	44,42	1,135,32	20,98	57,84	93-74	
"	27	..	..	..	1,224,57	34,09	1,258,66	44,42	1,136,32	21,08	57,84	93-73	
January	3	..	..	..	1,235,17	23,26	1,258,43	44,42	1,135,32	20,85	57,84	93-75	
"	10	..	..	..	1,235,38	22,70	1,258,08	44,42	1,135,32	20,49	57,84	93-77	
"	17	..	..	..	1,231,14	26,75	1,257,89	44,42	1,135,32	20,30	57,84	93-79	
"	24	..	..	..	1,226,63	31,72	1,258,25	44,42	1,135,32	20,87	57,84	93-78	
"	31	..	..	..	1,225,76	32,56	1,258,32	44,42	1,135,32	20,74	57,84	93-76	
February	7	..	..	..	1,237,20	20,23	1,257,43	44,42	1,135,32	19,85	57,84	93-82	
"	14	..	..	..	1,237,83	19,40	1,257,23	44,42	1,135,32	19,64	57,84	93-84	
"	21	..	..	..	1,233,40	23,87	1,257,27	44,42	1,135,32	19,69	57,84	93-83	
"	28	..	..	..	1,229,67	28,34	1,258,01	44,42	1,135,32	20,42	57,84	93-78	
March	7	..	..	..	1,242,87	14,30	1,257,17	44,42	1,135,32	19,59	57,84	93-84	
"	14	..	..	..	1,244,68	12,38	1,257,06	44,42	1,135,32	19,48	57,84	93-85	
"	21	..	..	..	1,242,54	15,04	1,257,58	44,42	1,135,32	20,00	57,84	93-81	
"	28	..	..	..	1,242,03	16,05	1,258,08	44,42	1,135,32	20,50	57,84	93-77	

STATEMENT XXXIX

RESERVE BANK OF INDIA : BANKING DEPARTMENT* SINCE 1935-36

(Reference paragraph 77)

(In lakhs of rupees)

		LIABILITIES					ASSETS								
		Deposits			Total	Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans & Advances to Gov-ernments	Other Loans & Advances	Bills purchased & discounted	Invest-ments	Other Assets	
Average of Friday Figures	Contra Govt.	Other Govts.	Banks	Others											
1935-36	11,28	..	27,26	9	38,61	91	49,52	27,68	14,99	86	1	..	5,47	51
1936-37	9,83	..	26,56	41	36,80	1,13	47,93	25,90	13,61	1,54	1	1	0,04	82
1937-38	11,37	..	24,96	69	37,02	87	47,89	25,70	13,48	79	2	6	7,12	72
1938-39	14,90	..	16,19	75	31,84	1,28	43,12	28,38	4,21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	32,71	1,54	44,25	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	56,15	2,56	68,71	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	59,22	4,33	73,55	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	81,75	7,91	99,66	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	113,81	10,82	134,63	10,67	111,72	49	15	91	7,61	3,08
1944-45	162,67	16,83	90,67	13,25	283,32	14,06	307,38	11,19	277,28	43	11	1,46	13,13	3,78
1945-46	386,93	20,68	90,22	16,56	514,39	16,32	546,71	16,72	488,23	22	12	3,35	24,65	7,42
1946-47	469,54	21,62	85,04	14,24	590,44	18,32	618,76	32,85	628,83	5	82	2,33	31,70	22,18
1945-46															
April	273,74	20,81	83,58	24,46	402,59	20,52	433,11	10,07	389,05	96	3	6,21	22,00	4,79
May	266,85	19,51	87,84	26,21	406,41	22,00	432,41	11,55	397,44	..	1	6,76	21,89	4,76
June	266,17	20,37	88,07	23,18	397,79	23,15	430,94	11,28	390,46	38	2	1,79	21,66	5,35
July	311,71	19,36	74,65	20,96	426,68	17,07	453,75	16,30	411,21	46	..	2,67	19,41	3,70
August	348,48	19,07	93,89	20,60	482,04	9,49	501,53	14,09	454,22	11	..	3,97	22,85	5,69
September	367,49	22,50	111,53	12,16	513,68	9,46	533,14	15,07	485,46	..	..	3,86	22,79	5,08
October	398,85	18,62	107,54	11,46	536,47	12,87	559,14	10,81	519,23	4	..	1,65	21,72	2,69
November	443,64	15,10	91,04	12,76	562,54	13,08	585,62	11,22	547,31	12	3	21	19,95	6,78
December	467,91	20,34	75,89	14,41	578,55	14,54	603,09	10,66	558,82	33	36	2,39	22,28	8,25
January	478,48	18,77	83,69	12,32	593,26	15,94	619,20	20,18	549,17	21	95	7,18	32,30	9,21
February	501,04	19,97	104,18	9,65	634,84	17,35	662,19	48,59	560,21	8	3	2,90	37,61	12,77
March	512,88	32,63	82,16	10,38	638,05	20,39	668,44	22,10	597,16	..	10	1,93	31,02	15,23
1946-47															
April	530,80	26,66	77,22	10,14	644,82	21,61	676,43	11,01	607,10	..	9	5,15	35,16	17,92
May	517,71	17,10	90,02	11,50	636,33	21,55	667,87	13,14	594,27	..	8	5,57	35,52	19,29
June	468,39	21,28	105,05	6,46	601,18	22,09	633,27	12,61	574,10	20	5	65	30,23	15,63
July	474,28	16,53	107,63	6,18	604,62	18,70	633,32	29,49	582,38	..	6	15	23,54	17,70
August	486,43	20,91	87,15	15,33	609,82	22,45	642,27	41,75	564,06	..	1,53	69	14,54	18,80
September	490,91	19,36	86,61	8,88	605,76	15,09	630,85	59,23	530,67	..	3,59	2,69	16,22	18,45
October	464,65	23,39	81,62	11,81	581,47	16,67	606,14	61,40	505,69	18	1,00	1,91	16,41	21,55
November	444,09	24,91	82,35	20,93	572,28	13,87	596,15	87,86	488,34	..	23	2,21	22,98	24,53
December	451,73	18,03	77,47	16,53	563,76	13,92	587,68	40,09	485,76	14	27	51	35,00	25,91
January	445,55	19,54	77,53	15,79	558,41	15,59	584,00	27,63	478,09	8	2,39	2,18	46,37	27,26
February	438,73	19,12	74,66	17,50	550,02	17,90	577,92	23,12	474,49	1	8	3,13	48,03	29,08
March	417,31	33,63	73,97	28,15	553,06	20,30	583,36	14,57	477,54	..	17	2,92	58,20	29,87

* Capital and Reserves, rupees ten crores.

STATEMENT XL
RESERVE BANK OF INDIA: ISSUE DEPARTMENT SINCE 1935-36
(Reference paragraph 78)

		LIABILITIES			ASSETS				(In lakhs of rupees)
		Notes in Circulation	Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED) or Assets	Gold Coin and Bullion†	Sterling Securities	Rupce Coin*	Rupce Securities	Percentage of Gold and Sterling Securities to Total Notes Issued
Average of Friday figures									
1935-36	.. ..	164,06	27,58	191,64	44,42	62,09	55,51	29,62	55.58
1936-37	.. ..	175,81	25,81	201,62	44,42	69,57	64,01	23,62	56.54
1937-38	.. ..	186,15	25,61	211,76	44,42	79,92	60,23	27,19	58.72
1938-39	.. ..	182,36	23,28	210,64	44,42	66,95	67,11	32,16	52.91
		(7,97)	(1)	(7,98)					
1939-40	.. ..	209,22	18,79	228,01	44,42	78,63	67,52	37,44	53.97
		(11,09)	(8)	(11,17)					
1940-41	.. ..	241,41	17,26	258,67	44,42	129,92	35,87	48,46	67.39
		(13,38)	(20)	(13,58)					
1941-42	.. ..	307,68	12,21	319,89	44,42	165,00	35,28	75,19	65.47
		(20,20)	(23)	(20,43)					
1942-43	.. ..	513,44	11,80	525,24	44,42	319,11	22,33	139,38	69.21
1943-44	.. ..	777,17	10,50	787,67	44,42	643,52	14,28	85,45	87.34
1944-45	.. ..	968,69	10,93	979,62	44,42	863,73	13,52	57,95	92.70
1945-46	.. ..	1,162,64	16,41	1,179,05	44,42	1,061,26	15,53	57,84	93.78
1946-47	.. ..	1,222,96	32,61	1,255,57	44,42	1,133,88	19,43	57,84	93.85
1945-46									
April	.. ..	1,106,01	9,81	1,115,82	44,42	995,82	17,74	57,84	93.23
May	.. ..	1,121,80	11,31	1,133,11	44,42	1,014,82	16,02	57,84	93.48
June	.. ..	1,133,51	11,12	1,144,63	44,42	1,027,32	15,05	57,85	93.63
July	.. ..	1,135,91	16,15	1,152,06	44,42	1,034,32	15,48	57,84	93.64
August	.. ..	1,138,70	14,47	1,153,17	44,42	1,034,32	16,59	57,84	93.55
September	.. ..	1,147,14	14,74	1,161,88	44,42	1,042,32	17,30	57,84	93.53
October	.. ..	1,157,03	10,50	1,167,53	44,42	1,047,57	17,70	57,84	93.53
November	.. ..	1,175,73	10,88	1,186,61	44,42	1,067,32	17,03	57,84	93.69
December	.. ..	1,200,19	10,20	1,210,39	44,42	1,093,07	15,06	57,84	93.98
January	.. ..	1,220,30	19,75	1,240,05	44,42	1,125,32	12,47	57,84	94.33
February	.. ..	1,194,82	48,13	1,242,95	44,42	1,127,83	12,86	57,84	94.31
March	.. ..	1,216,92	21,74	1,238,66	44,42	1,123,32	13,08	57,84	94.05
1946-47									
April	.. ..	1,235,12	10,83	1,245,95	44,42	1,124,07	19,62	57,84	93.78
May	.. ..	1,237,05	12,88	1,249,93	44,42	1,129,32	18,35	57,84	93.90
June	.. ..	1,241,97	12,36	1,254,33	44,42	1,135,32	16,75	57,84	94.05
July	.. ..	1,225,17	29,22	1,254,39	44,42	1,135,32	16,81	57,84	94.05
August	.. ..	1,214,41	41,47	1,255,88	44,42	1,135,32	18,30	57,84	93.94
September	.. ..	1,198,35	58,97	1,257,32	44,42	1,135,32	19,74	57,84	93.83
October	.. ..	1,197,09	61,17	1,258,26	44,42	1,135,32	20,68	57,84	93.76
November	.. ..	1,201,29	57,60	1,258,89	44,42	1,135,32	21,31	57,84	93.71
December	.. ..	1,218,78	39,81	1,258,59	44,42	1,135,32	21,01	57,84	93.74
January	.. ..	1,230,80	27,40	1,258,19	44,42	1,135,32	20,61	57,84	93.76
February	.. ..	1,234,52	22,96	1,257,49	44,42	1,135,32	19,90	57,84	93.82
March	.. ..	1,243,03	14,44	1,257,47	44,42	1,135,32	19,89	57,84	93.82

Figures for Burma shown within brackets below totals. Figures for India only from June, 1942.

† Valued at the statutory rate of Rs. 21-3-10 per tola.

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

STATEMENT XLII
ABSORPTION OF CURRENCY (ANNUAL) SINCE 1914-15
(Reference paragraph 82)

(In lakhs of rupees)

	Notes	Rupees*	Small Coin	Total
Average for 5 years 1914-15 to 1918-19..	+ 16,72	+ 22,08	+ 1,02	+ 39,82
1914-15	- 6,01	- 6,70	- 19	- 12,90
1915-16	+ 9,23	+ 10,40	+ 38	+ 20,01
1916-17	+ 13,80	+ 33,81	+ 99	+ 48,69
1917-18	+ 17,22	+ 27,86	+ 1,01	+ 46,09
1918-19	+ 49,28	+ 45,02	+ 2,92	+ 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 †	+ 261,85	+ 44,93	+ 11,64	+ 318,42
1943-44 †	+ 238,91	+ 25,60	+ 18,46	+ 282,97
1944-45 †	+ 202,39	+ 10,05	+ 19,20	+ 231,64
1945-46 †	+ 133,89	+ 18,35	+ 9,98	+ 162,22
1946-47 †	+ 23,26	+ 1,94	+ 5,91	+ 31,11

* Including Government of India one rupee notes since July, 1940. † India only.

STATEMENT XLIII

* MONTHLY ABSORPTION OF CURRENCY, 1946-47

(Reference paragraph 82)

(In lakhs of rupees)

1945-46												1946-47			
Notes	Rupee Coin	Small Coin	Total	Month			Notes	Rupee Coin	Small Coin	Total					
+ 22,15	- 1,86	+ 1,33	+ 21,62	April	..	..	+ 13,97	+ 94	+ 70	+ 15,61			
+ 13,90	+ 4,78	+ 1,63	+ 20,40	May	..	..	+ 1,25	+ 1,63	+ 93	+ 3,81			
+ 15,95	+ 105	+ 1,08	+ 18,08	June	..	..	+ 3,85	+ 2,80	+ 64	+ 7,29			
- 8,24	- 1,37	+ 1,42	- 8,19	July	..	..	- 22,38	- 1,09	+ 61	- 23,76			
+ 10,72	- 96	+ 86	+ 10,62	August	..	..	- 8,68	- 23	+ 48	- 8,43			
+ 2,39	- 72	+ 63	+ 2,30	September	..	..	- 18,93	- 1,56	+ 23	- 20,26			
+ 14,29	+ 61	+ 48	+ 15,38	October	..	..	+ 7,32	- 70	+ 34	+ 6,96			
+ 20,24	+ 47	+ 42	+ 21,13	November	..	..	+ 5,81	- 1,01	+ 29	+ 5,09			
+ 34,52	+ 40	+ 33	+ 35,25	December	..	..	+ 23,59	+ 1,71	+ 37	+ 25,67			
- 11,20	+ 8,70	+ 54	- 1,96	January	..	..	+ 1,19	- 18	+ 49	+ 1,50			
- 3,79	+ 5,82	+ 57	+ 2,60	February	..	..	+ 3,91	+ 61	+ 43	+ 4,95			
+ 22,87	+ 1,43	+ 69	+ 24,99	March	..	..	+ 12,36	- 8	+ 40	+ 12,68			
+ 133,89	+ 18,35	+ 9,98	+ 162,22	Total	..	..	+ 23,26	+ 1,94	+ 5,91	+ 31,11			

* Figures for India only.

STATEMENT XLIV

CIRCULATION AND ABSORPTION OF NOTES (ANNUAL) IN INDIA AND BURMA SINCE 1909-10

(Reference paragraph 83)

(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 5 years 1909-10 to 1913-14	61.17	44.41	..	..	58.51	41.97	..	..
1914-15	61.63	43.96	- 6.01	- 12	64.04	45.43	- 1.20	- 3
1915-16	67.73	53.19	+ 9.23	+ 21	64.10	48.08	+ 2.65	+ 6
1916-17	86.37	67.08	+ 13.89	+ 26	76.14	59.36	+ 11.28	+ 23
1917-18	99.79	84.30	+ 17.22	+ 26	101.77	71.87	+ 12.51	+ 21
1918-19	153.46	133.58	+ 49.28	+ 58	133.20	113.84	+ 41.97	+ 68
1919-20	174.52	153.78	+ 20.20	+ 15	171.68	151.10	+ 37.25	+ 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	+ 3.65	+ 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	163.04	152.62	+ 1.49	+ 1
1932-33	176.90	150.34	- 14.83	- 9	173.83	152.04	- 58	..
1933-34	177.22	163.88	+ 13.54	+ 9	176.13	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	+ 25.53	+ 15	201.62	175.81	+ 11.75	+ 7
1937-38 I	206.20	178.29	- 8.23	- 4	207.79	182.19	+ 10.84	+ 6
B	7.83	7.83			3.97	3.96		
1938-39 I	196.47	178.36	+ 7	..	202.06	174.30	- 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	261.81	240.55	+ 15.45	+ 7	245.09	228.03	+ 29.90	+ 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
1943-44 I	894.84	882.49	+ 238.91	+ 37	787.67	777.17	+ 263.73	+ 51
1944-45 I	1,094.66	1,084.88	+ 202.30	+ 23	979.62	968.09	+ 191.52	+ 25
1945-46 I	1,238.41	1,218.77	+ 133.89	+ 12	1,179.05	1,162.64	+ 193.95	+ 20
1946-47 I	1,258.08	1,242.03	+ 23.26	+ 2	1,255.57	1,222.96	+ 60.32	+ 5

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.

I—India notes.

B—Burma notes.

STATEMENT XLV

ABSORPTION OF SMALL COIN (ANNUAL) SINCE 1909-10

(Reference paragraphs 85 & 88)

(In thousands of rupees)

	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	1,18	1,02,11
1919-20		88,15	60,33	44,05	..	21,18	90	1,21	2,15,62
1920-21		9,31	23,24	12,82	..	2,22	42	1,15	46,02
1921-22		7,09	2,40	3,28	..	52	53	1,11	4,05
1922-23		3,67	1,70	12,99	..	2,89	57	76	22,58
1923-24		6,20	8,99	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	1,29	21,45
1932-33		6,11	2,13	10,82	..	1,48	60	1,02	9,94
1933-34		14,01	16,04	23,27	..	10,28	74	1,10	65,44
1934-35		1,54	12,93	20,35	..	11,88	83	76	48,29
1935-36	5,59	5,58	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	50,87	38,97	48,07	51,25	..	21,08	97	97	2,20,98
1940-41	1,52,76	1,02,27	71,56	76,14	..	23,27	1,14	1,06	4,28,20
1941-42	1,56,83	1,26,47	87,91	99,25	4,16	29,31	1,18	1,16	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
1943-44	5,40,81	5,16,98	3,33,70	3,10,98	1,14,33	29,45	8	13	18,46,26
1944-45	5,51,02	5,40,15	3,07,06	3,43,33	1,30,02	48,78	—	2	19,20,38
1945-46	2,95,54	2,99,29	1,35,65	1,54,94	61,18	1,16	3	4	9,97,83
1946-47	2,07,92	1,75,80	68,96	61,18	39,22	37,60	..	4	5,90,72

† Since the inauguration of the Reserve Bank in 1935 silver half rupees have been included in statistics relating to small coin. Include nickel half rupees introduced in May, 1946. ‡ Include nickel four anna pieces introduced in May, 1946. * Nickel half anna pieces introduced in January, 1942.

STATEMENT XLVI

PERIODS OF ABSORPTION AND RETURN OF NOTES AND RUPEE COIN SINCE 1920-21*

(Reference paragraph 86)

ABSORPTION (+) RETURN (-)

(In lakhs of rupees)

PERIODS OF ABSORPTION	NOTES	RUPEES	TOTAL	PERIODS OF RETURN
	- 35,68	- 14,67	- 50,35	.. 1 Feb. 1920 to 31 Aug. 1920
1 Sept. 1920 to 31 Mar. 1921	+ 20,15	- 10,26	+ 9,89	.. 1 Apr. 1921 to 31 July 1921
1 Aug. 1921 to 31 Dec. 1921	+ 3,48	- 8,47	- 11,95	.. 1 Jan. 1922 to 31 Aug. 1922
1 Sept. 1922 to 31 Dec. 1922	+ 18,19	+ 71	+ 18,90	.. 1 Jan. 1923 to 31 Aug. 1923
1 Sept. 1923 to 29 Feb. 1924	- 21,60	- 13,91	- 35,51	.. 1 Mar. 1924 to 31 July 1924
1 Aug. 1924 to 28 Feb. 1925	+ 22,15	+ 1,24	+ 23,39	.. 1 Mar. 1925 to 31 July 1925
1 Sept. 1925 to 31 Dec. 1925	+ 21,82	+ 8,12	+ 29,94	.. 1 Jan. 1926 to 31 Aug. 1926
1 Aug. 1926 to 28 Feb. 1927	+ 32,15	+ 14,87	+ 47,02	.. 1 Mar. 1927 to 31 July 1927
1 Sept. 1927 to 31 Dec. 1927	- 26,09	- 1,82	- 27,91	.. 1 Jan. 1928 to 31 Aug. 1928
1 Aug. 1928 to 31 Dec. 1928	+ 21,37	+ 6,41	+ 27,78	.. 1 Jan. 1929 to 30 Sept. 1929
1 Sept. 1929 to 31 Dec. 1929	- 28,00	- 8,69	- 36,69	.. 1 Jan. 1930 to 31 July 1930
1 Oct. 1930 to 31 Dec. 1930	+ 39,13	+ 1,41	+ 40,54	.. 1 Jan. 1931 to 31 Aug. 1931
1 Aug. 1931 to 29 Feb. 1932	- 35,40	- 18,53	- 51,93	.. 1 Mar. 1932 to 31 July 1932
1 Sept. 1932 to 28 Feb. 1933	+ 24,05	- 3,24	+ 20,81	.. 1 Jan. 1933 to 31 Aug. 1933
1 Aug. 1933 to 31 Dec. 1933	- 19,86	9,11	- 28,97	.. 1 Mar. 1934 to 31 Aug. 1934
1 Sept. 1934 to 28 Feb. 1935	+ 28,29	+ 1,97	+ 30,26	.. 1 Jan. 1935 to 31 Aug. 1935
1 Oct. 1935 to 31 Dec. 1935	- 16,43	- 4,41	- 20,84	.. 1 Jan. 1936 to 31 July 1936
1 Aug. 1936 to 31 Mar. 1937	+ 24,13	+ 4,13	+ 28,26	.. 1 Apr. 1937 to 31 Aug. 1937
1 Sept. 1937 to 28 Feb. 1938	- 25,63	- 17,46	- 43,09	.. 1 Mar. 1938 to 31 Aug. 1938
1 Oct. 1938 to 30 June 1939	+ 12,77	+ 1,95	+ 14,72	.. 1 Jan. 1939 to 31 Aug. 1939
1 Aug. 1939 to 31 Dec. 1939	- 24,45	- 16,00	- 40,45	.. 1 July 1940 to 30 Sept. 1940
1 Sept. 1940 to 30 June 1941	+ 7,07	- 6,38	+ 69	.. 1 July 1941 to 31 July 1941
1 Oct. 1941 to 30 June 1942	- 18,49	- 18,99	- 37,48	.. 1 July 1942 to 30 Sept. 1942
1 Aug. 1942 to 31 Mar. 1943	+ 34,69	+ 15,72	+ 50,41	.. 1 Jan. 1943 to 31 Dec. 1943
1 Sept. 1943 to 28 Feb. 1944	- 24,82	- 4,19	- 29,01	.. 1 Jan. 1944 to 31 Dec. 1944
1 Oct. 1944 to 31 Mar. 1945	+ 12,27	- 37	+ 11,90	.. 1 Jan. 1945 to 31 Dec. 1945
1 Aug. 1945 to 31 Dec. 1945	- 6,88	- 4,82	- 11,70	.. 1 Jan. 1946 to 31 Dec. 1946
1 Sept. 1946 to 30 June 1947	+ 14,18	+ 2,47	+ 16,65	.. 1 Jan. 1947 to 31 Dec. 1947
1 Oct. 1947 to 31 Mar. 1948	- 8,77	- 4,58	- 13,35	.. 1 Jan. 1948 to 31 Dec. 1948
1 Aug. 1948 to 31 Dec. 1948	+ 11,37	+ 1,67	+ 13,04	.. 1 Jan. 1949 to 31 Dec. 1949
1 Sept. 1949 to 28 Feb. 1950	- 15,06	- 7,19	- 22,25	.. 1 Jan. 1950 to 31 Dec. 1950
1 Oct. 1950 to 31 Mar. 1951	+ 16,21	- 2,18	+ 14,03	.. 1 Jan. 1951 to 31 Dec. 1951
1 Aug. 1951 to 31 Dec. 1951	- 10,07	- 7,37	- 17,44	.. 1 Jan. 1952 to 31 Dec. 1952
1 Sept. 1952 to 28 Feb. 1953	+ 33,73	+ 4,58	+ 38,31	.. 1 Jan. 1953 to 31 Dec. 1953
1 Oct. 1953 to 31 Mar. 1954	- 16,55	- 4,24	- 20,79	.. 1 Jan. 1954 to 31 Dec. 1954
1 Aug. 1954 to 31 Dec. 1954	+ 8,09	- 2,01	+ 6,08	.. 1 Jan. 1955 to 31 Dec. 1955
1 Sept. 1955 to 28 Feb. 1956	- 14,55	- 10,69	- 25,24	.. 1 Jan. 1956 to 31 Dec. 1956
1 Oct. 1956 to 31 Mar. 1957	+ 19,87	- 91	+ 18,96	.. 1 Jan. 1957 to 31 Dec. 1957
1 Aug. 1957 to 31 Dec. 1957	- 12,32	- 10,72	- 23,04	.. 1 Jan. 1958 to 31 Dec. 1958
1 Sept. 1958 to 28 Feb. 1959	+ 68,05	+ 44,02	+ 112,07	.. 1 Jan. 1959 to 31 Dec. 1959
1 Oct. 1959 to 31 Mar. 1960	- 17,76	+ 10,83	- 6,93	.. 1 Jan. 1960 to 31 Dec. 1960
1 Aug. 1960 to 31 Dec. 1960	+ 47,74	- 3,95	+ 43,79	.. 1 Jan. 1961 to 31 Dec. 1961
1 Sept. 1961 to 28 Feb. 1962	- 3,92	- 1,08	- 5,00	.. 1 Jan. 1962 to 31 Dec. 1962
1 Oct. 1962 to 31 Mar. 1963	+ 686,69	+ 85,22	+ 771,91	.. 1 Jan. 1963 to 31 Dec. 1963
1 Aug. 1963 to 31 Dec. 1963	- 9,41	- 1,65	- 11,06	.. 1 Jan. 1964 to 31 Dec. 1964
1 Sept. 1964 to 28 Feb. 1965	+ 215,01	+ 11,10	+ 226,11	.. 1 Jan. 1965 to 31 Dec. 1965
1 Oct. 1965 to 31 Mar. 1966	- 8,24	- 1,37	- 9,61	.. 1 Jan. 1966 to 31 Dec. 1966
1 Aug. 1966 to 31 Dec. 1966	+ 82,16	- 20	+ 81,96	.. 1 Jan. 1967 to 31 Dec. 1967
1 Sept. 1967 to 28 Feb. 1968	- 11,20	+ 8,70	- 2,50	.. 1 Jan. 1968 to 31 Dec. 1968
1 Oct. 1968 to 31 Mar. 1969	+ 38,15	+ 12,62	+ 50,77	.. 1 Jan. 1969 to 31 Dec. 1969
1 Aug. 1969 to 31 Dec. 1969	- 49,99	- 3,78	- 53,77	.. 1 Jan. 1970 to 31 Dec. 1970
1 Sept. 1970 to 28 Feb. 1971	+ 54,18	+ 35	+ 54,53	.. 1 Jan. 1971 to 31 Dec. 1971

*Figures for India only from April, 1942.

STATEMENT XLVII
CIRCULATION OF NOTES BY DENOMINATIONS SINCE 1913-14†
(Reference paragraph 88)

Year ended (31st March)	NOTES IN CIRCULATION (in lakhs of rupees)										Percentage to Gross Circulation of all notes except Rs. 10,000									
	Rs. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Rs. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1914	..	..	..	1.81	17.73	8	1.78	17.81	2.84	9.17	..	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0
1921	9.52	..	51	14.05	52.67	3	3.84	47.22	2.53	17.81	6.4	..	.4	9.5	35.5	..	2.6	31.9	1.7	12.0
1922	9.93	..	27	15.84	57.51	3	4.05	54.28	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	11.89	..	7	15.90	57.18	2	3.12	60.41	1.62	12.87	6.6	..	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925	4.15	..	4	15.83	68.57	2	2.61	63.87	1.32	13.11	2.5	..	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926	..	..	2	15.68	76.88	2	2.23	60.22	1.19	13.20	.4	..	..	9.2	45.2	..	1.3	35.4	.7	7.8
1927	..	..	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	..	..	1	18.91	76.27	2	2.09	63.07	1.05	14.90	.2	..	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929	..	..	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	..	..	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	..	..	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	..	..	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	..	..	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	..	..	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	..	..	1	23.11	67.83	2	1.26	60.94	.56	17.72	.2	..	..	13.5	39.5	..	.7	35.5	.3	10.3
Year ended (31st Dec.)																				
1935	32	..	1	25.28	69.31	1	1.34	62.35	.53	12.34	.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	93.29	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
1943*	32	5.56	1	142.48	302.93	1	.37	291.54	.60	90.99	..	.7	..	17.1	36.3	..	..	34.9	.1	10.9
1944*	32	9.73	1	148.50	363.38	1	.30	362.51	.32	100.93	..	1.0	..	14.8	36.1	..	..	38.0	..	10.1
1945*	32	14.45	1	153.87	425.37	..	.25	495.84	.26	113.37	..	1.2	..	12.8	35.3	..	..	41.2	..	9.4
1946*	32	25.42	1	197.09	545.40	..	.19	488.71	.3	1.31	..	2.0	..	15.7	43.3	..	..	38.8	..	0.1

† Excluding (1) the Government of India one rupee notes introduced in July, 1940, which are treated for the purposes of the Bank as rupee coin, and (2) Rs. 10,000 notes which were mainly used by banks for making large adjusting payments. * India notes only.

STATEMENT XLVIII

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

(Reference paragraph 96)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
„ 1840, 2nd „	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
„ 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
„ 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
„ 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
„ 1876	1,20,01,264	.....	2,89,49,037	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	3,41,62,203	.....	6,48,78,000	9,90,30,203
„ 1886	1,08,78,075	.....	4,11,46,457	5,20,24,532
„ 1887	4,02,00,148	.....	4,84,00,000	8,86,00,148
„ 1888	75,68,000	.....	6,32,00,000	7,07,68,000
„ 1889	93,68,310	.....	6,53,00,000	7,46,68,310
„ 1890	2,47,41,865	.....	9,29,00,000	11,76,41,865
„ 1891	1,46,69,903	.....	4,95,00,000	6,41,69,903
„ 1892	3,24,55,120	.....	7,22,00,000	10,46,55,120
„ 1893	91,40,310	.....	6,95,90,000	(a) 7,87,30,310
„ 1897	4,70,184	.....	10,54,593	(b) 15,24,777
„ 1898	12,50,976	.....	62,68,437	(b) 75,19,413
„ 1900	5,29,02,591	.....	6,52,36,908	(c) 11,81,39,499
„ 1901	3,37,22,243	.....	7,54,13,718	(d) 10,91,35,961
„ 1901 coined in 1902	3,82,94,644	.....	5,48,44,740	(e) 9,31,39,384
Edward VII, 1903 ditto	25,000	.....	.....	25,000
„ „ 1903	4,93,78,355	.....	5,29,69,151	(f) 10,23,47,506
„ „ 1904	5,83,38,617	.....	10,19,40,291	(g) 16,02,78,908
„ „ 1905	5,12,57,883	.....	7,62,02,223	(h) 12,74,60,106

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

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

(e) „ „ 2,98,86,014 „ „ „ „

(g) „ „ 59,422 „ „ „ „

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

(d) Including Rs. 1,90,43,904 coined for Indian States.

(f) „ „ 11,66,451 „ „ „

(h) „ „ 3,28,000 „ „ „

STATEMENT XLVIII—(continued)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

				Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	Total Coined
				Rs.	Rs.	Rs.		Rs.
Edward VII,	1906	..	..	10,47,97,164	....	15,89,53,269	....	(j) 26,37,50,433
"	"	1907	..	8,13,38,000	....	17,09,11,816	....	(k) 25,22,49,816
"	"	1908	..	2,02,17,728	....	1,07,14,770	....	3,09,32,498
"	"	1909	..	1,27,58,580	....	95,38,746	....	(l) 2,22,97,326
"	"	1910	..	85,00,000	....	91,88,673	....	1,76,88,673
"	"	1910 coined in 1911		41,27,013	....	16,96,273	....	58,23,286
George V,	1911	..	..	42,99,924	....	51,43,125	....	94,43,049
"	"	1912	..	4,51,22,132	....	7,90,67,074	....	(m) 12,41,89,206
"	"	1913	..	7,58,00,163	....	8,74,65,788	....	(n) 16,32,65,951
"	"	1914	..	3,31,00,150	....	1,52,70,000	....	4,83,70,150
"	"	1915	..	99,00,139	....	53,71,979	....	1,52,72,118
"	"	1916	..	11,50,00,210	....	9,79,00,000	....	21,29,00,210
"	"	1917	..	11,32,00,217	....	15,15,82,659	....	26,47,82,876
"	"	1917 coined in 1918		17,74,025	....	....	....	17,74,025
"	"	1918	..	20,13,26,240	....	21,05,50,303	....	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	..	3,88,00,085	....	5,59,36,544	....	9,45,36,629
"	"	1920 coined in 1921		64,00,064	....	....	....	64,00,064
"	"	1920 coined in 1922		5,64,000	....	....	....	5,64,000
"	"	1920 coined in 1923		49,36,050	....	....	....	49,36,050
"	"	1921	..	....	....	51,15,121	....	51,15,121
"	"	1922	..	....	....	20,51,150	....	20,51,150
George VI,	1938 coined in 1940			....	....	98,02,178	....	98,02,178
"	"	1940	..	....	....	(o) 2,35,00,002	....	2,35,00,002
"	"	1941	..	....	....	(o) 24,11,00,001	....	24,11,00,001
"	"	1942	..	....	....	(o) 23,75,00,001	....	23,75,00,001
"	"	1943	..	....	....	(o) 6,69,94,637	....	6,69,94,637
"	"	1944	..	....	....	(o) 15,22,08,000	(o) 8,54,00,000	23,76,08,000
"	"	1945	..	....	....	(o) 13,47,94,000	(o) 9,11,00,000	(o) 22,58,94,000
"	"	1946	..	....	....	(o) 78,72,000	(o) 2,70,25,532	(o) 3,48,97,532
Total William IV	..	..	..	10,90,88,070	11,78,000	5,37,12,502	....	16,39,78,572
" Victoria	..	..	..	133,69,06,058	10,64,29,305	207,80,44,775	....	352,13,80,138
" Edward VII	..	..	..	39,07,38,340	....	59,21,15,212	....	98,28,53,552
" George V	..	..	..	86,53,23,660	....	94,21,59,857	....	180,74,83,517
" George VI Standard	..	..	..	....	....	98,02,178	....	98,02,178
" " Quaternary	..	..	..	....	....	86,39,66,641	20,35,25,532	106,74,92,173
				Total	..	270,20,56,128	10,76,07,305	453,98,01,165
							20,35,25,532	755,29,90,130

(j) Including Rs. 3,90,310 coined for Indian States and Rs. 1,67,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 1,35,00,000) coined from silver in Gold Standard Reserve.

(k) " Rs. 94,766 coined for Indian States and Rs. 4,33,00,000 (Calcutta Rs. 1,68,00,000 and Bombay Rs. 2,65,00,000) coined from silver in Gold Standard Reserve.

(l) " Rs. 1,01,459 coined for Indian States. (m) Including Rs. 16,56,250 coined for Indian States.

(n) " " 12,78,441 " " " (o) Quaternary rupees.

APPENDIX

List of Approved Non-Scheduled Banks and Indigenous Bankers Eligible for Concessional Rates of Remittances under the Reserve Bank's Scheme of Remittance Facilities.

I. *Non-Scheduled Banks*

1. Agricultural and Industrial Bank Ltd., Coondapur.
2. Amrit Bank Ltd., Amritsar.
3. Associated Bank of Tripura Ltd., Gangasagar.
- *4. Balthazar and Son (Bankers) Ltd., Rangoon.
5. Bank of Citizens Ltd., Belgaum.
6. Bank of Calcutta Ltd., Calcutta.
7. Bank of Karad Ltd., Karad.
8. Bank of Konkan Ltd., Malvan.
9. Bank of the East (1927) Ltd., Gauhati.
10. Banthia Bank Ltd., Panvel.
11. Bareilly Bank Ltd., Bareilly.
12. Belgaum Bank Ltd., Belgaum.
13. Bengal Bank Ltd., Calcutta.
14. Bharat Banking Co. Ltd., Silchar.
15. Bharat Industrial Bank Ltd., Poona.
16. Bishnupur Bank Ltd., Bishnupur.
- *17. Burma-Buddhist Orphanage Association Bank Ltd., Mandalay
18. Calcutta Industrial Bank Ltd., Calcutta.
19. Central Mercantile Bank Ltd., Monghyr.
20. Chawla Bank Ltd., Bannu.
21. Chotanagpur Banking Association Ltd., Hazaribagh.
22. City Bank Ltd., Lahore.
23. Commercial Bank and Trust Ltd., Madras.
24. Commonwealth Bank Ltd., Kumbakonam.
25. Continental Bank of Asia Ltd., Calcutta.
26. Dass Bank Ltd., Calcutta.
- *27. Dawson's Bank Ltd., Pyapon, Burma.
28. Dinajpur Trading & Banking Co. Ltd., Dinajpur.
29. Dindigul Sri Kannikaparameswari Bank Ltd., Dindigul.
30. Eastern Traders Bank Ltd., Calcutta.
31. Eastern Union Bank Ltd., Chittagong.
32. Federal Bank of India (Punjab) Ltd., Lahore.
33. Frontier Bank Ltd., Dera Ismail Khan.
34. Gauhati Bank Ltd., Gauhati, Assam.
35. Girish Bank Ltd., Calcutta.
36. Himalya Bank Ltd., Kangra.
37. Hira Bullion Bank Ltd., Meerut.

* With the termination of the India and Burma (Burma Monetary Arrangements) Order, 1937, from 1st April, 1947, remittance facilities ceased to apply to Burma Banks.

38. India's Ideal Banking Corporation Ltd., Bangalore.
39. Indian National Bank Ltd., Calcutta.
40. Jaya Laxmi Bank Ltd., Mangalore.
41. Karnataka Bank Ltd., Mangalore.
42. Kotagiri Bank Ltd., Kotagiri.
43. Kulitalai Bank Ltd., Trichinopoly.
44. Laxmi Industrial Bank Ltd., Calcutta.
45. Lion Bank Ltd., Rawalpindi.
46. Maharashtra Apex Bank Ltd., Udipi.
47. Mannargudi Bank Ltd., Mannargudi.
48. Mayavaram Permanent Fund Ltd., Mayavaram.
49. Melarkode Bank Ltd., Palghat.
50. Naini Tal Bank Ltd., Naini Tal.
51. National Bank of Sialkot Ltd., Sialkot.
52. National Economic Bank Ltd., Calcutta.
53. National Security Bank Ltd., Calcutta.
54. Pioneer Commercial Bank Ltd., Calcutta.
55. Pollachi Union Bank Ltd., Pollachi.
56. Punjab and Kashmir Bank Ltd., Rawalpindi.
57. Rajapalayam Commercial Bank Ltd., Rajapalayam.
58. Rayalaseema Bank Ltd., Bellary.
59. Sahukara Bank Ltd., Ludhiana.
60. Salem Bank Ltd., Salem.
61. Sangli Bank Ltd., Sangli.
62. Satara Swadeshi Commercial Co. Ltd., Satara City.
63. Shillong Banking Corporation Ltd., Shillong.
64. Sind National Bank Ltd., Hyderabad (Sind).
65. Sonar Bangla Bank Ltd., Calcutta.
66. Southern India Apex Bank Ltd., Udipi.
67. Suburban Bank Ltd., Calcutta.
68. Supreme Bank of India Ltd., Belgaum.
69. Surat Banking Corporation Ltd., Surat.
70. Surma Valley Bank Ltd., Sylhet.
71. Sylhet Commercial Bank Ltd., Sylhet.
72. Sylhet Industrial Bank Ltd., Sylhet.
73. Tezpur Industrial Bank Ltd., Tezpur.
74. Trichinopoly Bank Ltd., Trichinopoly.
75. Trichinopoly Tennore Hindu Permanent Fund Ltd., Trichinopoly.
76. Union Bank of Bengal Ltd., Calcutta.
77. Union Bank of Bijapur and Sholapur Ltd., Bijapur.
78. United Western Bank Ltd., Satara City.
79. U.P. Industrial Financing Corporation Ltd., Cawnpore.
80. Vijaya Bank Ltd., Mangalore.
81. Vysya Bank Ltd., Bangalore.

II. *Indigenous Bankers*

1. Messrs. Balakram Dwarkadas, Simla.
2. Messrs. Bhanlal Bankers, Shahjahanpur.
3. Messrs. Durgasah Mohanlalsah, Ranikhet.
4. Mr. Ranchoddbhai Bhaichandbhai Sura, Bombay.
5. Union Banking Service, Chiplun.

INDEX—*contd.*

Paragraph	Paragraph
G	I— <i>contd.</i>
General economic development, foreign countries	India, financial settlement with U.S.A.
Gilt-edged markets, foreign countries	" food situation
" " India	" reconstruction
" " Reserve Bank's support to	" reconversion
Gold, agreement between Bank of England and South African Reserve Bank	" trade agreement with Indonesia
" assaying and refining of	" war expenditure, total
" coin and bullion, Issue Department, Reserve Bank of India	Indian Coinage (Amendment) Bill, 1947, introduction of
" fixation of ceiling prices of	Indian Railways Enquiry Committee, 1947, appointment of
" monetary stocks of Central Banks and Governments	" Soldiers' Privileged Savings Bank Accounts
" price of, foreign countries	Indo-Argentine Trade Pact
" " " effect of ratification of Anglo-U. S. Loan Agreement	Indo-Siamese Financial Agreement
" " " India	Industrial Finance Corporation, proposal of Madras Government
" production in India	" " Department in Australia
" reduction in import duties on	" issues, capital, control of
" Treasury's price of, in London and New York	" share markets, foreign countries
" world production and stocks of	" " " India
Government loans, price trends	Industries, protection of
" Promissory Notes, conversion of	Inter-Asian Relations Conference
" securities, face value and market value of	Internal remittances
" securities, investments of banks in, foreign countries	International Bank for Reconstruction and Development
Grants to provinces by Central Government	" " " " capital resources of
Green Act, expiry of	" " " " payment of subscription by India
II	" Conference on Trade and Employment, Preparatory Committee of
High Denomination Bank Notes (Demonetisation) Ordinance 1946	" Conferences
Housing Boards, National and Regional	" Emergency Food Council, establishment of
" , foreign countries	" Labour Conference
Hyderabad State, National Savings Certificates	" Monetary Fund
I	" " " " adjustment in quotas
Imperial Bank of India, Remittances	" " " " admission to membership
Import controls, relaxation of, foreign countries	" " " " declarations of par values of currencies. 14, 36, 41
Imports and Exports, commodity-wise	" " " " India's membership of
" " " (Control) Act, 1947	" " " " subscription to
" " " of bullion	" " " " trade
" " " value of, in U. K. and U.S.A.	" " " " Organisation, Draft Charter for
" , Government policy	Irrigation schemes
Income-Tax and Excess Profits Tax (Amendment) Bill, 1947	
" " , provincial share of	
India and Burma (Burma Monetary Arrangements) Order 1937, termination of	
" , economic development	

INDEX—contd.

Paragraph	Paragraph
J	
Jute, increase in export duty on .. 46, 50	
K	
Kanchrapara Locomotive Manufacture Plant, construction of 48	
L	
Labour Conference, International .. 16	
Lend-lease, cessation of 9	
.. .. final settlement with U.S.A. 46	
.. .. silver, return of, to U.S.A. 4, 8, 96	
Loan Agreement, Indo-Siamese 46	
Loans, 3½ per cent non-terminable, conversion of 60	
.. .. flotation of 58	
.. .. Government of India 58	
.. .. Provincial 64	
.. .. repayment of 59	
London clearing banks, discontinuance of window-dressing 6	
London-New York cross rate 36	
London Treasury's price of silver, raising of 8, 32	
M	
Madan, Dr. B. K., Alternate Director of the International Monetary Fund and Bank 14	
Madras Stock Exchange, fixation of minimum prices 68	
Merchandise, India's balance of trade in .. 22	
Metropolitan Clearing Association, formation of 73	
Mintage of quarter and half rupees in pure nickel 96	
.. .. quaternary, half and quarter rupees, discontinuance of .. 96	
.. .. small coin and rupees 96	
Monetary and Financial Agreements .. 15	
.. .. Agreement, Anglo-American, ratification of 15	
.. .. Agreements by United Kingdom 15	
.. .. Arrangements with Burma, termination of 89	
.. .. stocks of gold, foreign countries 8	
Monetisation of public debt, U.K. 6	
Money rates, India 70	
.. .. in foreign countries 3	
.. .. supply in India 81	
N	
National Savings Certificates 63	
.. .. " Hyderabad. 63	
Nationalisation of Central Banks, Argentina and Netherlands 5	
.. .. " the Reserve Bank of India, proposal for. 47, 80	
N—contd.	
Nationalisation policy in U.K., effect on equities 7	
.. .. proposals for, in Bombay and Madras 49	
Nepal, payment by Government of India 46	
Netherlands Bank, nationalisation of .. 5	
Nickel, quarter and half rupees, mintage of 96	
Non-scheduled banks 72	
.. .. " crisis in Calcutta. 66	
Note circulation and demand deposits .. 87	
.. .. " foreign countries .. 4	
.. .. " India 78, 83, 87	
.. .. forgeries 95	
Notes, absorption and circulation of .. 83	
.. .. Burma, encashment of 90	
.. .. " exchange of 38	
.. .. changes in the form of 92	
.. .. foreign circle, encashment of .. 76	
.. .. high denomination, demonetisation of 91	
.. .. issued 78	
.. .. lost, destroyed and mutilated .. 94	
.. .. old 93	
O	
Office of Price Administration Extension Bill. 2	
.. .. " silver price ceiling .. 8	
One rupee notes 84	
Open General Licences 18, 22	
P	
Par value of currencies, declaration of. 14, 36, 41	
Paris, opening of Trade Commissioner's Office in 27	
Peace Conference 16	
Permanent Migration Committee, report of 16	
Planning Advisory Board, report of .. 19	
Planning and Development Department, abolition of 19	
Post Office Defence Savings Bank Accounts, closing of 63	
Post Office Savings Bank Deposits .. 63	
Post-war reconstruction, foreign countries .. 1	
.. .. " India .. 19	
.. .. " Provincial Plans .. 49	
Preferential discount rate, discontinuance of in U.S.A. 6, 7	
Preparatory Committee of World Trade and Employment Conference .. 9, 16, 22	
Price control, relaxation of, in Canada and U.S.A. 2	
.. .. trends, foreign countries 2	
.. .. " Government securities. 7, 66, 67	
.. .. " India 21	

INDEX—contd.

P—contd.		Paragraph	R—contd.		Paragraph
Prohibition policy, Provincial	49		Reserve Bank of India, sales of forward		
Protection, Indian industries	24		sterling	36	
Provinces, subventions from the Centr.	50		" " " (Second Amcnd-		
Provincial Budgets	49		ment) Act,		
" Debt position	51		1947	41	
" investments in Central			" " " sterling trans-		
Government treasury bills.	53		actions of	35	
" loans	64		Resettlement and Employment Organi-		
" nationalisation plans	49		sation	18	
" share of Income-Tax	49, 50		Rupce coin, absorption and circulation ..	84	
Public Debt, foreign countries	13		" " demand for	84	
" " India	51		" " mintage	96	
" " " composition of	51, 61		" " Reserve Bank's holdings ..	78	
" " " repayment of, in U.S.A. 6, 7, 13			Rupce Debt	61	
Public Finance, foreign countries	12		" " " face value and market value		
" " India, General	44		of	67	
Q			S		
Quaternary rupee coin	84		Salt duty, abolition of	47	
" " " " discontinuance			Scheduled banks, consolidated position		
of issue of	96		of	71	
R			S		
Railway Betterment Fund	48		" " exclusion from and		
" Budget	48		inclusion in the		
" contribution to General			second schedule	71	
Revenues	48		" " remittances	74	
" Depreciation Fund	48		Sea-borne trade, India	22	
" Rating Experts, Committee of	48		Seasonal movements of currency	86	
" Reserve Fund	48		Security and share markets, f o r e i g n		
Railways Enquiry Committee, 1947	48		countries	7	
Rate of discount, increase by Belgium			" " " India. 68, 67, 68		
National Bank	3		Securities, non-negotiable, non-interest		
Reconstruction, foreign countries	1		bearing, creation of	47, 51	
" India	19		Silver, American	8	
" Provincial Plans	49		" assaying and refining of	33	
Reconversion, foreign countries	1		" coin, replacement by cupro-nickel		
" India	18		coin in U.K.	4, 8	
Remittance facilities to Burma, with-			" " withdrawal of	97	
drawal of	75		" demonetisation of, in U.K.	8, 32	
Remittances, internal	74		" exportable	8	
Reserve Bank of India Act, 1934,			" export and import of, Government		
amendments to 41, 79, 89	79, 89		control over, in U.K.	8	
" " " " Banking Depart-			" fixation of ceiling prices of	32	
ment	77		" increase in London Treasury's		
" " " " Bank rate	70		price of	8, 32	
" " " " Issue Depart-			" " " U.S. Treasury's price		
ment	78		of	8, 32	
" " " " Issue Depart-			" industrial and monetary demand		
ment, Govern-			for	8	
ment Bal-			" internal free	8	
ances	52		" legislation in U.S.A.	8	
" " " " Issue Depart-			" lend-lease, return of, to U.S.A. 4, 8, 96		
ment, holdings			" official	8	
of sterling			" Office of Price Administration,		
securities	35		price ceiling for	8	
" " " " Issue Depart-			" price trends, foreign countries	8	
ment, treasury			" " India	32	
bills sold in					
favour of	53				
" " " " nationalisation,					
proposal for	47, 80				

INDEX—contd.

S—contd.		Paragraph	T—contd.		Paragraph
Silver price trends, effect of ratification of Anglo-U. S. Loan Agreement.		32	Treasury bills, investments of Provincial Governments		53
.. production in India		28	.. .. Provincial Governments.		57
.. prohibition of forward transactions in		32	.. .. yield on		54
.. reduction in import duty on		32	Turkish pound, appreciation of		11
.. world production and stocks of		8			
Small coin, absorption of		85	U		
.. .. mintage		96	United Kingdom, balance of payments position		10
.. savings		63	.. .. Coinage Act		4
.. .. movement		47	.. .. commercial banking		6
South Africa, cost of living subsidies		12	.. .. cost of living		
.. .. discovery of gold mine, effect on gold prices	8, 30		.. .. cupro-nickel coin, introduction of		4
.. .. economic development	1		.. .. deposits of banks		6
.. .. excess profits tax, abolition of	12		.. .. economic development		1
.. .. public finance	12		.. .. financial agreement with U. S., ratification of		15
.. .. treasury bill rate	3		.. .. Exchange Control Act		11
Speculation in stock, commodity and bullion markets, proposals to control	47		.. .. import policy		9
Standard rupee, cessation of legal tender character of	84		.. .. increase in Treasury's price of silver	8, 32	
Sterling area system	37		.. .. note circulation	4	
.. balances, negotiations for settlement	41		.. .. price trends	2	
.. debt, composition of	61		.. .. security and share markets	7	
.. .. reduction in	51		.. .. silver coin, replacement of	4, 8	
.. .. repatriation of	65		.. .. sterling area system trade	37	
.. forward sales of	36		.. .. " regulat i o n e, changes in	11	
.. securities, Reserve Bank's holdings	35, 78		.. .. treasury bill rate	3, 13	
.. transactions	35		.. .. " bills	13	
Subventions from the Centre	50		.. .. White Paper, Economic Survey for 1947	10	
Sugar, fixation of price of	21		.. .. Nations Assembly, session of	16	
Swedish kroner, revaluation of	11		.. .. Economic and Social Council	16	
			.. .. Food and Agricultural Organisation, session of	16	
T			.. .. Provinces Encumbered Estates Act Bonds, discharge of	64	
Tariff Board, reports of	26		.. .. States, balance of payments position	10	
Taxation on Income (Investigation Commission) Bill	47		.. .. commercial banking	6	
.. .. policy, Government's	47		.. .. deposits of banks	6	
.. .. relief in U.K.	12		.. .. economic development	1	
Trade Agreements	27		.. .. Federal Reserve Board of Governors, annual report of	6	
.. and Employment, International Conference on	9, 16		.. .. Financial Agreement with U.K., ratification of	15	
.. Commissioners	27		.. .. Green Act, expiry of	8	
.. composition of	24		.. .. industrial reconversion	1	
.. direction of	23				
.. India's balance of	22				
.. Mission to China, report of	27				
.. regulations, changes in U.K.	11				
.. trends in international	9				
Trading with the enemy legislation. 11, 15, 39					
Transferable account system, establishment by the Bank of England	11				
Travel, exchange control on	40				
Treasury bill rates, in foreign countries. 3, 13					
.. .. in India	53				
.. .. bills, Burma Government	57				
.. .. Central	53				

INDEX—*contd.*

<i>U—contd.</i>	Paragraph	<i>U—contd.</i>	Paragraph
United States, lend-lease silver, return of	4, 8, 96	United States, unemployment	1
" " margin requirements, lowering of	7	" " War Production Board Order, withdrawal of	8
" " monetary stocks of gold	8	UNRRA, relief shipments	1, 9
" " national income	1	U.S.S.R., non-participation in the Preparatory Committee of the International Conference on Trade and Employment	9
" " note circulation	4	" public finance	12
" " Office of Price Administration Extension Bill	2		
" " preferential discount rate, discontinuance of	6, 7	W	
" " President's Economic Report	1, 2	Wall Street, sharp break on	7, 68
" " " State of the Union Message	1, 2	War expenditure in India, total	44
" " Price Control Bill	2	" Production Board Order, withdrawal of	8
" " " " , relaxation of	2	Wartime control, foreign countries	1
" " price trends	2	" emergency measures, lapse of	18
" " production of gold	8	Ways and means advances, Central Government	55
" " public debt	13	" " " " Provincial Governments	56
" " repayment of public debt	6, 7, 13	White Paper, Economic Survey for 1947	10
" " securities and share markets	7	Window-dressing, discontinuance of, in U.K.	6
" " settlement of lend-lease with India	46	World food production	1
" " silver legislation	8	" production and stocks of gold	8
" " trade	9	" " " " silver	8
" " Treasury's price of gold	8	" Trade and Employment Conference, Preparatory Committee of	9, 16, 22
" " " price of silver, raising of	8		