

# TREND AND PROGRESS OF BANKING IN INDIA

DURING THE YEAR 1954



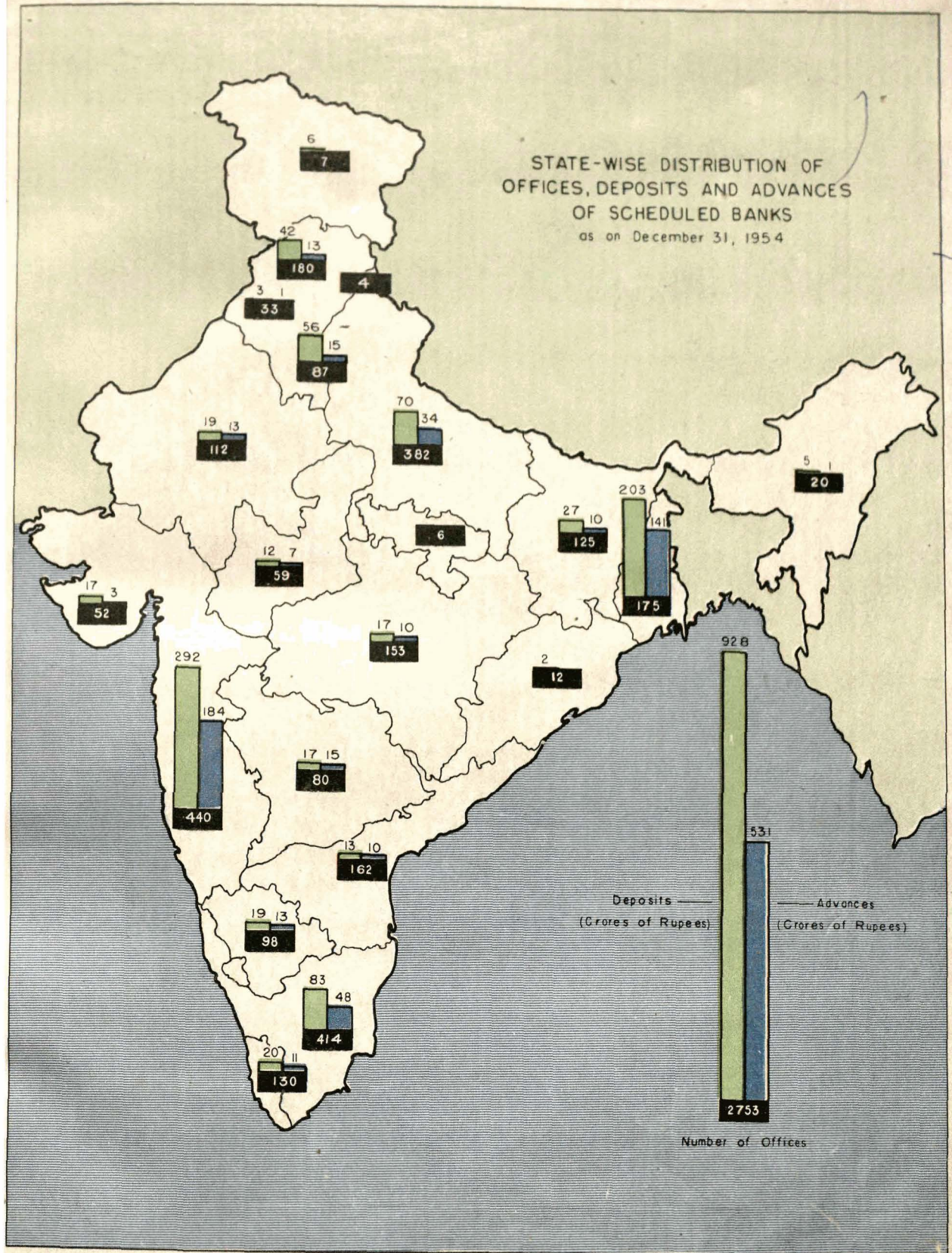
ANNUAL REPORT UNDER SECTION 36(2)  
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# MAP

## STATE-WISE DISTRIBUTION OF OFFICES, DEPOSITS AND ADVANCES OF SCHEDULED BANKS as on December 31, 1954



# CONTENTS

Page

## CHAPTER I

### MONETARY AND BANKING TRENDS ABROAD

1—3

## CHAPTER II

### THE BANKING SITUATION IN 1954

A Year of Greater Banking Activity .. .. .	4—5
Economic Background .. .. .	5—6
Trends in Bank Credit .. .. .	6—7
Reserve Bank Advances to Scheduled Banks .. .. .	7—8
Co-operative Banks .. .. .	8
Branch Banking .. .. .	8—9
Expansion Programme of the Imperial Bank of India .. .. .	9
State-owned and State-controlled Banks .. .. .	9—10
Indian Banks' Offices Abroad .. .. .	10
Training Facilities for Bank Supervisory Staff .. .. .	10—11
Agreements with Part B States .. .. .	11
Employer-Employee Relations .. .. .	11—12

## CHAPTER III

### STRUCTURE OF ASSETS AND LIABILITIES OF BANKS

Capital and Reserves .. .. .	13—14
Deposits .. .. .	15
Cash and Liquidity Ratios .. .. .	16
Investments .. .. .	16—17
Advances .. .. .	17—18
Earnings and Expenses .. .. .	18

## CHAPTER IV

### SUPERVISION AND CONTROL OF BANKING

Banking Legislation .. .. .	19
Inspections .. .. .	19—21
Issue of Licences .. .. .	21—22
Amalgamation .. .. .	23
Schemes of Arrangement .. .. .	23
Liquidation .. .. .	23
Suspension of Business .. .. .	24
Other Activities under the Act .. .. .	24—25

## CHAPTER V

BANKING AND ECONOMIC DEVELOPMENT .. .. .	26—30
--	-------

## APPENDIX I

Number	STATEMENTS	Page
	Introductory Note .. .. .	31
1	Liabilities and Assets of the Reserve Bank of India, 1949-54 ..	32-33
2	Advances of the Reserve Bank to Scheduled Banks and State Co-operative Banks, 1945-54 .. .. .	34-35
3	Consolidated Position of Scheduled Banks, 1949-54 .. ..	36-37
4	Money Rates in India, 1949-54 .. .. .	38-39
5	Liabilities and Assets in India of Banking Companies .. ..	40-43
6	Principal Ratios of Banking Companies .. .. .	44
7	Ratio of Paid-up Capital and Reserves to Deposits of Commercial Banks in India, the U.K. and the U.S.A., 1939-54 .. ..	44
8	Principal Liabilities and Assets in India of Banking Companies classified according to the Size of their Paid-up Capital and Reserves .. .. .	45
9	Classification of the Number of Banking Companies according to the Size of their Reserves in relation to their Paid-up Capital ..	46
10	Unclaimed Deposits held by Banking Companies .. .. .	46
11	Principal Liabilities and Assets in India of Banking Companies classified according to the Size of their Deposits .. .. .	47
12	Deposits of Scheduled Banks at various Rates of Interest, 1954 ..	48
13	Deposits of Non-Scheduled Banks at various Rates of Interest, 1954 .. .. .	49
14	Ownership of Deposits of Banks in India, 1954 ( <i>By Types of Deposits</i> ) .. .. .	50-51
15	Ownership of Deposits of Banks in India, 1954 ( <i>By Types of Depositors</i> ) .. .. .	52-53
16	Usual Interest Rates allowed by Major Indian Scheduled and Exchange Banks on Deposits during 1954 .. .. .	54
17	Classification of the Number of Banking Companies according to the Ratio of their Investments in Government Securities to Total Deposits .. .. .	55
18	Classification of the Number of Banking Companies according to the Ratio of their Advances to Total Deposits .. .. .	55



Number		Page
19	Cheque Clearances and Number of Cheques Cleared, 1952-1954 ..	56
20	Velocity of Circulation of Deposit Money .. .. .	56
21	Investments of Banks in Government Securities, 1954 .. ..	57
22	Analysis of Investments of Banks, 1954 .. .. .	58-59
23	Advances of Scheduled Banks against Principal Commodities and Bullion, 1954 .. .. .	60-61
24	Analysis of Advances of Scheduled Banks according to Purpose, 1954 .. .. .	62-63
25	Analysis of Advances of Scheduled Banks according to Security, 1954 .. .. .	64-65
26	Analysis of Advances of Non-Scheduled Banks according to Purpose, 1954.. .. .	66-67
27	Analysis of Advances of Non-Scheduled Banks according to Security, 1954 .. .. .	68-69
28	Interest Charged by Scheduled Banks on Advances during 1954	70-71
29	Advances of Scheduled Banks at various Rates of Interest, 1954	72
30	Advances of Non-Scheduled Banks at various Rates of Interest, 1954 .. .. .	73
31	Distribution by State and by Population of Offices, Deposits and Advances in India of Scheduled Banks, 1953 and 1954 ..	74-75
32	Regional Distribution of Offices in India of Banking Companies ..	76-77
33	Distribution of Banking Offices by Population in the Several States at the end of 1954 .. .. .	78-79
34	Offices of Scheduled and Non-Scheduled Banks, 1938-54 .. ..	80
35	Regional Distribution of the Number of Places in India at which Banking Companies were granted or refused Permission to open Offices during 1954 .. .. .	81
36	Offices of Indian Banks outside India .. .. .	81
37	Progress of Action taken under Several Provisions of the Banking Companies Act .. .. .	82-83
38	Part A—Statement relating to Banks which, as a result of their re- inspection, have been found to have Rectified the Defects pointed out after their first inspection .. .. .	84
	Part B—Progress made by Banks in the Rectification of Defects point- ed out to them .. .. .	85
39	Liabilities and Assets of Commercial Banks in Selected Countries	86

## APPENDIX II

### NOTIFICATIONS

Number		Page
1	No. F. 4 (194)-F.1/53 dated January 2, 1954 .. .. .	87
2	No. F. 4 (2)-F.1/54 dated January 19, 1954 .. .. .	87
3	No. F. 4 (4)-F.1/54 dated February 5, 1954 .. .. .	87
4	No. 4 (47)-F.1/54 dated March 8, 1954 .. .. .	87
5	No. 4 (12)-F.1/54 dated March 8, 1954 .. .. .	88
6	No. F. 4 (27)-F.1/54 dated March 13, 1954 .. .. .	88
7	No. F. 4 (59)-F.1/54 dated March 29, 1954 .. .. .	88
8	No. D. 2445-F.1/54 dated March 30, 1954 .. .. .	88
9	No. F.4(60)-F.1/54 dated April 2, 1954 .. .. .	88
10	No. 4 (67)-F.1/54 dated April 2, 1954 .. .. .	88
11	No. 4 (74)-F.1/54 dated April 23, 1954 .. .. .	89
12	No. F. 4 (91)-F.1/54 dated May 7, 1954 .. .. .	89
13	No. F. 4 (103)-F.1/54 dated June 4, 1954 .. .. .	89
14	No. F. 4 (103)-F. 1/54 dated June 15, 1954 .. .. .	89-90
15	No. F. 4 (103)-F.1/54 dated June 24, 1954 .. .. .	90
16	No. F. 4 (138)-F.1/54 dated July 13, 1954 .. .. .	90
17	No. F. 4 (4)-F.1/54 dated August 14, 1954 .. .. .	90
18	No. F. 4 (171)-F.1/54 dated September 17, 1954 .. .. .	90
19	No. F. 4 (179)-F.1/54 dated September 21, 1954 .. .. .	90
20	No. F. 4 (223)-F.1/54 dated November 25, 1954 .. .. .	91
21	No. F. 4 (233)-F.1/54 dated December 22, 1954 .. .. .	91

## APPENDIX III

### PRESS COMMUNIQUE

1	Dated July 15, 1954 .. .. .	92
2	Dated August 4, 1954 .. .. .	92-93
3	Dated August 4, 1954 .. .. .	93-94

### SELECTED CIRCULARS ISSUED TO BANKING COMPANIES

4	DBO. No. Liq. 687/C 183-C-54 dated February 4, 1954— The Banking Companies Act, 1949 .. .. .	94-96
5	DBO. No. Sch. 1673/C. 244 I-54 dated March 25, 1954— Return of limits for credit facilities .. .. .	96-97
6	DBO. No. Leg. 1957/C. 234 (D)-54 dated April 6, 1954— Exemption from the provisions of Section 24 of the Banking Com- panies Act, 1949 .. .. .	97
7	DBO. No. Sch. 2017/C. 200-54 dated April 7, 1954— Weekly return of advances against foodgrains .. .. .	97-98
8	DBO. No. Leg. 2122/46A-54 dated April 13, 1954— Amendments to the Scheduled Banks' Regulations—Form of weekly return .. .. .	99

Number		Page
9	DBO. No. Leg. 2606/46A-54 dated May 4, 1954— Amendments to the Reserve Bank of India Scheduled Banks' Regulations—Form of weekly return .. .. .	99-100
10	DBO. No. Ins. 4121/C. 297-54 dated July 14, 1954— Advances to Scheduled Banks under Section 17(4)(c) of the Reserve Bank of India Act, 1934—The Bill Market Scheme ..	100-101
11	DBO. No. Ins. 5445/C. 297-54 dated September 16, 1954— Advances to Scheduled Banks under Section 17(4)(c) of the Reserve Bank of India Act, 1934 .. .. .	101
12	DBO. No. Liq. 7370/C. 233A-54 dated December 20, 1954— The Banking Companies Rules, 1949 .. .. .	101-102
13	DBO. No. Leg. 7626/C. 234-54 dated December 30, 1954— The Banking Companies Act, 1949 .. .. .	103-104

#### APPENDIX IV

The Committee on Finance for the Private Sector—Summary of Recommendations .. .. .	105-113
---	---------

#### APPENDIX V

The All-India Rural Credit Survey Report—Integrated Scheme and Principal Recommendations .. .. .	114-123
---	---------

INDEX .. .. .	125-127
---------------	---------

#### MAP

Statewise Distribution of Offices, Deposits and Advances of Scheduled Banks .. .. .	Frontispiece
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#### GRAPHS

	Facing page
(1) Advances of the Reserve Bank to Scheduled Banks and State Co-operative Banks .. .. .	7
(2) Earnings and Expenses of Eighteen Larger Indian Scheduled Banks ..	7
(3) Sources and Distribution of Funds .. .. .	13
(4) Principal Liabilities and Assets of Scheduled Banks .. .. .	15
(5) Principal Liabilities and Assets of Non-Scheduled Banks .. .. .	17
(6) Composition of Deposits of Scheduled Banks in India .. .. .	47
(7) Ownership of Deposits of Banks .. .. .	49
(8) Maturity Distribution of Investments in Government Securities ..	57
(9) Distribution of Advances of Scheduled Banks by purpose and by security .. .. .	73
(10) Distribution of Advances of Non-Scheduled Banks by purpose and by security .. .. .	73
(11) Offices of Banking Companies in India .. .. .	80

ease was reaffirmed by a second round of reductions in the discount rate of Federal Reserve Banks from  $1\frac{3}{4}$  per cent to  $1\frac{1}{2}$  per cent. The impact of this move was believed to be mainly psychological as short-term money rates were still well below the official discount rate of  $1\frac{1}{2}$  per cent. The easy money policy was carried a step further through the reduction in reserve requirements of member banks, effective in stages from June 16 to August 1. The reductions in the earlier stages were primarily designed to relieve seasonal pressures of an inflow of funds to the Treasury and of the heavy accruals of taxes towards the end of the financial year on June 30, while the later reductions were in anticipation of estimated demands on bank reserves during summer and autumn, taking account of probable private financing requirements including the marketing of crops and replenishment of retail stocks in advance of the fall and Christmas sale seasons, as well as the Treasury's financing needs. During the following months, the Federal Reserve's flexible policy of steering a middle course between inflationary and deflationary pressures was well illustrated. In July and August, in view of the high level of excess reserves with banks and the reduction in the reserve requirements which released funds in advance of the banks' actual needs, the Federal Reserve absorbed a large volume of new reserves accruing to banks partly through the sale of Treasury bills to them. In the subsequent months, the Federal Reserve reversed its operations to moderate the fluctuations in the volume of bank reserves, thereby enabling the banks to maintain a comfortable cushion of free reserves. The position was further eased for the banks as the seasonal credit demands were lower than anticipated. Towards the end of the year, however, against the background of the moderate recovery in business conditions and the unprecedented boom in the stock market, there was a shift in the Federal Reserve policy to one of 'less active ease.' In January 1955, margin requirements for stock market transactions were raised from 50 per cent to 60 per cent with a view to curbing the boom on the stock exchange.

In several European countries also, the monetary authorities brought about a number of flexible adjustments in their policy during the year—generally in the direction of further liberalisation. In Western Germany, the trend towards easier money was reinforced by the growing strength of the internal economy as well as by the increase in foreign exchange reserves resulting from the large payments surplus on external account. On May 20, 1954, the Bank Deutscher Lander reduced its discount rate from  $3\frac{1}{2}$  per cent to 3 per cent to bring the official discount rate into closer alignment with existing market rates. In France, the lowering of the Bank rate in February from  $3\frac{1}{2}$  per cent to  $3\frac{1}{4}$  per cent was in pursuance of the Government's economic programme to raise industrial production and national income. In Austria also, the continued improvement in the balance of payments led the authorities to reduce the discount rate of the National Bank from 4 per cent to  $3\frac{1}{2}$  per cent on June 3, 1954. Greece and Spain also reduced their discount rates, the former from 12 per cent to 10 per cent and the latter from 4 per cent to  $3\frac{3}{4}$  per cent, presumably with a view to stimulating investment.

A flexible monetary policy was also followed in some Asian countries. In Ceylon, the easing of monetary restraint, which began in the latter half of 1953, was carried a stage further in 1954. The improvement in the cash reserves of banks following an improvement in external payments and the reduced pressure of Government borrowings resulted in a further lowering of money rates. Under these circumstances, the Central Bank of Ceylon reduced its Bank rate in June 1954 from



## CHAPTER I

### MONETARY AND BANKING TRENDS ABROAD

1954 was yet another year during which flexible monetary policies were in operation on a fairly wide front. During the greater part of the year, there was, generally speaking, a continuation of the relatively easy money policies that were evidence in the latter part of 1953. Towards the end of 1954 and early in 1955, however, symptoms of a fresh inflationary upsurge compelled monetary authorities in a few countries to revise the easier money policy they had been pursuing. In

U. S. A., for instance, the policy of 'active ease' was replaced by one of 'less active ease', while in the U.K. more positive steps were taken in the form of increases in the Bank rate in two stages to its highest post-war level. There was an easing of monetary controls during the year in France and West Germany among European countries and in Ceylon among Commonwealth countries. On the other hand, a policy of credit restriction was continued in several Latin American countries in which inflationary conditions persisted, while in New Zealand and Japan monetary authorities had to intensify measures of credit restraint.

Monetary policy in the U. K., for the greater part of the year, was a continuation of the relaxations effected late in 1953. In the first quarter of the year, conditions in Lombard Street were rather stringent owing principally to the incidence of tax payments, but thereafter credit conditions eased considerably, and by May there was an abundance of credit accompanied by sagging bill rates. The authorities lowered the Bank rate on May 13 to 3 per cent from  $3\frac{1}{2}$  per cent, at which level it had remained since September 1953. The reduction in the Bank rate was made with a view to discouraging the large flow of overseas short-term funds to London and was followed by downward adjustments in the general pattern of money rates. The year as a whole witnessed an increase in the deposits of clearing banks, which was influenced mainly by the expanding credit needs of the private sector of the economy; this was in contrast to the earlier years when deposit expansion was largely the result of heavy Government borrowings from the banking system. Advances of the clearing banks rose over the year by £191 million and towards the end of the year the economy, despite the general strength which it had shown over the earlier months, bore evidence of being overstretched. Externally also the pound sterling had been weak for a longer period since the third quarter of 1954 than could be explained by seasonal factors. To check the nascent inflationary pressures of credit demands, specially in the form of hire purchase finance, and to correct the weakness of the pound sterling in the foreign exchange market, the authorities raised the Bank rate on January 27, 1955 to  $3\frac{1}{2}$  per cent and further on February 24, 1955 to the level of  $4\frac{1}{2}$  per cent—the highest rate in the post-war period.

In the U. S. A., policy changes in 1953 had made for easy credit conditions and declining money rates. Early in 1954, the diminishing volume of loans to business exerted a further downward pressure on the short-term money market and the restoration in February of the Federal Reserve Banks' discount rate to the pre-January 1953 level of  $1\frac{1}{4}$  per cent reflected official recognition of the easier trend in money conditions. In the following month, in the context of a comfortable supply of reserves, the New York city banks reduced their prime lending rate from  $3\frac{1}{4}$  per cent to 3 per cent and in April the Federal Reserve policy of promoting credit

3 per cent to  $2\frac{1}{2}$  per cent. In the Philippines too, the Bank rate was reduced from 2 per cent to  $1\frac{1}{2}$  per cent in February 1954 with a view to stimulating employment and income levels.

While monetary control in several countries was somewhat relaxed for the greater part of the period, in a few countries monetary authorities imposed credit curbs. Among the European countries, in the Netherlands, the persistent rise in the country's foreign assets led to a large and continued increase in the liquidity of the banking system. In order to offset the resultant inflationary potential, the Netherlands Bank, in March 1954, introduced cash reserve requirements for banks and subsequently raised them in stages, funded a part of the Government's floating debt and provided for supplementary controls, mainly through secondary reserve requirements and credit ceilings. In Denmark also, the National Bank raised its discount rate in June from  $4\frac{1}{2}$  per cent to  $5\frac{1}{2}$  per cent in an effort to check the deterioration in the balance of payments. Some of the Latin American republics (Colombia, Brazil, Nicaragua), which continued to suffer from inflationary pressures or were confronted with fluctuations in foreign exchange reserves, pursued restrictive credit policies either through the use of traditional monetary weapons or through selective controls. In New Zealand, inflationary pressures stemming from a large expansion in overseas assets and a raising of the wage levels necessitated a tightening of monetary restraints. The Reserve Bank of New Zealand raised its discount rate in April 1954 from  $1\frac{1}{2}$  per cent to  $3\frac{1}{2}$  per cent and followed this measure by raising the reserve requirements of trading banks in May. Reserve requirements were temporarily reduced in September 1954, but the move was reversed in November and at the same time the Bank rate was further raised by  $\frac{1}{2}$  per cent. In Japan, the monetary authorities had to tighten up restraint measures in order to arrest the deterioration in the country's external payments position.

In India where the year was one of orderly economic expansion, credit policy remained broadly unchanged ; the impact of the increasing tempo of development on the banking system and credit trends is reviewed in the chapters that follow.

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## CHAPTER II

### THE BANKING SITUATION IN 1954

Expanding resources and greater activity were the main characteristics of banking in India during 1954, in contrast to the relatively quiet year that preceded it. Net deposit liabilities of scheduled banks recorded a sharp rise of Rs. 91 crores, both demand and time deposits participating in this increase; in the preceding year, the relatively small increase of Rs. 8 crores in deposit liabilities was wholly made up of an expansion in time deposits. The rising trend in deposits confirms the observation made in the Report for 1953 that the post-Partition decline in deposits has been arrested; in fact a phase of deposit expansion, related in the main to the rising tempo of Government outlay under the Five-Year Plan, seems to have begun. In the year under review, a greater volume of banks' resources was put to use in earning assets, and reflecting this, both advances and investments went up over the year. The increase in advances is particularly noteworthy following, as it does, declines in the previous two years. However, the ratio of advances to deposits of banks as a whole was almost unchanged over the year, and the generally comfortable position in which banks were placed was also reflected in the large increase in their excess balances with the Reserve Bank over the year; the cash ratio of banks at the end of 1954 was substantially higher than the level a year earlier, though taking the average for the year as a whole, this increase was only fractional. Although at a higher level, trends in bank credit generally conformed to the seasonal pattern; the earlier months of the year coincided with the major part of the 1953-54 busy season which saw a larger volume of credit expansion. The 1954 slack season was, on the other hand, relatively short and the return of funds was smaller than the preceding seasonal outgo. In the closing months of the year, the growing impact of the 1954-55 busy season was felt. Though credit was generally at a higher level in 1954 and though the credit contraction in the slack season was not commensurate with the seasonal expansion in 1953-54, there was no reason to believe, as there was in 1951—the last year in which bank credit had expanded over the year—that speculative influences were significantly at work. On the other hand, the expansion in bank credit has to be related to the sustained increase in production and business activity, though with a generally declining wholesale price level. While the main source of banks' funds for meeting their increasing credit requirements came out of their larger deposit resources, there was also increased resort to the Reserve Bank for accommodation. Banks availed themselves in substantial measure of the facilities for borrowing from the Reserve Bank and in fact, in 1954, the financial assistance provided by the Bank stood at a record level. The annual volume of advances both under the Bill Market Scheme, whose scope was further enlarged during the year, and for general purposes, was the largest to date; the former in particular was well over double the 1953 total. Thus, the mechanism of central bank assistance, which has been made use of in increasing measure in the past few years, had its first try out during the year under conditions of an overall monetary expansion in contrast to 1953 and 1952 when the banking system was in the process of completing its readjustment to the policy changes of November 1951.

This expansion in banking activity which is detailed later in this and the subsequent chapter has been accompanied by progress on the institutional side, a fuller account of which is also provided in the last two chapters of this Report. Thus

over the year, while, on the one hand, steps were taken to widen the banking facilities in existence and to adopt measures for training of banking and co-operative personnel, on the other, the supervisory activities of the Bank have continued to help in the creation of a sounder institutional framework to meet the needs of the future.

The larger turnover of banking business in 1954 was a reflection of the broadening of overall economic activity in the country during the year. Production both in agriculture and in industry touched record levels. The index of agricultural production (*base* : agricultural year 1949-50=100) for 1953-54 was 113.5 as against 102 for 1952-53. The increase in production of foodgrains was particularly striking and exceeded the Five-Year Plan target by about 4.4 million tons, while the output of cash crops also registered a substantial advance. In industry also, the rising trend in production of the last 3 years was maintained, a rise of 8.1 per cent being registered in 1954 over the level of 1953. Most industries participated in the rise ; the output of cotton cloth reached a record level and substantial increases were obtained in steel and cement. The notable exception to this trend was sugar whose production declined.

The overall economic expansion was, not unexpectedly, accompanied by a rise in money supply. During 1954 there was an increase in the volume of money with the public by Rs. 129 crores compared with the smaller rise of Rs. 33 crores† in the previous year and a decline in 1952. The main factors behind this increase which was made up of a rise of Rs. 66 crores in currency in circulation and Rs. 63 crores of deposit money\* were the budgetary deficit on the one hand and an increase in the level of bank credit on the other. The monetary experience of 1954 has also to be viewed in the context of the price situation. Thus, despite an increase in money supply, the wholesale price index not only did not show any net rise over the year but actually moved downwards during most of it. In the first quarter of the year, there was a small net rise in the prices of several commodities; since then, however, the decline in prices was marked and for the year as a whole the general index of wholesale prices went down by 6.5 per cent whereas in the previous year it had risen by 4.8 per cent. In fact, the declining trend in prices, especially of agricultural prices, has focussed attention on measures for their support.

The external payments position in 1954 showed a nominal surplus of Rs. 3.7 crores\*\* as compared with a surplus of Rs. 58.7 crores in 1953; the decline in the surplus relatively to that in 1953 was mainly a consequence of the intensification in the pace of development and the larger volume of imports that this entailed. The export situation, however, registered an improvement over the year and the level of foreign trade was generally above the previous year's level.

The improvement in the economic situation was also reflected in encouraging capital market trends and the year was notable not only for a larger measure of new issue activity but also for the steps taken to set up the Industrial Credit and

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† Revised.

\* Comprising demand liabilities (net) of scheduled, non-scheduled and co-operative banks and deposits with the Reserve Bank other than those of Central Government and of banks.

\*\* Preliminary



Investment Corporation of India Ltd., and the Government-sponsored National Industrial Development Corporation Ltd.

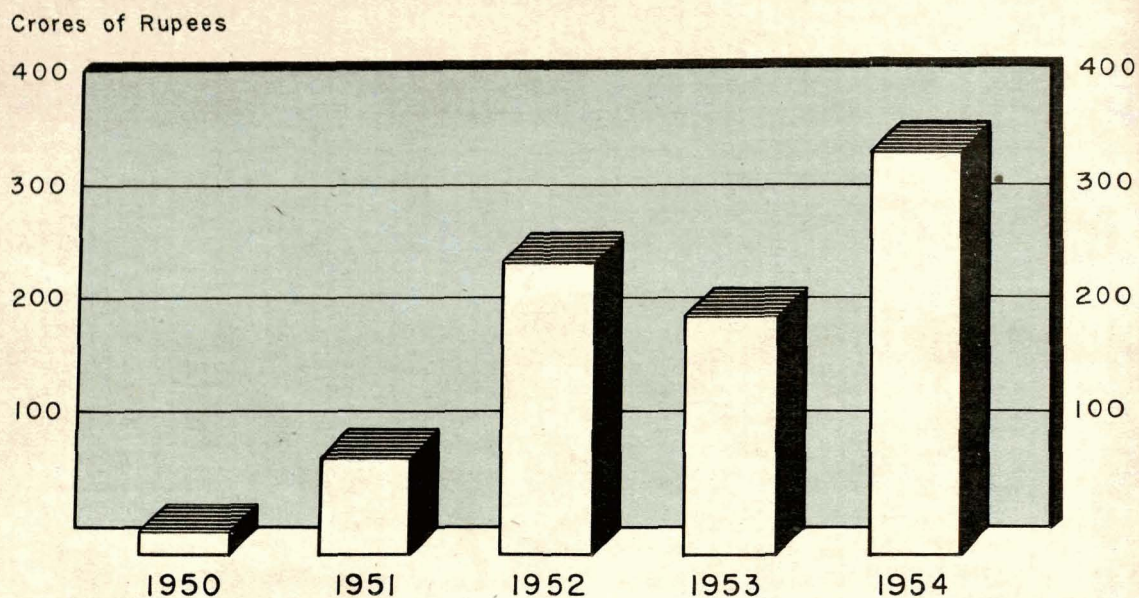
The higher level at which the economy was operating was reflected in bank credit trends in 1954. As against a fall of Rs. 10 crores in 1953, bank credit recorded an expansion of Rs. 57 crores in 1954. The rise in production levels and the consequent increased scope for trade finance were the main stimulants to the rise in advances. The larger level of foreign trade also contributed to the increase, while internally the resumption of private trading in foodgrains almost throughout the country was another significant factor. Data collected by the Bank reveal, for example, that over the year commercial advances rose by 11.2 per cent and industrial advances by 14.7 per cent; these totals conceal significant variations in the behaviour of advances to individual industries. Cotton, other textiles, sugar and engineering were the main industries which contributed to the expansion in industrial advances while iron and steel industries registered a decline. The main increase in commercial advances is accounted for by wholesalers in agricultural commodities; lending point to the explanation of the significance of private trading in foodgrains as a factor making for a rise in commercial advances is the increase witnessed in advances against the security of foodgrains.

Seasonal movements in bank credit reflect the larger turnover of banking business during the year. The busy season of 1953-54 was, as observed earlier, characterised by a larger measure of credit expansion than in the two preceding busy seasons and amounted to Rs. 112 crores as against Rs. 86 crores and Rs. 100 crores in 1952-53 and 1951-52, respectively. The early months of the year witnessed the 1953-54 busy season reaching its peak, which was touched on May 7, 1954. The season thus extended over five months. While banks met part of the credit demand out of their own resources, they augmented their funds substantially through borrowings from the Reserve Bank. During the busy season (November 21, 1953 to May 7, 1954) the gross borrowings of scheduled banks from the Reserve Bank amounted to Rs. 181 crores as against Rs. 120 crores in the previous busy season. The level of outstanding borrowings rose sharply to Rs. 54 crores on May 7, 1954, the corresponding figure in the previous year being Rs. 26 crores.

Not only was the seasonal expansion in 1953-54 greater than in the previous year, but the return of funds to the banking system in the slack season of 1954 was also smaller than the preceding seasonal expansion and was considerably less than the contraction in credit in the slack season of 1953 and 1952. In 1954 the seasonal contraction in scheduled bank credit (excluding foreign bills purchased and discounted, the outstanding amount of which was Rs. 25 crores on October 15, 1954) was Rs. 66 crores or less than two-thirds of the previous seasonal expansion and was indicative of the continuance of a measure of demand for bank credit in the slack season. The repayment by banks of their borrowings from the Reserve Bank was, however, smooth and was facilitated by the expansion in their resources. In the closing months of the year, as usual, the impact of 1954-55 busy season, which thus began on a higher credit base, began to be felt. In comparison with the earlier two years, the busy season of 1954-55 started somewhat earlier, and present indications suggest more intense credit needs than in 1953-54. The seasonal expansion in

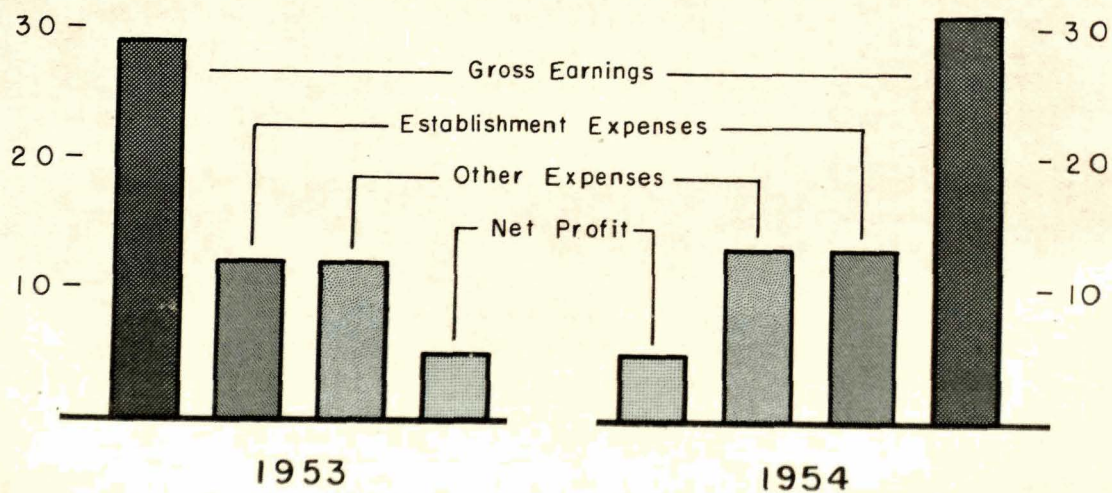
# GRAPHS 1 AND 2

## ADVANCES OF THE RESERVE BANK TO SCHEDULED BANKS AND STATE CO-OPERATIVE BANKS



## EARNINGS AND EXPENSES OF EIGHTEEN LARGER INDIAN SCHEDULED BANKS

(Crores of Rupees)



scheduled bank credit\* upto March 25, 1955 amounted to Rs. 98 crores. In this connection, it may be stated that prices in the 1954-55 season were generally lower, and so in real terms the volume of bank credit made available in the current season would be correspondingly higher.

The broadening of the demand for bank credit during 1954 is also indicated in the increased level of bank borrowings from the Reserve Bank. While financial assistance under Section 17(4)(a) of the Reserve Bank of India Act rose to Rs. 189 crores in 1954 compared to Rs. 130 crores in 1953, the most striking feature of scheduled bank borrowings from the Reserve Bank was the large increase in borrowings under the Bill Market Scheme (Section 17(4)(c)). In fact, the latter amounted to Rs. 148 crores and was more than double the volume in the previous year. In addition to financial accommodation under these two sub-sections, the Reserve Bank's discounts of Treasury bills held by scheduled banks amounted to Rs. 19 crores.

(In crores of rupees)

Period					Section 17(4)(a)	Section 17(4)(c)	Total
1952	..	..	..	..	164.25	81.45	245.70
1953	..	..	..	..	129.58	65.84	195.42
1954	..	..	..	..	188.70	147.52	336.22
1955 (January 1 to April 15)	..	..	..	..	67.70	60.64	128.34

Thus while the impetus to the larger volume of borrowings from the Reserve Bank was undoubtedly the larger credit demands, it was also facilitated by the more liberal credit facilities made available by the Bank. The sharp rise in advances under the Bill Market Scheme is due partly to the extension of these facilities to banks each with deposit liabilities of Rs. 5 crores or more in mid-1953. It may be noted further that the advances availed of under the Bill Market Scheme during the 1953-54 busy season (November 21, 1953 to May 7, 1954) at Rs. 80 crores was twice that which obtained during the corresponding period of 1952-53.

In the slack season of 1954, despite a slower return of funds to the system, the repayment by banks of their borrowings from the Reserve Bank was, as observed earlier, orderly; the outstandings of loans declined from Rs. 54 crores on May 7 to less than Rs. 1 crore on November 19, there being no outstandings of loans against usance bills. With the progress of the current busy season, however, scheduled banks began to have increasing recourse to the Reserve Bank for accommodation and the credit availed of by them upto April 15, 1955 amounted to Rs. 171.5 crores.

\* Including foreign bills purchased and discounted.

One of the recommendations of the Shroff Committee had been to extend the Bill Market Scheme to all scheduled banks with deposits of Rs. 1 crore and above. The Reserve Bank, however, extended the facilities in July to all scheduled banks in possession of a licence granted by it irrespective of the size of their deposits. In addition, the minimum limit of advances under the Scheme was lowered from Rs. 25 lakhs to Rs. 10 lakhs and the minimum amount of each individual bill was also fixed lower at Rs. 50,000.

Data relating to co-operative banks with paid-up capital and reserves of Rs. 1 lakh and over reveal that these have, in recent years, forged ahead of non-scheduled banks both in number and in the magnitude of business handled by them. The latest figures (June 1953) of the total deposits held at Rs. 117 crores and credit extended by them at Rs. 88 crores show that these were about twice that of non-scheduled banks. The Reserve Bank continues to pay attention to the needs of the co-operative banks, and during 1954 the Bank made 889 loans to them at the preferential rate of 1½ per cent for financing agriculture, marketing of crops, etc. Such loans aggregated Rs. 16 crores in 1954 as compared to Rs. 13 crores in 1953, Rs. 10 crores in 1952 and Rs. 9 crores in 1951. In addition, 24 loans totalling Rs. 40 lakhs were made for *bona fide* commercial transactions while one loan (amounting to Rs. 10 lakhs) was granted for general banking purposes. There was no occasion for co-operative banks to approach the Reserve Bank for loans to meet the withdrawal of deposits.

During the year, the total number of offices of banks recorded a further decline of one. This decline was accounted for by the non-scheduled banks whose offices decreased from 1351 (revised figure) to 1277. The number of offices of Indian scheduled banks, on the other hand, showed a net increase of 73 while those of exchange banks remained unchanged at 65. The variations in the number of offices of scheduled and non-scheduled banks are explained in the table below :—

Indian Scheduled Banks*				Exchange Banks	Non-Scheduled Banks			
New offices opened .. ..	..	..	+96		New offices opened .. ..	..	..	+21
Existing offices closed .. ..	..	..	-28		Existing offices closed .. ..	..	..	-96
Decrease due to exclusion of two banks from Second Schedule ..	..	..	- 6		Increase due to exclusion of two banks from Second Schedule ..	..	..	+ 6
Increase due to the merger of French Settlements with the Indian Union .. ..	..	..	+ 5		Increase due to the merger of French Settlements with the Indian Union .. ..	..	..	+ 1
Increase due to the merger of one non-scheduled bank with a scheduled bank .. ..	..	..	+ 6		Decrease due to the merger of one non-scheduled bank with a scheduled bank .. ..	..	..	- 6
NET .. ..	..	..	+73	Nil	NET .. ..	..	..	-74

\*Including two banks registered in Pakistan.



96 new offices were opened by Indian scheduled banks during the year, the Imperial Bank alone accounting for 32 of them. Statewise, 16 offices were opened in Madras, 10 each in Bombay and Madhya Pradesh, 9 in the Punjab, 7 each in Uttar Pradesh and PEPSU, 5 each in Andhra, Bihar, West Bengal and Delhi, 4 in Hyderabad, 3 each in Madhya Bharat and Mysore, 2 each in Assam and Vindhya Pradesh and 1 each in Orissa, Rajasthan and Travancore-Cochin. Of the 96 offices of non-scheduled banks closed during the year, 59 offices were accounted for by banking companies which either went into liquidation or converted themselves into non-banking companies or otherwise ceased to function and the rest were closed by the existing banks. Statewise, the largest number of closures, 37 offices, occurred in Travancore-Cochin followed by 14 offices in Bombay, 7 each in Andhra and Assam, 6 in Madras, 5 in Himachal Pradesh, 4 each in Rajasthan and Uttar Pradesh, 3 each in the Punjab and West Bengal, 2 in Delhi and 1 each in Hyderabad, Mysore, PEPSU and Tripura. In a majority of cases, however, the availability of banking facilities in the towns concerned did not seem to be affected by these closures.

122 applications in respect of 145 offices (including 6 offices outside India) were received for licences under Section 23 of the Banking Companies Act. Of these 136 were for opening new offices, 5 for opening temporary offices and 4 for changing the location of existing offices. All applications for opening temporary offices as well as for changing the location of existing offices were approved, while 26 for opening new offices were rejected.

It may be recalled that in earlier Reports, a mention was made of the programme of branch expansion of the Imperial Bank of India in pursuance of the recommendations of the Rural Banking Enquiry Committee that the Reserve Bank and the Imperial Bank should investigate the business potentialities at 274 centres in Part 'A' and Part 'C' States where the turnover on Government account exceeded Rs. 64 lakhs per annum. In pursuance of this recommendation and after discussions with the Reserve Bank, the Imperial Bank agreed to open 114 branches (including conversion of 13 treasury pay offices into branches) within a period of 5 years, commencing from July 1, 1951. Up to the end of 1954, the Imperial Bank had, in partial implementation of this agreement, opened 44 branches and converted 11 treasury pay offices into branches.

A major event during the year under review in the sphere of State-owned and State-controlled banks of which there were 37\* at the end of 1953, was the recommendation of the Committee of Direction of the All-India Rural Credit Survey that 10 major State-associated banks should be amalgamated with the Imperial Bank of India to form the State Bank of India. Legislation to constitute a State Bank for India and to transfer to it the undertaking of the Imperial Bank of India was introduced in Lok Sabha on April 16, 1955.

In the Report for 1953, it was mentioned that of the 37 banks in operation at the end of the year, four banks were seeking conversion into co-operative institutions and/or non-banking companies. Of these, during 1954, one bank transferred its

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\* Revised

liabilities and part of its assets to a co-operative bank and was taking steps to convert itself into a non-banking company. Another, whose business was being taken over by a co-operative bank, went into voluntary liquidation, while a third was ordered by the Government of India to be placed under liquidation to facilitate the transfer of its business to a co-operative bank. In the case of the fourth bank, the proposal for such a conversion has since been found to be not feasible and the bank continues to operate as a joint stock concern. Two banks in Madhya Bharat were placed in liquidation while in the case of a bank in West Bengal, the question of winding it up was deferred by the Government concerned, pending the formulation by the bank of a scheme whereby the State Government could get back its deposits from it. Of the two banks which proposed to transfer their assets and liabilities to another State bank and were referred to in the last year's Report, one transferred a part of its assets and liabilities to the State bank and its future is still under consideration of the State Government concerned, while in regard to the other the matter has not yet been finalised. Thus, at the end of December 1954 there remained 31 banks in which State Governments had a financial interest.

Mention was made in the Report for 1953 that in Rajasthan a proposal for amalgamation was mooted between 3 scheduled banks in which the Government of that State had a financial interest. In the year under review, no further development took place though it may be mentioned that all the 3 banks concerned have been listed in the All-India Rural Credit Survey Report among the State-associated banks recommended for integration with the proposed State Bank of India.

During 1954, the total number of Indian scheduled banks' offices abroad showed no net change. Consequent on the merger of French Settlements in India with the Indian Union, three offices in the former French possessions came within the Indian Union. One office was closed down in Pakistan while four new offices were opened, three in British East Africa (two at Nairobi and one at Jinja) and one in Burma. At the end of 1954, there were 24 scheduled banks with 97 offices operating in 10 foreign countries. Their deposits abroad amounted to Rs. 69 crores, their liquid resources to Rs. 39 crores and loans, advances and bills purchased and discounted to Rs. 35 crores.

Mention was made in the last Report of the steps taken by the Reserve Bank towards the establishment of a Bankers Training College to impart training in practical banking to the supervisory staff of commercial banks in India. The College which is located at Bombay was formally inaugurated by the Governor of the Reserve Bank on September 14, 1954. The first eight-week course for a batch of 24 trainees drawn from banks in various parts of the country commenced on September 27, 1954 and the second course for a similar number of trainees commenced on December 6, 1954. Two British experts, Messrs. F. H. Hayne and T. H. Harvey, whose services have been lent under the Colombo Plan for a period of two years, are in charge of the College as the Principal and Chief Instructor, respectively; the services of a senior officer of the Imperial Bank of India and of three officers of the Reserve Bank of India, possessing commercial banking experience, have also been made available to the College in the capacity of instructor, senior tutor and tutors, respectively. The course of training is primarily practical in character. The practical aspects of banking operations are explained to the trainees with the help of various forms,

specimens of credit instruments, documents, registers, books, etc., in use in leading banks. Besides the regular curriculum, arrangements have been made for lectures to be given occasionally to trainees by experts in various subjects. In view of the advanced nature of the training imparted at the College, admission to the College is ordinarily restricted to either graduates or Certificated Associates of the Institute of Bankers or persons who have held supervisory posts in banks for a period of at least four years. The Reserve Bank has appointed an Advisory Council consisting of the representatives of banks, the Indian Institute of Bankers, the Indian Banks Association and the Principal, Sydenham College of Commerce and Economics, to assist the Bank in running the College. The Governor of the Bank is the President of the Council.

In the course of 1954 no fresh agreements were negotiated with any Part B States regarding the appointment of the Reserve Bank as their banker. The Bank now functions as the sole banker to the Governments of five Part B States, namely, Hyderabad, Mysore, Travancore-Cochin, Madhya Bharat and Saurashtra, as it is in the case of all the Part A and C States. The two Part B States which have not yet appointed the Reserve Bank as their banker are Rajasthan and PEPSU. In the Part B States to which the Reserve Bank is now the sole banker, currency chests have been established by it to enable it to perform its functions and by the end of 1954, 45 currency chests were so opened, 26 of them in Hyderabad, 9 in Mysore, 7 in Travancore-Cochin and 3 in Saurashtra. In Hyderabad and Mysore, the Hyderabad State Bank and the Bank of Mysore have, respectively, been entrusted with agency functions on behalf of the Reserve Bank with effect from April 1, 1953 and November 1, 1953, and it has been decided that both these banks should be remunerated for the conduct of Government cash work on behalf of the Reserve Bank during the initial period of their respective agreements (5 years in the case of the Hyderabad State Bank and 4 years and 2 months in the case of the Bank of Mysore) on the basis of a commission on turnover on the lines of arrangements which came into force when the Imperial Bank was appointed as the Reserve Bank's agent in 1935. The rates of commission are to be revised at the expiry of the initial periods of agreements on the basis of the actual cost incurred by the banks as ascertained by expert accounting investigation (which the Comptroller and Auditor-General of India has agreed to undertake as he is doing in the case of the Imperial Bank of India), and are subject to revision in like manner at the end of each subsequent period of 5 years.

A reference was made in the Report for 1953 to the filing of appeals to the Labour Appellate Tribunal (Special Bench) by employees and banking companies against the Sastry Award. The Tribunal gave its Decision on April 28, 1954, the main features of which were that the scheme of basic scales of pay adopted was more or less the same as in the Sastry Tribunal's Award but the minima and the maxima of the scales of pay for A, B and C Classes of banks were stepped up in the combined running scale, except in the case of Class A banks in Class I area. The subordinate staff were to get the same basic scales of pay as were prescribed in the Sastry Tribunal's Award. The scales of pay and dearness allowance in respect of the clerical and subordinate staff in D Class banks were to remain the same as prescribed in the Sastry Award for a period of five years from April 1, 1954; thereafter, they would get the scales awarded to C Class banks under the Decision. The Appellate Tribunal also

prescribed a slightly different formula with respect to increment conditions in respect of service rendered prior to January 31, 1950 and stepped up the maximum and minimum rates of dearness allowance in the case of clerical and subordinate staff with the exception of D Class banks referred to above.

The Decision of the Labour Appellate Tribunal was examined by the Government of India in all its aspects and after hearing the representatives of the All-India Bank Employees' Association and the Indian Banks Association, the Government decided that it would be inexpedient on public grounds to give effect to certain provisions of the Decision. Accordingly, in exercise of the powers conferred by Section 15 of the Industrial Disputes (Appellate Tribunal) Act, 1950, the Central Government passed an Order on August 24, 1954 making certain modifications in the Decision. The adjustments in the new scales of pay in all areas in respect of staff existing on January 31, 1950 were, according to the Government's modification, to be on the basis of the Sastry formula with ceiling of 4 increments. The dearness allowance in all areas was also to be in accordance with the Sastry Award. In respect of banking offices in towns with a population of 30,000 or less in Part 'A' States and some of the Part 'C' States where the Sen Award as frozen was in force, the scales of pay and allowances laid down by the Sastry Award for Class III area were prescribed and for this purpose, a new area called Class IV comprising such centres was provided for in the Award. The banking offices in such centres in Part 'B' States and the other Part 'C' States where the frozen Sen Award was not in force, were altogether excluded from the operation of the Award. A provision was made that where the total emoluments drawn by an employee for the month of March 1954 were larger than the emoluments to which he would become entitled under the provisions of the Award as modified, the difference between the two should be adjusted over a period of three years from the date of enforcement of the Award by a reduction of one-third of such excess on the completion of each 12 months from that date. The United Bank of India was exempted from the Award altogether. The announcement of Government's modification of the Award led to protests from bank employees and a strike was threatened. Meanwhile, Government appointed the Bank Award Commission whose Chairman and sole member was the late Shri Justice G. S. Rajadhyaksha, on whose demise the Government appointed Shri Justice P. B. Gajendragadkar to complete the enquiry begun by his predecessor.

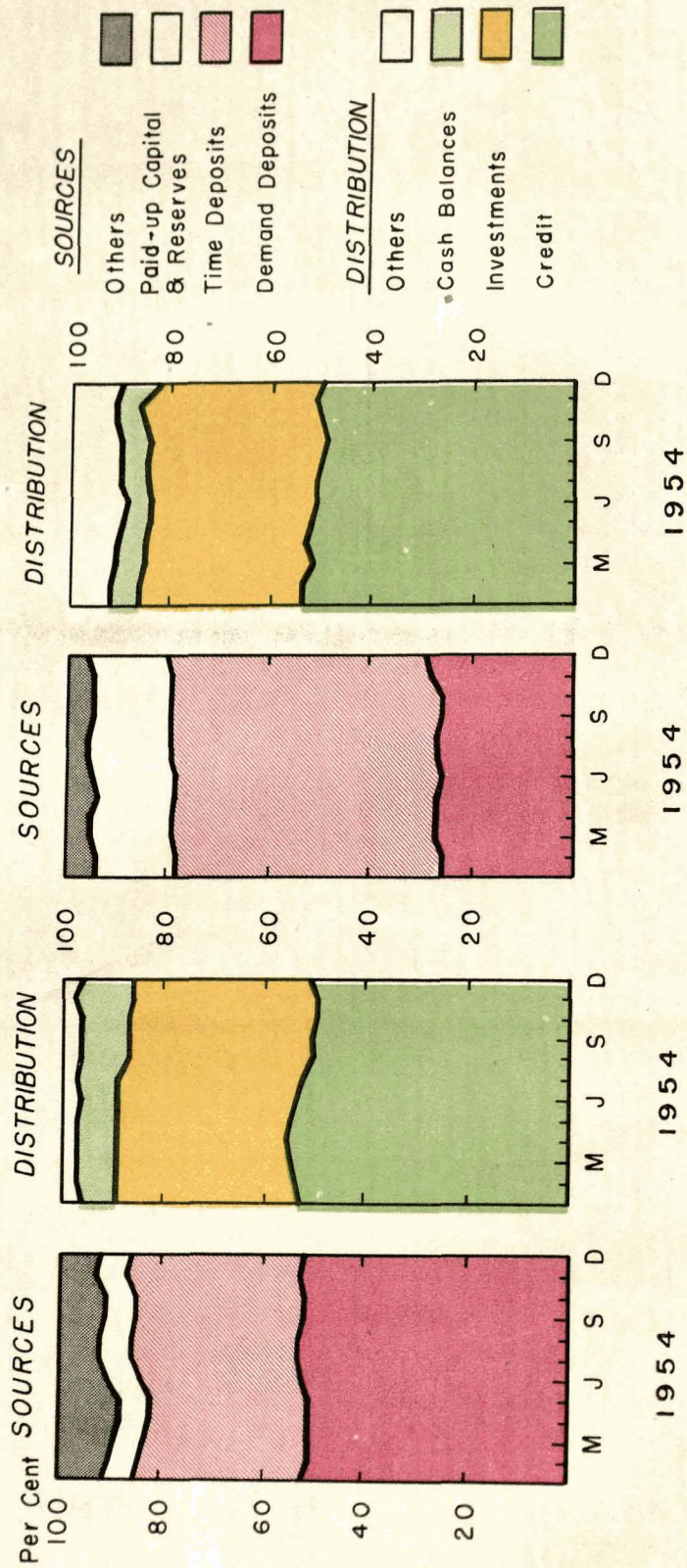
The terms of reference of the Bank Award Commission are, *inter alia*, (1) to enquire into and to ascertain the effects of the Appellate Tribunal Decision and the Decision as modified by Government on the emoluments of bank employees, (2) to examine the impact on individual banks of the additional expenditure that would have been caused by the Appellate Tribunal Decision over the expenses under the frozen Sen Award and of the additional expenditure that would have been incurred under the Sastry Award, and (3) to recommend whether the Appellate Tribunal Decision as modified by the Government should be continued or whether the Decision should be restored in full or in part or whether any other modification is deemed necessary having regard to the need for ensuring an equitable treatment to bank employees consistent with the capacity to pay of the various classes of banks. Due regard was also to be paid to the desirability of avoiding widespread closures of banking companies or their branches, to the necessity to promote development of banking in the country generally and in rural areas in particular and to any possibilities of effecting economies in the expenses of banking companies.



# SOURCES AND DISTRIBUTION OF FUNDS

## SCHEDULED BANKS

## NON-SCHEDULED BANKS



## CHAPTER III

### STRUCTURE OF ASSETS AND LIABILITIES OF BANKS

The increased turnover of banking business in 1954 is reflected in the movements in the main items of assets and liabilities of banking companies. The more significant changes on the assets side were an increase in the main earning assets, namely, advances and investments, and on the liabilities side a rise in deposits.

#### Variations in Principal Items of Assets and Liabilities of Scheduled Banks

(In crores of rupees)						
Year		Paid-up capital and reserves	Deposits	Cash in hand and balances with the R.B.I.	Investments in Government securities	Credit
1		2	3	4	5	6
1953	.. ..	+0.1	+ 8.3	- 2.2	+11.5	- 9.6
1954	.. ..	—	+91.1	+27.0	+12.2	+57.1

The total paid-up capital and reserves of Indian scheduled banks recorded a slight rise of Rs. 20 lakhs over the year, despite a reduction in the number of reporting banks. The rise was almost evenly distributed between paid-up capital and reserves. At the end of 1954, the paid-up capital and reserves of Indian scheduled banks stood at Rs. 60.3 crores.\* Exchange banks' reserves, on the other hand, declined by an identical figure of Rs. 20 lakhs to Rs. 2.6 crores. The paid-up capital and reserves of non-scheduled banks, of which there were 14 fewer reporting at the end of the year, remained unchanged at Rs. 12.4 crores, a decline of Rs. 20 lakhs in paid-up capital being offset by a rise in reserves of the same magnitude. The share of non-scheduled banks in the total paid-up capital and reserves of Indian banking companies continues to remain around 17 per cent. The ratio of paid-up capital and reserves of Indian banks to their deposits fell from 10.0 per cent in 1953 to 8.9 per cent in 1954 owing to the rise in deposits; the ratio for Indian scheduled banks was 8.1 per cent and that for non-scheduled banks was, as in previous years, higher at 19.2 per cent.

The reserves of Indian scheduled banks as a proportion of their paid-up capital remained virtually steady at 84 per cent over the year. In the case of non-scheduled banks the proportion of reserves to paid-up capital registered an increase from 46 per cent to 49 per cent. At the end of 1954, 20 scheduled and 67 non-scheduled banks had reserves equal to or in excess of paid-up capital; at the other end of the scale, there were 28 banks (2 of which were scheduled banks) which had no reserves at all.

As observed in previous years, the structure of capital and reserves of individual banks varies considerably; the bulk of capital and reserves (as also deposits) is concentrated in a few large units. Thus 25 large Indian scheduled banks (the same number as in 1952 and 1953) each having capital and reserves of Rs. 50 lakhs

\* This figure includes reserves of two banks incorporated in Pakistan amounting to Rs. 1 lakh.

and over accounted between them for Rs. 51.9 crores of capital and reserves, the remaining 47 banks having between them only Rs. 8.4 crores.

**Paid-up Capital and Reserves and Deposits of Indian Banks Classified by Size of their Paid-up Capital and Reserves**

(Amount in crores of rupees)

Size of paid-up capital and reserves 1	No. of reporting banks			Total paid-up capital and reserves			Deposits		
	1949 2	1953 3	1954 4	1949 5	1953 6	1954 7	1949 8	1953 9	1954 10
1. Below Rs. 50,000 ..	83	49	36	0.2	0.1	0.1	1.0	0.5	0.2
2. Rs. 50,000 to Rs. 1 lakh ..	67	108	111	0.5	0.8	0.8	1.8	2.6	2.7
3. Rs. 1 lakh to Rs. 5 lakhs ..	141	195	190	3.2	4.0	3.9	14.8	18.5	18.4
4. Above Rs. 5 lakhs ..	110	135	135	58.7	67.6	67.9	661.8	705.1	790.8
<b>Total .. ..</b>	<b>401</b>	<b>487</b>	<b>472</b>	<b>62.6</b>	<b>72.5</b>	<b>72.7</b>	<b>679.4</b>	<b>726.7</b>	<b>812.0</b>

Section 11 (1) read with Section 11 (3) of the Banking Companies Act requires that the banking companies must have minimum capital and reserves of Rs. 50,000, such banks as do not possess this minimum being required to cease transacting banking business. At the end of 1954, there were 36 such banks, some of which had been given time to comply with the provisions pending re-constitution of their capital structure.

During the year, 7 applications for permission to issue capital for the specific purpose of compliance with Section 11 of the Act were referred to the Bank by the Controller of Capital Issues, bringing the total number of such applications since the Act came into force to 183. Of the 8 applications considered during the year (including one pending at the end of the previous year), 5 were recommended for acceptance and 3 for rejection.

Of the 11 banking companies whose paid-up capital and reserves were, as stated in the previous Report, not in accordance with the minimum requirements of Section 11, one bank increased its paid-up capital and reserves to the required level during 1954, while 3 banking companies converted themselves into non-banking companies or went into liquidation. The following table shows the number of banks which did not satisfy the minimum capital requirements as at the end of 1954 :—

**Number of Banking Companies\* with Paid-up Capital and Reserves short of the Minimum Requirements**

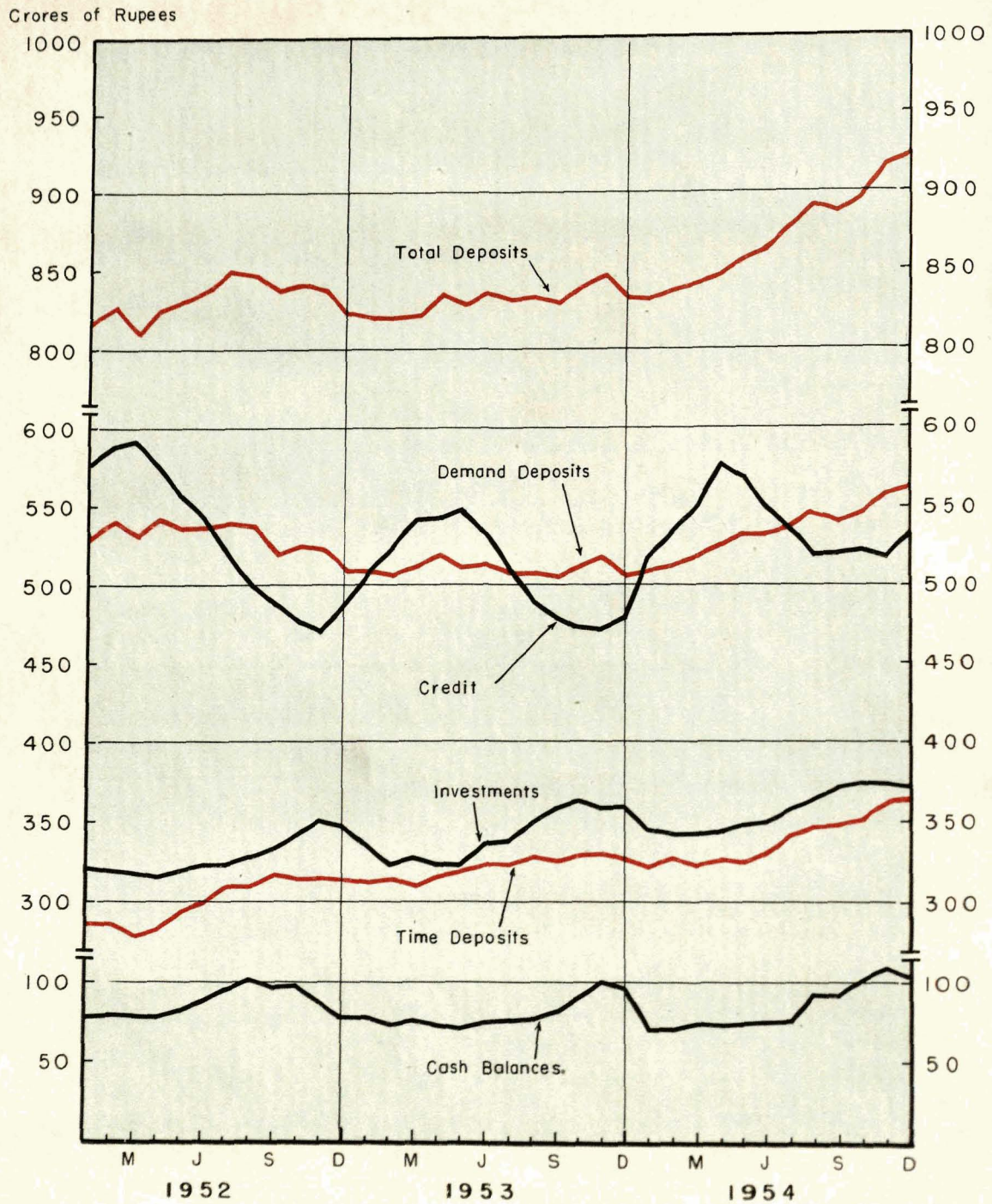
Size of the paid-up capital and reserves	1953	1954
(1) Below Rs. 50,000 .. ..	5	2
(2) Rs. 50,000 and above but below Rs. 1,00,000 .. ..	—	—
(3) Rs. 1,00,000 and above but below Rs. 5,00,000 .. ..	4	4
(4) Rs. 5,00,000 and above .. ..	2	1
<b>Total</b>	<b>11</b>	<b>7</b>

\* Excluding those working under the schemes of arrangement and those incorporated in Part B' States and merged areas of Part 'A' States.



GRAPH 4

# PRINCIPAL LIABILITIES AND ASSETS OF SCHEDULED BANKS



A sizeable rise in deposit liabilities was the outstanding change on the liabilities side of banks over the year. The total deposits of all scheduled banks rose from Rs. 832 crores at the end of 1953 to Rs. 923 crores a year later—a rise of Rs. 91 crores. Nearly two-thirds of the increase were in respect of demand deposits which rose over the year by Rs. 56 crores, time deposits accounting for the remaining Rs. 35 crores. The increase in demand deposits was continuous till August, and after a drop in September the trend was resumed. The course of time deposits, on the other hand was rather uneven though within a very narrow range, in the first quarter of the year; thereafter the increase in such deposits was continuous and particularly towards the end of the year it gained momentum. Savings deposits, data regarding which are available from the survey of ownership of deposits as on December 31, 1954, accounted for about the same proportion of total deposits as they did last year; as was observed last year too, nearly three-fifths of savings deposits were in the nature of demand liabilities. The rise in total deposits was also made up in large measure by the increase in deposits with Indian scheduled banks, these banks accounting for Rs. 80 crores of the total increase of Rs. 91 crores. The rise of Rs. 11 crores in the case of exchange banks, it is interesting to observe, was mainly due to the spurt of deposit liabilities by Rs. 7 crores in November 1954, most of which was in respect demand deposits. The increase in time deposits with Indian scheduled banks, although in absolute terms representing an amount larger than the increase in such deposits in the two preceding years put together, was, as a proportion of the increase in deposits in the year under review, much lower than in the previous two years. The proportion of time deposits to total deposit liabilities of Indian scheduled banks consequently stood slightly lower at 40 per cent as against 41 per cent in 1953. In the case of non-scheduled banks, the deposit liabilities showed a small rise of Rs. 5 crores to Rs. 65 crores though the number of reporting banks was less. Non-scheduled banks had, as in previous years, a greater proportion of their deposits in time deposits.

The survey of ownership of deposits shows that the large expansion in scheduled bank deposits was shared by all categories of deposits; business deposits rose by Rs. 34 crores, personal deposits by Rs. 22 crores, Government and quasi-Government bodies' deposits by Rs. 20 crores and others by Rs. 11 crores. Consequently, the pattern of distribution of deposits as at the end of December 1954 has remained more or less the same as in earlier years.

#### Deposits of Scheduled Banks, December 1953—December 1954\*

		(In crores of rupees)			
		Business	Personal	Others	Total
Demand	Dec. 1953	218.6	113.0	86.0	417.6
	June 1954	234.4	116.1	93.0	443.5
	Dec. 1954	235.9	114.7	114.1	464.6
Time	Dec. 1953	66.9	141.1	58.7	266.7
	June 1954	62.9	145.2	59.2	267.3
	Dec. 1954	83.0	154.0	61.9	298.8
Savings	Dec. 1953	1.9	133.3	3.6	138.8
	June 1954	1.9	137.0	4.3	143.2
	Dec. 1954	2.1	140.4	4.0	146.5
Total	Dec. 1953	287.4	387.4	148.3	823.1
	June 1954	299.2	398.3	155.5	854.0
	Dec. 1954	321.0	409.1	180.0	909.9

\* Relate to 86 banks in December 1953 and 86 and 85 banks, respectively, in June and December 1954.

The increase in resources of the banking system was reflected in the more comfortable liquid position of banks notwithstanding an increase in their advances and investment portfolios. Cash and balances which banks maintained with the Reserve Bank were at higher levels than in the previous years, the average cash ratio for scheduled banks being 9·4 as against 9·1 in the previous year. It may, however, be noted that the average level for 1954 was lower than that in 1952 and 1951. Thus, the general tendency noticed in recent years for banks to work on lower cash ratios does not seem to be negated by last year's experience. As explained in earlier Reports, the increased borrowing facilities from the Reserve Bank enabled banks to work on lower cash ratios than might otherwise have been necessary. The cash ratio of non-scheduled banks remained, as in previous years, at a lower level than for scheduled banks.

A few banks defaulted in the maintenance of statutory reserves (in terms of Section 42 (1) of the Reserve Bank of India Act in the case of scheduled banks and Section 18 of the Banking Companies Act in the case of non-scheduled banks); these defaults were, however, of a casual nature and were soon rectified.

Mention was made in earlier Reports of the permission granted to banks to exclude from the total of demand and time liabilities, for purposes of Section 24 of the Banking Companies Act, not only the amounts borrowed from the Reserve Bank as provided for in the Act itself but also borrowings from the Imperial Bank and to treat as unencumbered their approved securities lodged with other banking companies to the extent to which such securities were not utilised for an advance or other credit arrangement. The exemption, which was to expire on June 8, 1954, has been extended for a further period of one year upto June 8, 1955. It would also be recalled that banks incorporated in and confining their activities to the State of Travancore-Cochin were exempted until March 31, 1954, from the provisions of Section 24 (1) of the Act in so far as such provisions require them to maintain in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount in excess of 10 per cent of the total of their demand and time liabilities. This exemption has also been extended for a further period of one year, till March 31, 1955 with the change that the percentage of eligible assets has been raised from 10 to 15.

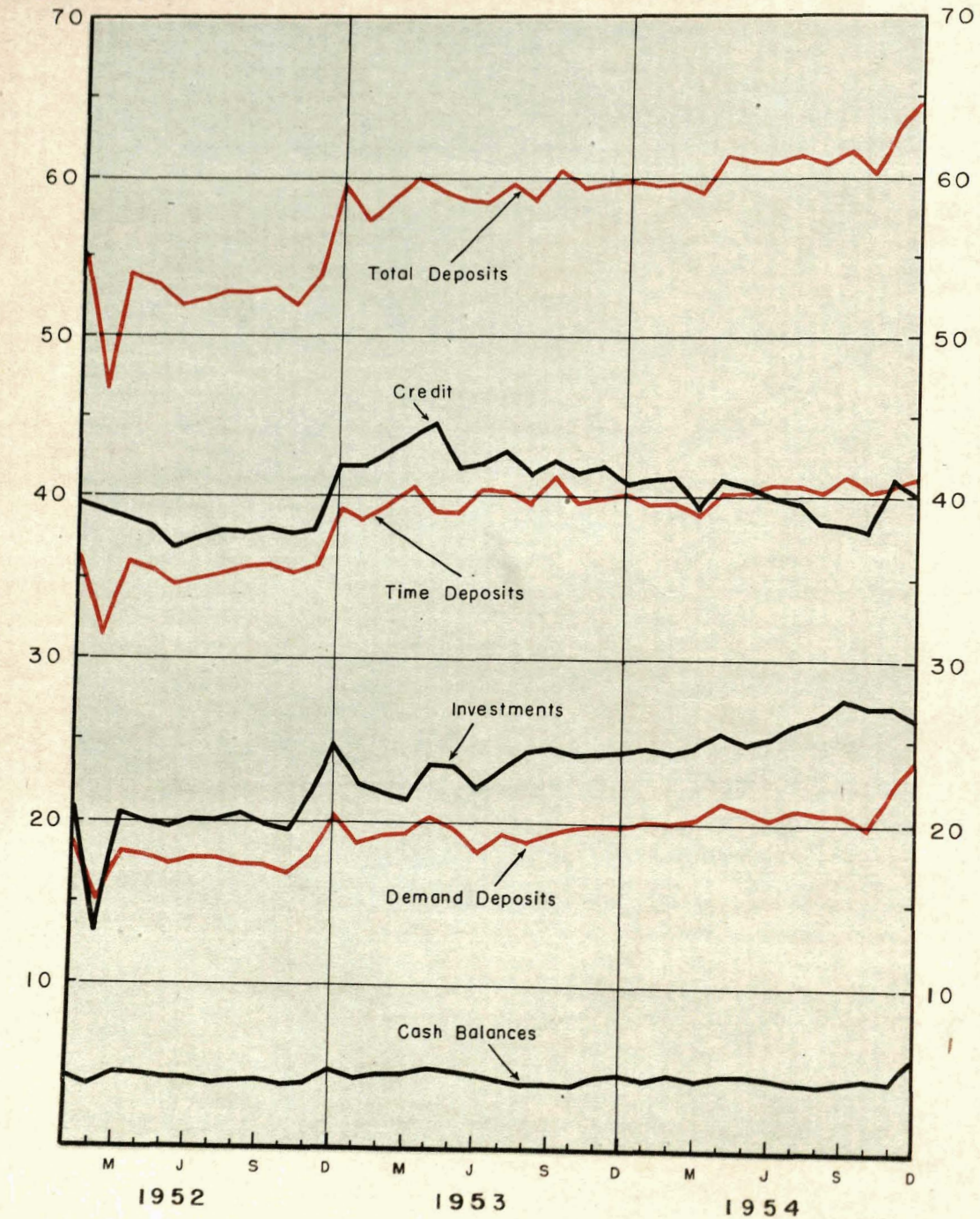
The trends in investments of commercial banks also indicate the greater utilisation of bank resources in earning assets. Over the year, the rise in investments in Government securities of all banks amounted to Rs. 14 crores; the increase in the case of scheduled banks alone amounted to Rs. 12 crores, nearly all of which (Rs. 11·6 crores) was in respect of Indian scheduled banks. In the first 3 months of the year, there was a slight decline in the level of investments in conformity with the busy seasonal trend. From April upto November, the rise in investments was steady, the largest increases taking place during July to September reflecting, perhaps, the subscription by Indian scheduled banks to the issue of the National Plan Loan. Other investments fluctuated within a very narrow range of Rs. 23-25 crores and over the year registered a small rise of Rs. 1·6 crores. Over the year, however, the ratio of scheduled bank investments to their deposits fell from 43·0 per cent to 40·2 per cent. Non-scheduled banks also increased their investments in Government securities over the period by Rs. 1·2 crores.



GRAPH 5

PRINCIPAL LIABILITIES AND ASSETS  
OF NON-SCHEDULED BANKS

Crores of Rupees





Despite the sizeable accretion to the total, the distribution pattern of scheduled bank investments at the end of 1954 hardly showed any change as compared with a year ago. Investments in Government securities formed 86.4 per cent of the total investments as compared with 86.7 per cent in 1953 and the small rise in the proportion of Central Government securities was offset by an almost equal decline in State Government securities. Among other domestic investments, fixed deposits showed a small rise. Foreign investments accounted for 5.8 per cent of the total, of which a little over one-third was held in Pakistan.

**Investments of Scheduled Banks, December 1953—December 1954\***

(In crores of rupees)

					December 1953	June 1954	December 1954
1. Government securities .. .. .	..	..	..	..	337.7	337.1	357.5
of which							
(i) Central Government .. .. .	..	..	..	..	300.5	302.4	322.4
(ii) State Governments .. .. .	..	..	..	..	36.0	34.5	35.0
(iii) Others—mainly postal .. .. .	..	..	..	..	0.3	0.2	0.2
2. Other domestic investments .. .. .	..	..	..	..	20.2	20.3	32.5
3. Foreign investments .. .. .	..	..	..	..	22.8	22.1	23.0
<b>Total .. .. .</b>	..	..	..	..	<b>389.7</b>	<b>388.6</b>	<b>413.9</b>

\* Relate to 87 banks in December 1953 and 88 and 83 banks, respectively, in June and December 1954.

The maturity pattern of scheduled bank holdings of Government securities witnessed significant variations. Investments in Treasury bills fell from Rs. 10 crores to Rs. 7 crores due chiefly to the suspension of their sales to the public during April to October. Securities maturing within 5 years fell substantially from Rs. 102 crores to Rs. 86 crores owing to the redemption of maturing loans; those maturing in 10 to 15 years fell from Rs. 51 crores to Rs. 41 crores, while those maturing within 5 to 10 years rose sharply from Rs. 162 crores to Rs. 210 crores and was the result of subscriptions to the National Plan Loan, as well as the shifting of certain loans from the 10 to 15 years group to this category. Securities maturing within 10 years (excluding Treasury bills) amounted to a little over four-fifths of banks' gilt-edged holdings.

The change in the maturity distribution of non-scheduled bank investments in Government securities was broadly similar to that of scheduled bank holdings. Short-dateds and medium-longs fell from Rs. 3 crores to Rs. 2 crores and from Rs. 5 crores to Rs. 4 crores, respectively, while short-mediums and long-dateds rose from Rs. 9 crores to Rs. 11 crores and Rs. 3 crores to Rs. 4 crores, respectively.

1954 was the first year since 1951 when scheduled bank credit rose over the year as a whole, owing largely, as has been explained earlier, to the rising credit demands in the economy resulting from overall economic expansion. In the earlier months of the year, that is upto April, which were the later months of the 1953-54 busy season, the increase in scheduled bank credit amounted to Rs. 99 crores, of which Indian scheduled banks accounted for Rs. 86 crores. During the slack season, lasting from the end of April to the end of October, the decline in scheduled bank credit was only Rs. 54 crores. It is interesting to recall that this decline was entirely accounted for by Indian scheduled banks. Credit contraction in the slack season was considerably less than in

the corresponding season of 1953, when, it may be recalled, the return of funds exceeded the previous seasonal outgo. The 1954-55 busy season, consequently started on a higher credit base, and the advances-deposits ratio at the beginning of the current season was higher than at the beginning of the preceding busy season despite an increase in deposits in the intervening period.

Indian scheduled banks continued to account for a little over two-thirds of total advances while the exchange banks' share remained at around one-fourth and that of the non-scheduled banks at about 7 per cent. Several non-scheduled banks continued to show a somewhat over-extended position—having advances in excess of their deposits ; in the case of nearly three-fourths of non-scheduled banks and one-third of scheduled banks, the advances-deposits ratio exceeded 70 per cent.

The distribution of scheduled bank advances under the main groups, as observed from the quarterly surveys of bank advances, does not indicate any marked changes over the year. Industry continues to claim a little over one-third and commerce about one-half of the total. Production credit for agriculture which was at Rs. 12 crores at the end of 1953 declined even further to Rs. 5 crores at the end of 1954 ; exchange banks, the major purveyors of credit for this sector (which includes plantations), accounted for the largest decline ; personal and professional and unclassified advances registered a moderate increase.

The profit and loss accounts of 18 larger Indian scheduled banks (each with deposits of Rs. 5 crores and above) reflect the increase in the turnover of banking business in the past year. Gross earnings of these banks registered a rise of Rs. 2·6 crores to Rs. 31·2 crores, over two thirds (Rs. 1·8 crores) of this being accounted for by the rise in interest and discount earned. The rise in total expenses of Rs. 2·2 crores was made up of an increase of Rs. 1·2 crores in interest paid on deposits, borrowings, etc., Rs. 0·7 crore in establishment expenses and Rs. 0·3 crore in other expenses. Consequently, net profits went up by Rs. 0·4 crore to Rs. 5·3 crores in contrast to the fall of Rs. 0·3 crore in 1953.

#### Earnings and Expenses of Eighteen Larger Indian Scheduled Banks

				1953	1954	1953	1954
				(Rs. crores)		(as percentage of gross earnings)	
1.	Gross Earnings	..	..	28·6	31·2	—	—
	(i) Interest and discount	..	..	22·2	24·0	78	77
	(ii) Other earnings	..	..	6·4	7·2	22	23
2.	Total Expenses	..	..	23·7	25·9	83	83
	(i) Interest paid on deposits	..	..	7·8	9·0	27	29
	(ii) Establishment expenses	..	..	11·9	12·6	42	40
	(iii) Other expenses	..	..	4·0	4·3	14	14
3.	Net Profits	..	..	4·9	5·3	17	17

## CHAPTER IV

### SUPERVISION AND CONTROL OF BANKING

There was no fresh banking legislation during 1954 but following the enactment of the Reserve Bank of India (Amendment and Miscellaneous Provisions) Act, 1953, and of the Banking Companies (Amendment) Act, 1953, to which a reference was made in the Report for 1953, certain procedural changes were instituted. The amendment to the Reserve Bank of India Act, mentioned above, necessitated an amendment of the form of weekly return appended to the Reserve Bank of India Scheduled Banks' Regulations, 1951 and a revised form of the weekly return has accordingly been in force from May 13, 1954. The exemption granted to all banking companies from certain provisions of Section 24 of the Banking Companies Act, 1949, enabling them to exclude their borrowings from the Imperial Bank of India from their liabilities, was extended for a further period of one year from June 9, 1954. The amendment of the Banking Companies Act in 1953 necessitated an amendment to the Banking Companies Rules, 1949, prescribing the form in which the official liquidator of the banking company ordered to be wound up, should file with the High Court a list of debtors as provided in Section 45D (2) of the Banking Companies Act, and accordingly the Central Government issued a notification dated November 24, 1954 for the purpose.

Following the merger of the French Establishments in India with the Republic of India and with a view to facilitating the smooth running of the administration and the economic life in these areas, the Government of India extended the operation of 10 Indian Acts and one Ordinance to these territories with effect from November 1, 1954. Among the enactments so extended are the Negotiable Instruments Act, 1881, the Indian Coinage Act, 1906, the Indian Companies Act, 1913, the Reserve Bank of India Act, 1934, the Foreign Exchange Regulation Act, 1947 and the Banking Companies Act, 1949. The Currency Ordinance, 1940, has also been extended to these areas.

Reference has been made in previous Reports to the Reserve Bank's policy of systematic periodical inspections of banking companies, irrespective of their size and standing, as an integral aspect of its supervisory functions. In 1954 there was a substantial increase in the number of banks inspected. By the end of the year, the first round of inspections of practically all reporting banks\* was completed, and periodical re-inspections of banking companies were also being undertaken. During the

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\* Banks submitting returns under the Banking Companies Act.

year, 227 banks were inspected, of which 26 were scheduled banks. The purposes for which the banks were inspected are indicated in the following table :—

### BANK INSPECTIONS

Purpose	Scheduled banks		Non-scheduled banks		Total	
	1954	1953	1954	1953	1954	1953
1. For considering the eligibility for a licence to carry on banking business .. .. .	—	3	115	84	115	87
2. General purposes* .. .. .	25	11	72	47	97	58
3. With the consent of the banks concerned ..	1	—	4	—	5	—
4. Issuing certificate in respect of scheme of arrangement ..	—	—	1	1	1	1
5. Sanctioning scheme of amalgamation .. .. .	—	—	—	—	—	—
6. Inclusion in the Second Schedule .. .. .	—	—	2	2	2	2
7. Report to the Court on the affairs of the banking company .. .. .	—	—	4	5	4	5
8. Issuing of certificate as to whether the banks are unable to pay their debts .. .. .	—	—	1	1	1	1
9. Report to the Court and the Central Government on the affairs of the banks in liquidation .. .. .	—	—	2	—	2	—
<b>Total ..</b>	<b>26</b>	<b>14</b>	<b>201</b>	<b>140</b>	<b>227</b>	<b>154</b>

\* Some banks were inspected for more than one purpose.

Thus, a little over half of the inspections carried out during the year was for the purpose of considering the eligibility of banks for grant of a licence to carry on banking business in India. The inspections for general purposes (under Section 35 of the Banking Companies Act), which numbered 97, were also intended for ascertaining the eligibility of banks concerned for licences under Section 22 of the Act. Five State-owned and State-controlled banks, to which the provisions of the Banking Companies Act did not apply, were also inspected during the year with their consent. The remaining 10 inspections were for other purposes, namely, for the inclusion of banks in the Second Schedule, for furnishing reports to the Courts, for issuing a certificate under Section 38 (3) regarding the ability of banks to pay their debts or for sanctioning a scheme of arrangement and 2 inspections in pursuance of the directions under the newly enacted Section 45 (Q) of the Act in respect of banks in liquidation.

All the inspections carried out during the year of scheduled banks and 72 of those in respect of non-scheduled banks were re-inspections conducted mainly for the purpose of reviewing the financial position of these banks and the progress made by them in improving their affairs ; re-inspections were generally made under the provisions of Section 35 of the Act. It would be difficult to exaggerate the value of these inspections which have enabled the Reserve Bank to watch closely the working and practices of all banking companies and to apply, where necessary, timely and effective remedial measures. They have certainly been the most

important factor that has contributed to the greater stability of the banking system. Progress in varying degrees was reported by the banks, 82 of which were submitting monthly reports and 323 quarterly reports in regard to remedying the defects and irregularities noticed at the time of inspections. Where banks did not appear to have taken necessary steps to remove the defects pointed out to them or shown satisfactory progress in regard to their eradication, their attention was specifically drawn to these features and they were advised to take more energetic and effective steps to rectify them.

At the end of 1954 the total number of licences issued to banks stood unchanged at 34. One scheduled bank and 10 non-scheduled banks were refused licences as their affairs were being conducted in a manner detrimental to the interests of their depositors, thus raising the total number of refusals to 16.

Issue of  
Licences

The applications of 490 banks for the issue of licences were pending at the close of the year. In disposing of these applications, the policy followed by the Reserve Bank is based on the provisions of Section 22 of the Banking Companies Act, 1949, in terms of which the Reserve Bank is to satisfy itself by an inspection or otherwise that the banking company is in a position to pay its depositors in full as their claims accrue and that its affairs are not being conducted to the detriment of depositors' interests. Under the same Section, however, banks in existence at the commencement of the Act are permitted to carry on business until either they are granted a licence or are informed by the Reserve Bank that licences cannot be granted to them. The delay in granting licences, therefore, does not involve any hardship to a bank. In view of the proviso\* prohibiting the Reserve Bank from giving a notice to a bank in existence on the commencement of the Act before the expiry of three years or of such further period as the Reserve Bank might allow, it was not possible for the Reserve Bank to refuse a licence to any banking company till March 16, 1952. Licences to 62 banks which were granted extension of time for varying periods for complying with the minimum capital requirements could not, therefore, be refused until the period of extension had expired. Some of these banks and all the banks incorporated in and confining their activities to Part 'B' States have been exempted from the operation of Section 11 upto March 31, 1955 and it would have been inappropriate for the Reserve Bank to refuse licences to these banks. In view of the condition that the Reserve Bank should satisfy itself about the requirements of the Act in this regard, it would be necessary for the Reserve Bank to grant licences only where it is satisfied that it could be done, for the depositing public would rightly regard the issue of a licence as a seal of approval by the Reserve Bank of the soundness of the bank's financial position and its banking methods. Where the Reserve Bank considers it necessary in the interests of the depositors, the affairs of banks are kept under observation and in some cases restrictions are imposed on them. In fact, some of the banks have been directed to appoint banking advisers in consultation with the Reserve Bank, while in other cases officers of the Bank have been deputed to attend the Board Meetings of such banks, so as to keep a close watch over their affairs. On the other hand, it would not be right on the part of the Reserve Bank to refuse a licence straightway to a bank merely because it does not conform to the usual

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\* The provisions of Section 11 became effective on March 16, 1952.

standards and in order to expedite the disposal of applications for licences. Given more time, many of the banks in such a condition are likely to show improvement and come up in due course to the eligibility standard laid down by the Bank, especially as defects in many cases are the result of ignorance of sound banking practices. In such cases, refusal of licences by the Reserve Bank may not also be in the best interests of depositors. Further, the system of inspection of banks has revealed in many cases the existence of certain defects. Many of the banks realised the seriousness of the defects only after they were pointed out and have thereafter begun to take steps to set their position right. The periodical reports required by the Reserve Bank have thus proved useful and reveal progress in varying degrees by banks.

Some measure of the progress achieved by erring banks is indicated in Statement 38. Some of the more prominent defects in the working of the banks, as observed during inspections, have been inadequate reserves, meagre liquid assets, over-extended advances, relatively large unsecured advances against immovable property and a large proportion of bad and doubtful debts. Improvement has been recorded in respect of most of these aspects of their working: reserves are being built up; outstanding borrowings are being reduced and in the case of 10 banks, the amount outstanding at the time of re-inspection (Rs. 68 lakhs) was almost a third of that (Rs. 202 lakhs) observed at the time of the first inspection; banks have also been increasing their holdings of liquid assets and in the case of the 16 banks observed to have had this defect at the time of the first inspection, the amount of such assets had more than doubled (from Rs. 34 lakhs to Rs. 68 lakhs) by the time of the subsequent inspections. Another common defect, namely, the over-extension of advances also showed some improvement after the first inspection when it was pointed out to them; 16 banks, for instance, reduced their over-extended position from Rs. 185 lakhs to Rs. 162 lakhs. Similarly, the progress reports submitted by banks show a fair amount of improvement in some of the other defects noticed, such as, insufficiency of reserves against bad and doubtful debts and granting advances either against no security or against immovable properties.

It will be realised that the process of developing sound banking methods has not been an easy one, since there were no indigenous traditions in regard to modern banking methods, and a large number of mushroom banks were started by persons who had no experience of banking whatever during the years 1942-47, when ample funds were available. As stated earlier, as a result of the guidance and the instructions given by the Reserve Bank, most of the banks have begun to take steps for the realisation of unsatisfactory investments and the recovery of doubtful advances. Even in the case of banks which are anxious to reform their methods, recovery of advances has, however, inevitably been a slow process, since Court proceedings, which sometimes take years, have to be instituted against the borrowers in most of the cases. It will thus be seen that the slow progress made in regard to the licensing of banks is due to various factors and principally to the Reserve Bank's anxiety to safeguard the interests of the depositors and to give as many banks as possible a fair chance to qualify for a licence.

The policy of the Reserve Bank with regard to amalgamation of banking companies has been to encourage them if they are considered to be in the interest of the depositors and likely to lead to the establishment of a sounder institution. During the year, certain proposals for amalgamation of banking companies and for the transfer of certain assets and liabilities of banking companies to others were received by the Reserve Bank. One proposal for amalgamation which had been approved by the shareholders of the respective banks and in respect of which the Reserve Bank's sanction under Section 44A of the Banking Companies Act was asked for, was kept pending as certain information called for from the banks concerned was to be received.

There were two proposals during the year for the transfer of liabilities and agreed assets of certain banking companies to other banks, and though such proposals do not fall within the purview of Section 44A of the Banking Companies Act, the banks concerned were advised that the Reserve Bank had no objection to the proposals. One of these proposals has since been given effect to, while in the case of the other, no progress has been reported.

In the year under review, 2 non-scheduled banks applied to the Reserve Bank for certificates under Section 45(1) of the Banking Companies Act in respect of a scheme of arrangement in one case and a modification to the existing scheme in the other. Certificates were issued in respect of both of them and while the Court has since sanctioned the modified scheme, the application in the former case for sanction of the scheme was still pending before the Court.

In the course of the year, 17 banks went into liquidation or were ordered to be wound up. All of them were non-scheduled banks. Of these, 8 banks went into voluntary liquidation ; 4 of them were in the Bombay area, 3 in the Madras area and one in the Trivandrum area. As no licence under Section 22 had been issued to any of them, they were not required to obtain the certificate from the Reserve Bank under Section 44 of the Banking Companies Act before going into liquidation. 6 banks were ordered to be wound up by the Court. Of these, 2 each were in Calcutta and Trivandrum areas and one each was in Madras and Delhi areas. One bank, constituted under a separate Act, was ordered to go into liquidation by the Government of India in pursuance of the notification issued under that Act, while 2 State-owned banks, as observed in Chapter II, were also wound up under a notification issued by the State Government concerned.

The Reserve Bank also certified in respect of one non-scheduled bank under Section 38(3) of the Banking Companies Act that it was unable to pay its debts. In terms of the newly enacted Section 45R of the Banking Companies Act, the Reserve Bank has been empowered to require the liquidator of a banking company to furnish it with any statement or information relating to or connected with the winding up of the banking company and accordingly all liquidators of banking companies have been called upon to furnish quarterly returns prescribed in this behalf.



Four non-scheduled banks suspended payments in 1954 and applied to the Court for the grant of a moratorium under Section 37 of the Banking Companies Act. As required under Section 37(2) of the Act, the Reserve Bank reported on the affairs of three of them to the respective High Courts and the report on the fourth was under preparation. One of these banks has since been ordered to be wound up while another applied to the Court for sanctioning a scheme of arrangement.

The other activities of the Bank under the Banking Companies Act, 1949 are briefly indicated in the following paragraphs. Statement—indicates the progress of action taken in the course of the administration of the provisions of the various sections of the Act.

In addition to 31 banking companies whose cases for non-compliance with Section 7 of the Act relating to the use of the words “bank,” “banker” and “banking” were pending at the end of 1953, 12 new cases came up for consideration during 1954. Of these 43 banks, 38 were reported to be taking suitable steps to meet the requirements of the Section at the end of the year, while the remaining 5 either deleted the offending words from their names or went into liquidation or were struck off from the Register maintained by the Registrar of Companies.

Of the 36 banking companies, including 19 pending at the end of the previous year, which contravened the provisions of Section 10(1)(c)(i) relating to prohibition of interlocking of directorates and/or (ii) relating to the restriction on the business or vocation of directors, 12 regularised their position, one went into voluntary liquidation while the remaining 23 were taking steps to regularise their position.

During the year, 9 banks were found to have declared dividends before completely writing off capitalised expenses, in contravention of Section 15. The contraventions were brought to the notice of the banks and they were asked to be careful in future in complying with the requirements.

11 banking companies (including 7 referred to in the previous Report) contravened the provisions of Section 16 relating to the interlocking of directorates. 2 of them regularised their position by the end of the year while the remaining 9 were taking suitable steps in the matter.

42 banking companies contravened the provisions of Section 17 relating to the transfer of 20 per cent of the net profits to the reserve fund. On the contravention being brought to their notice, the banks decided to make up the deficiency from the surplus funds during the year or from the next year's profits.

It was mentioned in the Reports for 1951, 1952 and 1953 that in view of the sharp fall in gilt-edged prices late in 1951 all banking companies were exempted for those calendar years from the provisions of Section 17 of the Banking Companies Act, in so far as that Section had the effect of preventing appropriation from the reserve fund for the purpose of writing off the amounts of losses on investments in Government securities before declaring dividend out of the net profits. As there has not been any substantial recovery in gilt-edged prices since, in terms of a

Government of India Notification No. F. 4 (235) F. I/54 S. R. O. 3610 dated December 14, 1954, a similar exemption was granted to banking companies for the calendar years 1954 and 1955 also.

A few cases of banking companies contravening the provisions of Section 19 (2), which relate to restrictions on the holding of shares of companies, were detected in the course of inspections. When the contraventions were brought to the notice of the banks concerned, they regularised the position without delay. One bank was allowed further time upto December 31, 1954 to comply with the provisions of the aforesaid Section, while 2 banks were exempted from the provisions of the Section, one upto December 31, 1954 and the other upto November 30, 1955.

Section 29 requires banking companies to draw up their balance sheets in Form 'A' set out in the Third Schedule to the Act. Under a notification issued by the Government of India, all banking companies were exempted until January 1, 1956 from the provisions of note (f) of the above Form in respect of the disclosure within brackets of market value of their investments in Government securities.

During the year, 3 banking companies were found to have contravened the provisions of Section 29 in not preparing their accounts in conformity with the prescribed form. The contraventions were brought to the notice of the banks and they were advised to comply with the provisions in future.

A number of banking companies were allowed a further period upto three months to submit their balance sheets and profit and loss accounts, while some smaller banking companies were exempted from the provisions of Section 31 which relate to the publication of balance sheets, since it appeared that the cost of publication would be disproportionate to their resources.

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## CHAPTER V

### BANKING AND ECONOMIC DEVELOPMENT

As the review in the previous chapters has indicated, the past year was significant inasmuch as it reflected the impact on the banking system of the rising tempo of economic activity. The expansion in deposit liabilities which was a notable feature in the year may be expected to continue and provide the banking system with larger resources on the basis of which it could meet the increasing credit requirements of industry and trade as economic development gets under way. Side by side with this growth in resources of the system, certain institutional measures to expand banking facilities would have to be taken as in a developing economy there would necessarily be a widening of credit needs, both geographically and functionally. It is from this point of view that significance has to be attached to the steps being taken, on the one hand, to extend the area of banks' operations and, on the other, to introduce greater flexibility in the banking mechanism.

The extension of banking to those areas where there is a paucity of banking facilities has been engaging the attention of the authorities for some time past. The Rural Banking Enquiry Committee, reporting in 1950, indicated some lines of development, and reference has been made in the earlier Reports to some of the measures undertaken in pursuance of some of the recommendations of that Committee. Earlier in this Report, a reference has been made to the branch expansion of the Imperial Bank in pursuance of one of the recommendations of that Committee. That Committee had also recommended that the Reserve Bank should be appointed the banker to all Part 'B' States and the appointment of the Bank as banker to five of them is expected to give a fillip to banking development in these States. The liberalisation of remittance facilities, which that Committee recommended, has also been given effect to. At the same time measures have been instituted to reorganise the postal savings bank system, the improvement and expansion of which had also been an important recommendation of the Rural Banking Enquiry Committee. A detailed investigation into the working of this system was conducted in August 1950 by a senior officer of the Reserve Bank and one of the Directors of Postal Services, and some of the procedural improvements suggested by them in their report have already been implemented by the Government of India. In July 1953, the Government set up an advisory committee to assist in the implementation of the recommendations of the report relating to the introduction of the cheque system and for organising the postal savings bank on banking lines. The reports submitted by this committee are under consideration of the Government of India which in pursuance of one of the suggestions, has since introduced the scheme of permitting 2 withdrawals per week at the General Post Offices at Madras, Bombay, Calcutta and at the New Delhi Head Post Office with effect from January 2, 1955.

While the recommendations of the Rural Banking Enquiry Committee in respect of banking expansion are thus receiving consideration, mention must also be made of the two committees appointed by the Reserve Bank of India, which submitted their reports during the year, namely, the Committee on Finance for the Private Sector and the Committee of Direction of the All-India Rural Credit Survey. The former Committee, which reported in May 1954, recommended a series of

measures for implementation by Government, the Reserve Bank, financial institutions, etc. The more important recommendations requiring action by the Reserve Bank were that facilities under the Bill Market Scheme should be liberalised, that the remittance facilities scheme formulated by the Reserve Bank should be further extended and that the Reserve Bank should, in consultation with Government, work out a detailed scheme of financial assistance to licensed scheduled banks opening branches in accordance with the expansion programme submitted by them and approved by the Bank, and that the question of linking indigenous bankers and shroffs directly with the Reserve Bank should be pursued, pending which steps were to be taken to encourage the rediscounting by the Reserve Bank of the usance bills of indigenous bankers.

Some of the other important recommendations of the Committee were that the Reserve Bank could consider whether any of the directives or criteria laid down by it could be suitably relaxed in the case of smaller banks without prejudice to sound banking principles, and that the Reserve Bank should treat the shares and bonds of the Industrial Finance Corporation of India and State Financial Corporations as on a par with Government securities for advances under Section 17(4)(a) of the Reserve Bank of India Act. The Committee also recommended that the Reserve Bank should explore ways and means of increasing the resources of banks for the provision of medium-term finance on the analogy of the Bill Market Scheme and that the Reserve Bank should take the initiative in setting up a special development corporation for financing small industries. While these recommendations were primarily for the Reserve Bank to consider and implement, the Committee also recommended a number of steps for consideration of, and implementation by, the Government, commercial banks and other business institutions.

In pursuance of the recommendations of the Shroff Committee, the Reserve Bank has already taken a number of steps and, as mentioned earlier, extended to all licensed scheduled banks the facilities of the Bill Market Scheme as well as reduced the minimum amounts prescribed for individual advances and bills. The Bank also set up a Committee consisting of the Managing Directors of the Imperial Bank of India and the Central Bank of India, the General Manager of the Bank of India, the Manager of the Oriental Government Security Life Assurance Co. Ltd., the General Manager of the New India Assurance Co. Ltd., and the Chairman of the Indian Banks Association to examine in detail and make specific recommendations regarding one of the proposals of the Shroff Committee that the leading banks and insurance companies should form a consortium or syndicate for underwriting or investing in new issues of shares and debentures of industrial companies. The Committee, which submitted its report to the Reserve Bank in October 1954, envisaged that the leading part in the proposed consortium would be played by the foremost commercial banking institution in the country, viz., the Imperial Bank of India. In the light of the changes contemplated in the constitution of that bank, the proposals made by the Committee will need re-examination. The Reserve Bank has also announced its decision to treat the shares and bonds of the Industrial Finance Corporation of India and State Financial Corporations as on a par with Government securities for purposes of advances under Section 17(4)(a), as recommended by the Shroff Committee. As regards the recommendation that steps should be taken to encourage the rediscounting of usance bills of indigenous bankers, the Reserve Bank after consulting the bank handling the bulk of multani hundis,

and in view not only of the availability of the facilities under the Bill Market Scheme but also of the administrative and statutory difficulties involved in giving effect to this recommendation, felt that no practical purpose would be served by extending rediscounting facilities to multani hundis. The remaining recommendations are under the consideration of the Bank, some of them in the light of the recommendations of the All-India Rural Credit Survey in this regard, while in respect of others intended for implementation by other agencies, the Reserve Bank has drawn their attention to these recommendations.

The Committee of Direction of the All-India Rural Credit Survey which submitted its report to the Reserve Bank in August 1954 formulated an integrated scheme of rural credit based on three fundamental principles, *viz.*, (a) State partnership at different levels, (b) full co-ordination between credit and other economic activities and (c) administration through adequately trained and efficient personnel responsive to the needs of the rural population. The Committee recommended the creation of a State Bank of India in which the major interest would be held by the Government of India and the Reserve Bank, by statutory amalgamation of the Imperial Bank and 10 State-associated banks. The State Bank of India thus constituted would become a strong commercial bank, with effective control vested in the State, ensuring responsiveness to the national policies in an important sector of commercial banking. The Bank would have a country-wide network of branches provided by the amalgamation, and would be able to provide extensive remittance facilities to co-operative and other banks, and thus stimulate further development of those banks. Furthermore, in its loan operations, in so far as these have a bearing on rural credit, the Committee envisages that the State Bank would follow a policy which, while not deviating from the canons of sound business, would be in effective consonance with national policies. The Committee has, however, emphasised that while effective State control should be ensured, the essentially autonomous and commercial character of the institution should be safeguarded.

The State Bank would be expected to follow a programme of rapid branch expansion to district headquarters and sub-divisional centres and any losses arising from such expansion beyond a certain level are to be met from the Integration and Development Fund to be created within the institution mainly out of the dividends payable to the Central Government and the Reserve Bank.

On the question of the establishment of the National Co-operative Development and Warehousing Board, an All-India Warehousing Corporation and State Warehousing Companies, the Committee has formulated a comprehensive scheme involving legislation, financial assistance and State partnership for the promotion of various activities, the responsibility for these activities, at the all-India level, resting with the Government of India. With this end in view, the Committee has recommended the formation of a National Co-operative Development and Warehousing Board which would administer two National Funds, *viz.*, (a) the National Co-operative Development Fund and (b) National Warehousing Development Fund, for the purpose of co-operative development and warehousing development, and set up an All-India Warehousing Corporation for the establishment of warehouses at centres of all-India importance. The Funds are to be constituted by an initial non-recurring contribution by the Government of India to the National Warehousing Development Fund of Rs. 5 crores and a recurring annual contribution of

not less than Rs. 5 crores to the two Funds together. These contributions are to be reviewed at the end of five years.

The development of storage and warehousing facilities would be the special function of the All-India Warehousing Corporation, supplemented by State Warehousing Companies, in all of which the State *i.e.* the Central Government or State Government, would have a predominant interest. The development of co-operative economic activity, especially marketing and processing, is envisaged through the establishment of a network of co-operative institutions, such as, marketing societies at various levels, the State Governments subscribing the major part of the share capital of the societies. Financial assistance would be provided to the State Governments for this purpose through the National Co-operative Development Fund.

The Scheme outlined by the Committee in respect of the reorganisation of co-operative credit envisages major State partnership in co-operative institutions at different levels of the organisation. Along with such partnership by State Governments is envisaged greater collaboration between the Governments and the Reserve Bank, and considerable financial assistance from the Reserve Bank. In consultation with the Bank, each State would prepare a phased plan of co-operative development. The share capital of State co-operative banks and land mortgage banks would be expanded on the basis of 51 per cent of the shares being held by the State. Similar partnership through apex institutions is provided for in the case of central banks and through the latter, in larger-sized primary societies. Wherever financial assistance is required for such participation, this is to be provided by long-term loans made by the Reserve Bank to the State Governments out of a National Agricultural Credit (Long-term Operations) Fund, to be created by the Bank and to which the Bank would make an initial allocation of Rs. 5 crores and further annual allocations of not less than Rs. 5 crores for the next five years. The Fund would be utilised also for making medium and long-term loans to the State co-operative banks and long-term loans to land mortgage banks, as also for purchasing "special development debentures" connected with specified projects of irrigation. The Committee has also recommended the creation of a National Agricultural Credit (Stabilisation) Fund by the Bank, from annual contributions of not less than Rs. 1 crore for the next five years. This Fund would be utilised for converting the short-term loans made by the Bank to co-operative banks into medium-term loans, if the latter are unable to repay the short-term loans in time without endangering the co-operative structure, owing to adverse conditions, such as, famine, drought, or other natural calamities. Contributions to these Funds would also be reviewed after five years.

The Committee has also laid considerable emphasis on the selection of personnel for the performance of the various functions under the integrated scheme and the provision of the right type of training to such personnel.

Besides the recommendations very briefly outlined above, the Report gives the Committee's observations and suggestions on a number of other aspects of policy connected with rural credit, such as, the stabilisation of agricultural prices, the control of forward markets, the development of village roads and the reorganisation of the administrative set-up in so far as it is related to rural development.

The recommendations contained in the All-India Rural Credit Survey Report were recently discussed at the joint meeting of the Bank's Standing Advisory

Committee on Agricultural Credit and the Government of India's Central Committee for Co-operative Training which expressed strong support to the programme of State partnership in co-operation as outlined in the Report.

While the recommendations of these Committees are under consideration and some in the process of implementation, the Reserve Bank has continued to take interest in co-operative banking and measures to stimulate credit to industry. The Bank has assisted land mortgage banks by participating in their debenture issues; it has also been of help in promoting facilities for co-operative training and has recently instituted voluntary inspections of co-operative banks; these inspections are in addition to those being conducted by the Registrars of Co-operative Societies in the respective States. Mention may also be made of the facilities recently provided for treating debentures of land mortgage banks, where these have been guaranteed by State Governments, as on a par with Government securities for the purpose of advances under Section 17(4)(a) of the Reserve Bank of India Act following one of the recommendations contained in the Report of the All-India Rural Credit Survey. The Reserve Bank has also been assisting the State Financial Corporations by subscribing to their capital stock and making available the services of some of its officers to them. The Reserve Bank is also empowered to grant short-term financial accommodation to the Corporations for the purpose of financing the production or marketing activities of approved cottage and small-scale industries. While on the subject of industrial credit facilities, a reference may be made to the recent setting up of the Industrial Credit and Investment Corporation of India with the assistance of the I.B.R.D. and banking and other financial interests in the U.K. and U.S.A. The issued capital of the Corporation at present is Rs. 5 crores; the Government of India have agreed to advance to the Corporation a sum of Rs. 7.50 crores free of interest and the I.B.R.D. has agreed to lend from time to time an amount in various currencies equivalent to \$ 10 million.

The measures thus taken and proposed seek not merely to extend commercial and co-operative banking facilities to the rural and semi-urban areas but also aim at the provision of adequate finance to the industrial and urban sector in view of the objective of providing an integrated credit structure suited to the needs of a developing economy. The increasing role which banking has to play in this process of development, would undoubtedly be facilitated by an expansion in banks' deposit resources following increasing governmental outlay under the Plan. The monetary expansion which would take place would, however, have to be related to the possible increase in the real output and while expansion in credit to meet the growing needs of the economy would certainly be permitted and encouraged, the Reserve Bank would necessarily have to keep the situation under close observation to prevent any undue credit inflation, which might eventually impair the successful implementation of developmental plans. That is to say, the Bank's role is of a two-fold character—on the one hand to facilitate and direct the flow of an adequate volume of credit for industry and trade in conformity with the broad objectives of the Plan and, on the other, to restrain undesirable multiple credit expansion which might otherwise result from a rapid growth of the commercial banks' own resources. Besides the usual instruments of credit control available to a central bank, the Reserve Bank of India, it will be remembered, possesses comprehensive powers of regulation under the Banking Companies Act. These various weapons, which could further be augmented, will, it is hoped, ensure the goal of development with stability.



## APPENDIX I

### STATEMENTS

#### Introductory Note

The statements in this Appendix are based on the various returns received periodically in terms of the Reserve Bank of India Act, 1934 and the Banking Companies Act, 1949 (which was extended to the whole of India, except the State of Jammu and Kashmir, on March 18, 1950) as well as on returns specially called for and other available information. The figures from year to year, and even the figures for the same year compiled from different returns, are not strictly comparable owing to differences in coverage, both as regards area as well as items included. The number of banking companies submitting returns tended to increase as a result of the extension of the Indian Companies Act, 1913 to most of the merged States in January 1950, to certain Part C States in April 1950, to one other merged State in January 1951, to Part B States in April 1951 and to former French Settlements in India in November 1954. However, the Banking Companies Rules became applicable to certain Part B States only in November 1952; statements based on Form XIII, therefore, exclude data for banks working wholly in Part B States upto 1951. The number of banking companies submitting returns also varied on account of changes in the classification of companies into banking and non-banking, the suspension of business by some banks or irregular submission of returns by others. The limitations of the data have as far as possible been explained in appropriate footnotes to the respective statements. Statements based on data obtained from returns under the Reserve Bank of India Act and the Banking Companies Act are indicated below :

Reserve Bank of India Act		Banking Companies Act	
Statement No.	Section	Statement No.	Section
1	53	5, 6, 8, 9, 11, 17 and 18	27(1)
2	17 and 18	10	26
3	42(2)	12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30 33	27(2)    23

Where necessary, each figure has been rounded off to the nearest final digit. For this reason in some statements the sum of the constituent items may not agree with the total as shown. Where the last Friday of the month or year happened to be a holiday the figures shown relate to the previous working day.

The following symbols have been used :

- .. = Figure is not available.  
— = Figure is nil or negligible.

A line drawn across a column between two consecutive figures denotes that the figures above and below the line are not comparable and the nature of the difference is indicated in a footnote.

# STATE LIABILITIES AND ASSETS OF (Issue and Banking)

LIABILITIES										
Deposits										
	Capital and re- serves 1	Notes in circu- lation 2	Central Govt. 3	Other Govts. 4	Banks 5	Others 6	Total 7	Other liabili- ties 8	Total liabili- ties or assets 9	
Average of Fridays										
1949	..	10.0	1,137.7	152.8	20.3	67.4	65.5	306.1	39.7	1,493.5
1950	..	10.0	1,145.0	144.9	21.1	63.0	61.5	290.6	36.0	1,481.6
1951	..	10.0	1,205.7	173.4	16.2	60.5	68.6	318.7	42.7	1,577.1
1952	..	10.0	1,122.6	146.0	9.4	53.2	63.0	271.5	51.5	1,455.7
1953	..	10.0	1,121.8	121.0	18.7	47.5	59.7	246.9	48.9	1,427.6
1954	..	10.0	1,178.8	97.7	21.7	52.1	42.2	213.8	46.1	1,448.8
1954-Friday										
January	1	..	1,132.1	113.4	19.5	46.7	58.4	238.0	35.6	1,415.7
	8	..	1,154.8	107.0	15.1	40.0	58.0	220.1	31.3	1,416.2
	15	..	1,158.4	98.2	21.5	42.5	57.9	220.1	37.9	1,426.4
	22	..	1,154.8	98.9	21.9	42.1	58.2	221.1	41.7	1,427.6
	29	..	1,156.0	101.6	23.3	38.5	59.0	222.4	40.5	1,428.9
February	5	..	1,173.8	93.3	19.5	38.1	59.0	209.9	29.5	1,423.2
	12	..	1,179.6	91.5	17.0	40.3	62.6	211.5	35.5	1,436.5
	19	..	1,173.9	87.2	21.8	41.0	62.3	212.3	43.9	1,440.1
	26	..	1,171.4	86.1	28.7	41.2	63.9	219.8	45.7	1,446.9
March	5	..	1,190.6	94.7	21.7	39.3	42.6	198.3	36.3	1,435.1
	12	..	1,194.0	99.1	21.5	41.2	42.8	204.6	31.8	1,440.4
	19	..	1,190.1	64.0	62.6	38.9	42.8	208.2	39.1	1,447.5
	26	..	1,185.9	65.8	62.6	42.4	43.8	214.5	42.3	1,452.8
April	2	..	1,207.0	63.6	38.9	42.1	44.7	189.3	37.7	1,444.0
	9	..	1,226.3	60.6	27.1	42.3	45.4	175.4	38.0	1,449.7
	16	..	1,230.0	51.3	29.6	42.1	45.4	168.4	37.0	1,445.5
	23	..	1,220.7	60.3	28.7	44.2	45.6	178.7	45.5	1,454.9
	30	..	1,217.2	86.8	28.3	40.0	45.1	200.2	47.0	1,474.3
May	7	..	1,233.7	84.8	21.0	40.5	45.6	191.8	40.0	1,475.5
	14	..	1,228.8	89.1	20.7	44.0	45.7	199.6	46.0	1,484.4
	21	..	1,215.6	97.6	20.1	45.0	46.9	209.6	59.0	1,494.2
	28	..	1,202.9	101.1	20.6	43.8	46.2	211.6	71.5	1,496.0
June	4	..	1,211.5	103.9	19.5	40.1	45.7	209.2	62.5	1,493.2
	11	..	1,208.6	106.6	15.4	43.5	46.1	211.7	65.1	1,495.4
	18	..	1,190.3	115.4	18.8	44.2	41.8	220.2	64.3	1,484.8
	25	..	1,174.5	116.5	20.3	45.0	41.9	223.7	66.0	1,474.2
July	2	..	1,176.7	116.5	23.8	42.7	35.9	219.0	63.0	1,468.7
	9	..	1,178.9	114.5	19.5	44.1	37.0	215.1	62.3	1,466.4
	16	..	1,166.8	120.2	19.8	47.4	36.8	224.2	59.4	1,460.3
	23	..	1,153.5	124.5	18.0	50.2	36.5	229.3	58.9	1,451.7
	30	..	1,142.7	129.9	20.9	49.7	36.6	237.0	71.1	1,460.8
August	6	..	1,157.6	122.3	15.5	50.4	35.8	224.0	56.1	1,447.7
	13	..	1,158.3	124.3	12.3	51.0	36.3	223.8	57.3	1,449.4
	20	..	1,146.4	121.1	13.7	60.0	34.0	228.9	59.7	1,445.0
	27	..	1,137.3	138.1	17.1	64.6	33.9	253.7	54.0	1,455.1
September	3	..	1,149.5	132.8	14.8	64.8	34.5	247.0	42.0	1,448.4
	10	..	1,161.3	135.2	11.2	59.2	34.6	240.1	30.6	1,442.0
	17	..	1,151.0	142.6	13.0	61.5	34.0	251.1	43.5	1,455.6
	24	..	1,147.1	141.2	14.5	62.6	34.0	252.3	45.4	1,454.8
October	1	..	1,155.0	108.9	35.6	61.4	34.6	240.5	39.0	1,444.6
	8	..	1,173.2	102.5	27.5	59.0	34.1	224.0	29.8	1,437.0
	15	..	1,162.0	98.3	30.2	68.7	34.0	231.2	41.7	1,444.9
	22	..	1,157.0	99.0	26.0	70.5	34.3	229.9	48.2	1,445.0
	29	..	1,161.9	103.5	22.5	66.3	34.3	226.6	42.6	1,441.1
November	5	..	1,168.6	93.2	17.9	68.8	34.0	213.9	34.3	1,426.8
	12	..	1,172.3	93.5	17.6	67.3	34.6	213.2	31.1	1,426.5
	19	..	1,166.1	82.7	14.4	78.5	34.8	210.4	40.9	1,427.4
	26	..	1,161.9	78.6	17.8	79.1	34.3	209.8	45.4	1,427.1
December	3	..	1,182.4	69.7	11.8	76.3	34.3	192.1	33.8	1,418.3
	10	..	1,212.1	67.8	7.7	65.7	34.6	175.8	37.2	1,435.0
	17	..	1,199.6	62.8	11.6	67.6	34.7	176.6	48.5	1,434.7
	24	..	1,195.6	62.5	13.7	66.9	34.2	177.4	51.9	1,435.0
	31	..	1,200.5	54.9	16.7	69.1	34.4	175.1	46.8	1,432.4

Note :—Figures are net of adjustments on account of (i) transfer of liabilities to the State Bank of Pakistan in respect of inscribed Pakistan notes issued during 1948 and (ii) cancellation of India notes returned from circulation in Pakistan under Section 4 (2) of Part IV of the Pakistan (Monetary

**MENT I**  
**THE RESERVE BANK OF INDIA, 1949-54**  
*Departments combined)*

33

(In crores of rupees)

ASSETS								
Gold coin and bullion@	Foreign assets	Rupee coin*	Notes	Rupee securities	Loans & advances to		Bills purchased and discounted	Other assets
10	11	12	13	14	Governments	Others	17	18
40.1	859.3	48.6	24.2	500.8	3.7	7.9	4.9	4.1
40.0	829.4	56.3	18.4	520.8]	2.2	7.3	2.8	4.3
40.0	838.4	61.1	24.7	583.1	5.2	9.5	6.7	8.4
40.0	706.0	76.7	29.2	552.8	3.5	26.5	4.5	16.5
40.0	712.4	90.2	23.6	525.8]	2.4	16.4	9.3	7.3
40.0	738.2	100.3	23.2	502.5	1.2	27.1	8.2	8.2
40.0	727.5	96.7	13.8	497.6	1.2	16.0	15.3	7.7
40.0	730.4	95.0	9.6	496.7	2.0	19.0	15.8	7.7
40.0	732.3	94.6	15.5	495.3	1.3	20.1	19.6	7.8
40.0	732.3	94.9	19.4	494.2	0.7	21.6	16.6	7.8
40.0	734.3	95.1	18.4	493.9	—	23.9	15.2	8.1
40.0	736.3	93.8	9.4	493.1	0.6	28.4	13.1	8.4
40.0	739.6	93.6	13.4	492.6]	1.0	33.8	14.1	8.5
40.0	742.1	94.1	19.5	492.1	0.3	30.6	13.1	8.2
40.0	745.0	94.5	22.3	492.8	1.1	32.0	10.7	8.5
40.0	743.0	93.2	12.0	492.6	1.5	34.8	9.4	8.6
40.0	746.1	93.0	8.3	492.3	2.0	39.2	10.9	8.6
40.0	750.0	93.3	12.4	487.7	0.5	44.2	10.7	8.6
40.0	753.0	94.0	17.2	487.5	0.5	41.1	10.7	8.7
40.0	754.2	98.4	10.6	487.2	1.0	32.3	11.3	9.0
40.0	752.9	97.7	10.7	486.3	1.7	36.6	14.8	9.0
40.0	752.3	97.7	6.9	486.0	1.0	37.9	14.6	9.0
40.0	751.9	98.2	16.8	485.0	1.7	39.3	13.0	9.1
40.0	752.2	98.4	20.4	488.0	0.8	53.9	11.2	9.4
40.0	753.4	96.7	12.1	487.9	0.9	64.0	11.1	9.4
40.0	755.5	96.5	16.8	490.8	1.7	63.1	10.5	9.5
40.0	753.5	96.8	30.3	496.9	1.1	56.2	10.0	9.5
40.0	751.2	97.2	43.3	496.9	0.9	48.0	9.0	9.6
40.0	750.5	96.3	33.9	506.7	1.5	45.6	9.1	9.7
40.0	750.6	96.2	36.7	506.6	1.2	43.8	10.7	9.7
40.0	746.7	97.2	36.0	506.5	1.4	37.4	9.8	9.8
40.0	743.6	98.5	38.2	506.4	1.1	29.6	6.7	10.2
40.0	746.9	98.7	36.3	512.5	0.2	23.8	2.6	7.7
40.0	746.2	98.9	34.3	512.5	0.2	24.9	1.5	7.8
40.0	743.2	100.0	32.5	514.4	—	20.4	1.9	7.9
40.0	737.6	101.9	32.5	515.9	—	14.5	1.4	7.9
40.0	732.2	103.0	44.4	516.0	—	15.6	1.4	8.1
40.0	733.0	102.2	28.8	515.8	0.5	18.4	2.0	7.0
40.0	732.0	102.9	28.7	515.2	1.9	18.1	3.5	7.1
40.0	731.0	103.9	31.6	513.5	1.8	15.6	3.1	4.5
40.0	728.6	105.2	41.9	513.0	1.5	15.4	3.5	6.1
40.0	729.7	105.0	29.7	515.9	1.3	16.3	4.2	6.3
40.0	731.0	104.5	17.4	516.6	1.5	18.8	5.8	6.4
40.0	732.3	105.6	28.7	516.6	0.6	18.4	6.8	6.5
40.0	730.5	106.7	30.2	513.2	0.9	18.6	8.0	6.5
40.0	731.7	106.8	22.5	515.2	—	18.0	3.6	6.7
40.0	729.3	106.0	13.5	515.2	1.6	19.6	5.2	6.7
40.0	728.7	106.4	24.9	515.3	0.5	17.5	4.8	6.7
40.0	726.2	107.0	30.6	514.2	0.5	15.8	3.9	6.8
40.0	725.4	106.7	25.3	512.8	0.7	18.7	3.5	7.9
40.0	726.3	105.5	17.6	512.5	0.6	14.2	2.0	8.1
40.0	726.7	105.5	13.9	512.4	1.8	14.3	3.7	8.1
40.0	726.7	106.5	21.1	505.7	2.3	13.4	3.4	8.2
40.0	721.0	107.4	26.0	505.6	0.9	13.2	4.5	8.5
40.0	722.8	106.0	14.3	504.7	0.8	14.6	6.1	9.0
40.0	732.6	104.9	13.5	504.9	2.7	20.4	7.1	9.1
40.0	733.4	105.3	26.4	494.2	1.9	15.1	9.1	9.2
40.0	730.2	105.9	30.9	493.5	1.6	13.2	10.1	9.6
40.0	730.8	105.9	26.0	493.1	1.7	21.3	4.0	9.6

System and Reserve Bank) Order, 1947 as amended. Figures from October 1951 are net of adjustments made in respect of India notes returned from circulation in Aden.

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

\* Includes one rupee notes and subsidiary coin.

# STATE

## ADVANCES OF THE RESERVE BANK TO SCHEDULED

Year				Section	Section	Section	Section 17 (4) (a)		
	No. of Loans	17 (2) (a)		17 (2) (b)	17 (2)	17 (2)			
		Scheduled banks	State Co- operative banks	Total	Scheduled banks	State Co- operative banks	Total		
	2	3	4	5	6	7	8		
1945	27	—	—	—	1,75	—	1,75		
1946	91	—	2	2	24,70	30	25,00		
1947	80	—	2	2	3,08	—	3,08		
1948	153	—	4	4	21,26	1,17	22,42		
1949	401	—	1,21	1,21	34,76	5,73	40,49		
1950	478	—	2,14	2,14	13,41	2,30	15,71		
1951	570	—	1,49	1,49	76,57	5,29	81,86		
1952	1,544	—	97	97	164,25	3,59	167,83		
1953	2,683	—	31	31	129,58	6,46	136,04		
1954	3,747	—	60	60	188,70	9,43	198,13		
1954-Monthly									
January	385	—	7	7	17,58	61	18,19		
February	387	—	3	3	14,05	31	14,36		
March	350	—	—	—	19,17	17	19,34		
April	364	—	4	4	23,86	94	24,80		
May	423	—	1	1	30,07	90	30,97		
June	277	—	13	13	11,31	1,29	12,60		
July	238	—	—	—	6,23	1,86	8,09		
August	251	—	4	4	10,19	84	11,03		
September	297	—	4	4	16,04	20	16,24		
October	272	—	—	—	12,88	1,15	14,03		
November	235	—	14	14	7,03	43	7,46		
December	268	—	10	10	20,29	73	21,02		

Note :—The sections relate to the Reserve Bank of India Act, 1934.

## MENT 2

## BANKS AND STATE CO-OPERATIVE BANKS, 1945-54

(Amount in lakhs of rupees)

Section 17 (4) (b)	Section 17 (4) (c)			Section 17 (8)	Section 18 (1) (3)	Grand Total		
	Scheduled banks	Scheduled banks	State Co- operative banks†			Scheduled banks	State Co- operative banks	Total
9	10	11	12	13	14	15	16	17
—	—	—	—	—	—	1,75	—	1,75
—	—	1	1	—	—	24,70	33	25,02
—	—	—	—	—	—	3,08	2	3,09
—	—	2	2	—	76	22,02	1,22	23,24
—	—	—	—	—	85	35,61	6,94	42,55
7	—	95	95	—	24	13,72	5,38	19,10
—	—	2,66	2,66	—	—	76,57	9,43	86,00
—	81,45	6,50	87,95	—	—	245,70	11,05	256,75
—	65,84	6,69	72,53	—	—	195,42	13,46	208,88
—	147,52	6,89	154,41	—	—	336,22	16,92	353,14
—	4,10	70	4,80	—	—	21,68	1,38	23,06
—	16,14	1,03	17,17	—	—	30,19	1,37	31,56
—	24,98	41	25,39	—	—	44,15	58	44,73
—	21,58	41	21,99	—	—	45,44	1,39	46,83
—	25,77	57	26,34	—	—	55,84	1,48	57,32
—	29,65	61	30,26	—	—	40,96	2,03	42,99
—	7,98	56	8,54	—	—	14,21	2,42	16,63
—	3,69	43	4,12	—	—	13,88	1,31	15,19
—	2,68	89	3,57	—	—	18,72	1,13	19,85
—	2,75 <sup>e</sup>	36	3,11	—	—	15,63	1,51	17,14
—	1,60	42	2,02	—	—	8,63	99	9,62
—	6,60	50	7,10	—	—	26,89	1,33	28,22

† Include amount advanced against bills eligible under Section 17(2)(a).

# STATE CONSOLIDATED POSITION OF

Average of Fridays		No. of report- ing banks (a)	De- mand liabi- lities	Time liabi- lities	Total liabi- lities	Borrowings from banks(b)		Net liabi- lities (5-6-7)	Borrowings from the Reserve Bank			Borrow- ings from the Imperial Bank
						Demand	Time		Against usage bills and/or promissory notes	Others	Total	
1		2	3	4	5	6	7	8	9	10	11	12
1949	..	95	609.8	279.9	889.7	27.7	0.2	861.8		7.2	7.2	
1950	..	93	595.2	273.7	868.9	20.2	1.3	847.4		5.7	5.7	
1951	..	94	604.5	288.8	893.3	23.4	0.5	869.4		4.7	4.7	
1952	..	93	556.7	300.8	857.5	16.7	3.1	837.7	8.8(f)	10.6	19.0	4.7(g)
1953	..	90	528.5	324.6	853.1	12.3	2.2	838.6	3.3	4.5	7.8	7.3
1954	..	88	545.5	342.0	887.5	9.4	1.9	876.2	7.6	8.2	15.8	7.8
1954-Friday												
January	1	90	517.8	331.2	848.9	6.5	1.5	840.9	0.5	5.5	6.0	6.4
	8	89	513.6	329.0	842.7	8.0	1.4	833.2	0.8	7.7	8.5	9.1
	15	89	518.1	328.0	846.1	8.9	1.4	835.8	1.2	8.2	9.4	10.3
	22	90	523.2	329.0	852.2	8.9	1.4	841.9	1.2	9.6	10.8	9.8
	29	90	520.1	328.0	848.1	7.7	1.6	838.8	1.1	12.0	13.1	11.3
February	5	90	516.6	329.5	846.0	6.5	1.5	838.0	4.4	12.9	17.3	12.9
	12	90	513.7	330.4	844.1	6.9	1.5	835.6	10.9	12.1	23.0	13.0
	19	90	522.3	331.2	853.5	6.8	1.5	845.2	8.3	11.6	19.8	11.4
	26	89	520.7	331.4	852.1	6.4	1.5	844.1	10.2	11.1	21.3	11.2
March	5	89	522.7	330.7	853.5	7.1	1.4	845.0	11.4	13.0	24.4	11.2
	12	89	525.8	329.6	855.3	7.2	1.4	846.7	16.4	12.3	28.7	11.7
	19	89	518.7	327.1	845.9	7.2	1.4	837.3	18.2	15.7	33.9	12.5
	26	89	528.9	327.6	856.5	7.0	1.4	848.1	17.5	13.5	31.0	11.5
April	2	89	541.5	325.4	866.9	8.4	1.3	857.3	9.0	13.4	22.4	13.4
	9	89	539.0	327.8	867.7	7.1	1.3	859.4	13.2	13.7	26.9	11.6
	16	89	542.2	328.1	870.3	8.4	1.3	860.6	15.1	13.3	28.4	12.6
	23	89	545.6	328.7	874.3	7.5	1.2	865.5	15.2	14.4	29.6	11.8
	30	88	536.9	328.5	865.4	8.2	1.2	856.0	24.1	20.0	44.1	13.8
May	7	88	528.3	329.2	857.5	7.3	1.4	848.8	29.9	24.3	54.1	16.4
	14	88	536.8	328.6	865.4	8.1	1.6	855.7	29.9	22.8	52.7	10.6
	21	88	541.4	329.0	870.3	8.0	1.5	860.8	25.4	20.3	45.7	9.3
	28	88	543.2	329.6	872.9	8.4	1.7	862.8	21.3	16.0	37.3	9.2
June	4	88	539.5	329.6	869.1	8.3	1.7	859.1	15.9	18.9	34.8	9.4
	11	88	543.3	330.9	874.2	9.5	1.7	863.1	21.2	11.6	32.8	7.1
	18	88	541.9	333.4	875.4	9.7	1.7	864.0	18.3	7.8	26.1	6.0
	25	88	546.8	334.4	881.2	10.3	1.5	869.5	12.4	5.5	17.9	4.7
July	2	88	546.4	335.6	882.0	10.0	1.5	870.4	6.9	5.8	12.6	5.1
	9	88	544.1	337.0	881.0	9.6	1.5	869.9	9.3	4.3	13.5	5.1
	16	88	550.2	340.5	890.7	10.2	1.5	879.0	5.8	2.7	8.5	4.2
	23	88	552.9	344.5	897.4	8.9	1.6	886.9	0.9	1.8	2.7	3.8
	30	88	549.2	346.0	895.3	9.9	1.8	883.5	0.9	2.2	3.1	4.3
August	6	88	546.6	347.6	894.2	10.0	1.7	882.5	2.1	3.4	5.5	5.3
	13	88	547.9	347.6	895.5	11.1	1.6	882.8	1.5	3.4	4.9	3.5
	20	88	555.8	350.5	906.2	13.3	1.8	891.2	0.3	2.1	2.4	3.1
	27	88	562.1	350.6	912.8	12.6	1.8	898.4	0.5	1.9	2.3	2.9
September	3	88	557.9	351.9	909.8	12.0	1.8	896.1	0.9	2.5	3.4	6.0
	10	88	558.6	351.1	909.7	12.3	1.8	895.6	1.3	4.7	6.0	6.1
	17	88	558.4	350.7	909.0	10.9	2.2	895.9	0.6	5.1	5.7	7.6
	24	88	557.6	352.2	909.8	10.2	2.2	897.4	1.0	4.5	5.5	7.0
October	1	88	554.3	353.1	907.4	10.3	2.2	894.9	1.3	5.0	6.3	6.8
	8	88	554.7	350.2	904.9	9.7	2.4	892.8	1.8	6.1	7.9	9.3
	15	88	559.2	355.5	914.6	9.8	3.0	901.8	1.1	4.4	5.5	5.2
	22	88	562.1	357.6	919.7	11.7	3.0	905.0	1.1	2.5	3.6	5.0
	29	88	562.0	355.8	917.8	10.5	3.0	904.2	2.4	3.9	6.4	6.5
November	5	88	566.2	361.5	927.7	11.7	2.9	913.1	0.8	1.0	1.8	4.9
	12	88	567.7	361.9	929.6	12.7	2.9	913.9	0.8	1.0	1.9	4.1
	19	88	572.5	364.4	936.9	12.2	2.8	921.9	—	0.9	0.9	3.9
	26	88	572.2	366.9	939.1	10.9	3.3	925.0	—	1.1	1.1	3.6
December	3	88	576.0	365.4	941.4	11.9	3.6	925.8	0.2	2.4	2.5	4.8
	10	88	564.7	363.7	928.4	10.1	3.3	915.0	3.0	5.4	8.3	6.6
	17	88	572.2	364.7	936.9	11.2	3.6	922.1	1.7	1.6	3.2	3.8
	24	88	574.9	367.3	942.1	12.7	3.4	926.1	0.9	0.6	1.5	3.4
	31	88	573.0	368.9	941.9	6.2	3.6	932.1	2.9	6.7	9.6	2.7

(a) At the end of the period.

(b) Exclude borrowings from the Imperial Bank with effect from April 18, 1952.

(f) Average for 50 weeks.

(g) Average for 37 weeks.

# MENT 3

37

## SCHEDULED BANKS, 1949-54

(Amount in crores of rupees)

Cash in India	Balances with the Reserve Bank	Excess of (14) over the statutory minimum	Total cash balances (13+14)	Percentage of 16 to 5	Balances with other banks in current account	Investments in Government securities(c)	Percentage of 19 to 5	Money at call and short notice	Inland bills purchased and discounted(d)	Foreign bills purchased and discounted	Advances(e)	Total scheduled bank credit (21+22+23+24)	Percentage of 25 to 5
13	14	15	16	17	18	19	20	21	22	23	24	25	26
34.9	66.3	30.3	101.2	11.4					15.7		435.2	450.9	50.7
34.5	61.5	26.3	96.0	11.1					12.8		429.2	442.0	51.0
37.4	59.0	23.0	96.4	10.8	12.7(h)	310.9(h)	34.8	11.6(h)	15.6		516.5	543.7	60.9
33.8	52.2	18.3	86.0	10.0	11.7	304.1	35.5	16.1	38.8		480.7	535.6	62.5
32.2	45.8	12.8	77.9	9.1	11.0	318.0	37.5	16.5	47.4		444.0	507.9	59.6
32.6	50.9	16.8	83.5	9.4	10.7	332.9	37.5	14.2	58.5	24.5(i)	459.1	556.3	62.7
36.5	45.7	13.2	82.1	9.7	14.1	328.7	38.7	9.6	46.9		419.0	475.5	56.0
32.1	39.7	7.5	71.8	8.5	11.4	329.0	39.1	10.6	50.8		431.7	493.1	58.6
33.1	41.2	8.7	74.3	8.8	10.8	324.7	38.4	11.4	50.8		436.6	498.8	59.0
32.1	40.2	7.5	72.4	8.5	11.2	324.2	38.0	12.3	50.6		441.5	504.4	59.2
31.7	38.2	5.6	69.9	8.2	10.5	322.7	38.1	10.5	51.3		454.3	516.1	60.9
32.1	37.1	4.7	69.2	8.2	10.5	322.2	38.1	8.6	52.1		459.2	519.9	61.5
32.6	39.4	7.1	72.0	8.5	10.5	320.6	38.0	8.8	53.6		461.7	524.1	62.1
32.0	39.8	7.1	71.8	8.4	11.0	320.1	37.5	9.8	55.0		462.5	528.1	61.9
31.3	38.9	6.2	70.2	8.2	10.3	319.2	37.5	9.6	62.9		458.5	531.0	62.3
32.1	37.4	4.6	69.5	8.1	10.3	318.8	37.4	10.0	60.3		461.3	537.6	63.0
31.8	40.2	7.3	71.9	8.4	11.0	318.0	37.2	10.7	64.2		466.2	541.1	63.3
30.9	38.6	6.1	69.5	8.2	10.0	317.1	37.5	8.9	66.5		470.5	545.9	64.6
32.1	40.8	7.8	72.9	8.5	10.3	318.9	37.2	9.4	68.3		460.9	547.6	63.9
31.4	50.5	16.9	81.8	9.4	11.6	318.8	36.8	10.8	73.3		472.2	556.3	64.2
31.3	41.6	8.0	72.8	8.4	11.2	316.3	36.5	10.4	74.2		477.9	562.6	64.8
33.0	41.1	7.4	74.1	8.5	10.3	312.4	35.9	12.2	75.1		481.6	568.9	65.4
33.5	42.0	8.1	75.4	8.6	11.1	313.9	35.9	11.0	76.8		481.3	569.1	65.1
32.4	40.5	7.1	73.0	8.4	10.7	322.9	37.3	10.6	75.9		487.2	573.7	66.3
32.3	39.7	6.7	72.0	8.4	10.5	323.3	37.7	9.2	76.0		491.3	576.5	67.2
33.6	42.0	8.6	75.7	8.7	11.5	323.0	37.3	11.3	75.1	20.9	485.3	592.5	68.6
33.0	42.9	9.3	76.0	8.7	10.9	324.3	37.3	11.8	76.0	20.8	482.9	591.4	68.0
32.7	41.1	7.4	73.9	8.5	10.8	324.1	37.1	12.9	73.3	20.9	478.4	585.5	67.1
33.4	41.6	8.0	75.0	8.6	9.9	326.3	37.6	12.2	70.6	21.4	480.4	584.6	67.3
33.2	42.2	8.5	75.4	8.6	10.9	327.3	37.4	15.5	68.4	19.6	473.1	576.6	66.0
32.4	41.3	7.6	73.7	8.4	10.7	327.4	37.4	15.4	65.8	20.7	470.5	572.4	65.4
33.0	41.8	7.8	74.9	8.5	11.6	326.8	37.1	16.2	62.8	21.2	465.6	565.8	64.2
32.2	43.6	9.5	75.8	8.6	11.3	327.3	37.1	16.1	63.0	20.3	469.8	569.2	64.5
31.6	43.0	9.0	74.6	8.5	10.5	328.0	37.2	17.0	60.5	19.4	467.3	564.2	64.0
30.8	44.5	10.2	75.3	8.5	10.6	329.0	36.9	17.9	60.7	21.4	459.7	559.6	62.8
30.3	48.1	13.5	78.4	8.7	9.7	329.9	36.8	17.0	60.6	22.7	454.2	554.4	61.8
29.6	46.8	12.4	76.4	8.5	9.7	333.9	37.3	16.7	61.3	22.6	450.4	551.0	61.5
30.0	48.4	14.2	78.4	8.8	10.3	336.1	37.6	15.2	59.5	23.0	450.1	547.8	61.3
30.7	48.7	14.4	79.4	8.9	10.5	337.7	37.7	16.3	59.3	23.0	446.5	545.0	60.9
30.0	58.8	24.0	88.8	9.8	10.6	339.2	37.4	18.9	57.8	24.4	441.0	542.1	59.8
31.1	61.8	26.7	92.9	10.2	10.4	339.8	37.2	18.0	57.7	23.6	438.8	538.2	59.0
30.4	65.1	30.2	95.5	10.5	10.0	342.6	37.7	16.7	55.6	23.7	446.1	542.1	59.6
33.0	58.3	23.4	91.4	10.0	9.9	345.8	38.0	16.4	54.2	23.6	446.8	541.0	59.5
31.8	59.7	24.8	91.5	10.1	9.7	348.0	38.3	14.5	53.2	24.3	449.6	541.6	59.6
33.4	59.2	24.2	92.6	10.2	9.5	346.2	38.1	14.6	49.7	26.2	448.9	539.5	59.3
31.0	59.2	24.4	90.2	9.9	9.4	346.2	38.2	16.4	49.8	27.1	450.4	543.7	59.9
37.1	60.6	25.9	97.7	10.8	9.1	346.5	38.3	13.4	51.5	26.0	455.6	546.4	60.4
33.9	64.5	29.5	98.4	10.8	10.5	348.2	38.1	15.6	49.0	25.4	445.7	535.7	58.6
32.8	68.4	33.2	101.3	11.0	10.1	349.5	38.0	17.7	49.2	28.6	445.1	540.6	58.8
36.0	65.6	30.3	101.5	11.1	10.0	349.8	38.1	15.5	51.8	28.4	445.7	541.4	59.0
33.4	66.6	31.1	100.0	10.8	10.7	351.0	37.8	17.4	51.5	29.0	444.0	541.7	58.4
33.5	65.0	29.4	98.5	10.6	10.2	352.2	37.9	19.7	50.2	28.9	446.3	545.0	58.6
33.1	76.3	40.4	109.4	11.7	10.2	350.4	37.4	19.5	45.0	28.9	446.9	540.3	57.7
32.4	76.4	40.4	108.8	11.6	10.7	349.8	37.3	19.7	44.8	27.3	447.1	538.9	57.4
33.0	77.0	40.9	110.0	11.7	11.4	349.6	37.1	19.2	46.9	27.2	455.7	549.0	58.3
37.6	65.9	30.4	103.5	11.2	11.5	349.4	37.6	17.1	42.9	27.6	465.5	553.1	59.6
34.5	66.0	30.1	100.5	10.7	10.8	350.1	37.4	19.8	42.2	28.2	463.9	554.0	59.1
32.0	65.5	29.4	97.5	10.4	10.7	349.0	37.0	22.7	43.3	29.0	464.8	559.8	59.4
36.0	67.8	31.8	103.7	11.0	13.9	347.9	36.9	15.8	43.7	27.9	466.9	554.3	58.9

(c) Include Treasury bills and TDRs.

(d) Relate to inland bills discounted only upto October 1951.

(e) Include money at call and short notice and inland bills purchased upto October 1951.

(h) Average for 9 weeks.

(i) Average for 34 weeks.



# STATE

## MONEY RATES IN

Period	Imperial Bank of India Rates									
	Bank Rate(a)		Hundi Rate(b)		Advance Rate(c)		Call Loan Rate (d)			
							Rs. 5 lakhs and over		Below Rs. 5 lakhs	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1949 ..	3		3½	3	3½		2½	2½	3	
1950 ..	3		3½		3½		2½		3	
1951 ..	3½†	3	4½	3½	4	3½	3½	2½	3½	3
1952 ..	3½		4½		4		3½		3½	
1953 ..	3½		4½		4		3½		3½	
1954 ..	3½		4½		4		3½		3½	
Jan. 1954 ..	3½		4½		4		3½		3½	
Feb. „ ..	3½		4½		4		3½		3½	
Mar. „ ..	3½		4½		4		3½		3½	
April „ ..	3½		4½		4		3½		3½	
May „ ..	3½		4½		4		3½		3½	
June „ ..	3½		4½		4		3½		3½	
July „ ..	3½		4½		4		3½		3½	
Aug. „ ..	3½		4½		4		3½		3½	
Sept. „ ..	3½		4½		4		3½		3½	
Oct. „ ..	3½		4½		4		3½		3½	
Nov. „ ..	3½		4½		4		3½		3½	
Dec. „ ..	3½		4½		4		3½		3½	

(a) The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange or other commercial paper eligible for purchase under the Reserve Bank of India Act.

(b) The rate at which the Imperial Bank of India discounts first class three months' commercial bills.

(c) The general advance rate at which the Imperial Bank grants advances to the public against Government securities.

(d) The basic advance rate of the Imperial Bank for demand loans taken by scheduled banks against Government securities.

† Raised to 3½ per cent on November 15, 1951.

## MENT 4

## INDIA, 1949-54

Bazaar Bill Rate( <i>e</i> )				Call Money Rate( <i>f</i> )						Long-term Government Bond Yield*
Calcutta		Bombay		Calcutta		Bombay				
						Larger Banks		Smaller Banks		
Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	
15	9	8½	7½	½	½	1½	½	1½	½	3·00
12	10	8½	7½	½		1	½	1½	1	3·11
12	10	9	8½	½		2½	½	2½	1½	3·20
12	10	9½	9	3	½	3	½	3½	1½	3·09
12	10	9½	8½	2½	1½	3	½	3	1½	3·04
12	10	9½		3	1	3	½	3	1½	3·05
12	10	9½		2½	2½	3	2½	3	2½	3·04
12	10	9½		2½		3	2½	3		3·03
12	10	9½		2½	2½	3	2½	3		3·03
12	10	9½		2½		3	2½	3		3·04
12	10	9½		2½		3	2½	3		3·07
12	10	9½		2½		3	2½	3		3·05
12	10	9½		2½	2½	2½	1½	3	1½	3·01
12	10	9½		2½	2½	2½	1½	2½	1½	3·01
12	10	9½		3	2½	2½	1½	2½	1½	3·04
12	10	9½		3	2½	2½	1½	2½	2½	3·70
12	10	9½		2½	1	2	½	2½	2½	3·71
12	10	9½		3	1	3	½	3	2½	3·71

(e) Rate at which bills of small traders are reported to have been discounted by shroffs; these are unofficial quotations.

(f) Rate at which banks advance their day-to-day surplus funds to other banks; these loans are repayable on call at the option of the lender.

\* Average flat yield on 3 per cent Conversion Loan of 1946.

# STATE LIABILITIES AND ASSETS IN

As on the last Friday of	No. of report- ing bank- ing com- panies	Paid- up capit- al†	Re- ser- ves	Demand deposits		Time deposits		Total depo- sits	Due to other banks	Total liabi- lities	Cash in hand	Bal- ances with the Re- serve Bank	Total 12+13
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>A. INDIAN SCHEDU</b>													
1950 .. ..	76	34.4	24.8	443.3		239.0		682.3	13.7	802.3	87.2		87.2
1951 .. ..	77	33.5	26.0	21.6	395.7	2.3	242.6	662.2	25.5	788.3	40.2	31.7	71.9
1952 .. ..	78	33.7	27.6	19.5	371.2	4.5	255.7	650.8	9.9	758.8	32.1	33.1	65.2
1953 .. ..	75	32.6	27.5	18.5	377.1	3.4	269.0	668.0	10.4	772.5	29.2	35.8	64.9
1954 .. ..	74	32.7	27.6	24.8	422.2	5.5	295.6	748.2	13.0	859.9	33.7	56.5	90.2
January/1954 ..	73	32.4	27.3	17.8	380.3	3.0	267.8	668.9	25.5	783.3	29.1	29.1	58.2
February .. ..	74	32.6	27.5	18.1	383.1	3.5	270.3	675.0	34.7	800.8	28.9	30.1	59.0
March .. ..	73	32.5	27.7	18.5	388.1	3.5	268.6	678.7	43.5	815.6	29.4	32.0	61.4
April .. ..	73	32.5	27.7	19.4	390.9	4.1	270.5	684.9	60.3	837.0	29.8	31.4	61.2
May .. ..	74	32.6	27.9	21.5	395.7	4.4	271.4	693.0	48.6	833.8	29.8	32.3	62.1
June .. ..	74	32.6	27.8	22.1	399.6	4.6	276.2	702.5	23.4	819.0	30.0	32.7	62.7
July .. ..	74	32.6	27.8	20.4	406.0	5.8	282.3	714.5	9.5	816.1	26.9	38.0	64.9
August .. ..	74	32.6	27.8	20.2	413.2	6.2	285.1	724.7	11.6	830.3	27.8	53.0	80.8
September .. ..	74	32.6	27.8	20.5	412.0	5.5	285.4	723.4	17.9	834.6	30.3	50.5	80.8
October .. ..	74	32.6	27.8	18.5	418.4	5.0	286.6	728.5	17.1	846.0	32.9	56.7	89.6
November .. ..	73	32.6	27.7	22.9	419.0	6.2	295.0	743.1	9.3	848.7	29.6	65.5	95.1
December .. ..	74	32.7	27.6	24.8	422.2	5.5	295.6	748.2	13.0	859.9	33.7	56.5	90.2
<b>B. EXCHANGE</b>													
1950 .. ..	15		0.4	125.0		39.3		164.2	5.6	191.5	15.8		15.8
1951 .. ..	15		1.3	6.0	116.9	0.6	43.0	166.6	7.6	226.1	3.3	13.9	17.2
1952 .. ..	14		1.6	6.7	111.7	1.4	52.9	172.7	16.0	213.8	2.9	10.7	13.5
1953 .. ..	14		2.8	5.4	103.7	0.1	54.6	163.7	8.6	198.9	2.8	8.9	11.7
1954 .. ..	14		2.6	5.8	108.0	0.6	60.4	174.8	8.1	212.9	2.1	11.3	13.5
January/1954 ..	14		2.8	4.8	106.6	0.1	51.6	163.1	7.6	197.8	2.6	9.0	11.6
February .. ..	14		2.8	4.2	106.2	—	52.5	162.9	5.6	198.4	2.4	8.8	11.2
March .. ..	14		2.8	4.5	106.6	—	50.7	161.8	6.3	200.3	2.6	8.8	11.4
April .. ..	14		2.7	5.4	109.2	—	49.8	164.4	6.2	202.3	2.5	9.1	11.6
May .. ..	14		2.8	4.1	110.7	—	49.4	164.2	7.4	207.1	2.7	8.9	11.6
June .. ..	14		2.8	4.2	107.0	—	49.6	160.8	10.6	206.8	2.8	9.1	11.9
July .. ..	14		2.9	4.3	106.3	0.1	53.1	163.8	9.5	204.9	2.5	8.8	11.3
August .. ..	14		2.9	4.5	108.3	0.3	54.5	167.6	8.1	205.2	3.2	8.8	12.0
September .. ..	14		3.0	4.5	104.9	0.5	55.9	165.8	6.8	208.5	3.0	8.7	11.7
October .. ..	14		3.0	5.0	104.6	0.5	57.8	167.9	8.2	208.6	3.0	8.9	11.9
November .. ..	14		3.0	5.4	110.2	0.6	59.1	175.3	8.8	211.6	2.7	10.9	13.6
December .. ..	14		2.6	5.8	108.0	0.6	60.4	174.8	8.1	212.9	2.1	11.3	13.5
<b>C. ALL SCHE</b>													
1950 .. ..	91	34.4	25.1	568.3		278.2		846.5	19.2	993.8	103.0		103.0
1951 .. ..	92	33.5	27.3	27.7	512.6	2.9	285.6	828.8	33.1	1,014.3	43.5	45.6	89.1
1952 .. ..	92	33.7	29.1	26.1	482.9	5.9	308.5	823.5	25.9	972.5	35.0	43.8	78.8
1953 .. ..	89	32.6	30.3	23.9	480.7	3.5	323.6	831.8	19.0	971.4	31.9	44.7	76.6
1954 .. ..	88	32.7	30.3	30.6	530.2	6.0	356.0	922.9	21.1	1,072.9	35.8	67.8	103.6

## MENT 5

## INDIA OF BANKING COMPANIES

(Amount in crores of rupees)

Percentage of 14 to 9	Balances with the agent of the Reserve Bank and other banks	Money at call and short notice*	Bills purchased and discounted	Loans, advances, cash credits and overdrafts	Due from banks	Total advances 17+18+19+20†	Percentage of 21 to 9	Investments in Govt. securities§	Other investments	Total investments 23+24	Percentage of 25 to 9	Total assets
15	16	17	18	19	20	21	22	23	24	25	26	27
<b>LED BANKS@</b>												
12.8	10.6		307.1		17.0	324.1	47.5	310.6	23.0	333.6	48.9	785.6
10.9	11.0	3.7	32.9	336.8	24.7	398.1	60.1	259.0	21.0	280.9	42.4	786.6
10.0	9.3	5.1	27.7	302.8	13.2	348.8	53.6	279.1	23.0	302.1	46.4	748.3
9.7	8.6	6.6	43.8	292.8	10.9	353.9	53.0	288.0	22.0	309.9	46.4	758.1
12.1	12.0	9.4	41.2	337.0	5.7	393.3	52.6	299.6	23.7	323.2	43.2	848.0
8.7	8.2	4.3	49.2	322.0	16.1	391.6	58.5	275.4	21.0	297.3	44.4	776.9
8.7	8.2	3.3	59.0	327.3	14.8	404.4	59.9	273.5	22.2	295.7	43.8	786.4
9.0	8.8	3.2	65.0	333.6	14.7	416.5	61.4	273.2	22.8	296.0	43.6	801.7
8.9	8.5	2.5	73.1	346.7	17.2	439.5	64.2	276.4	22.4	298.8	43.6	829.5
9.0	8.5	4.5	70.0	341.2	11.8	427.5	61.7	278.5	22.5	301.0	43.4	820.5
8.9	9.4	6.6	60.2	333.5	7.1	407.4	58.0	280.3	22.6	302.9	43.1	803.2
9.1	7.8	9.2	59.0	321.6	6.8	396.6	55.5	287.0	23.0	310.0	43.4	801.6
11.1	8.2	10.4	55.4	313.3	5.8	384.9	53.1	293.0	22.7	315.7	43.6	813.5
11.2	8.0	7.8	48.3	316.6	10.3	383.0	52.9	298.4	24.1	322.5	44.6	820.0
12.3	8.5	7.8	51.9	314.1	9.7	383.5	52.6	301.7	24.3	326.0	44.7	829.8
12.8	8.9	11.7	42.5	320.2	6.6	381.0	51.3	301.8	24.2	326.0	43.9	831.4
12.1	12.0	9.4	41.2	337.0	5.7	393.3	52.6	299.6	23.7	323.2	43.2	848.0
<b>BANKS</b>												
9.6	7.3		108.9		0.9	109.9	66.9	46.5	1.1	47.6	29.0	189.6
10.3	2.4	7.4	5.0	141.0	0.8	154.2	92.6	46.1	1.1	47.2	28.3	230.4
7.8	1.5	11.5	3.9	120.1	1.9	137.3	79.5	44.2	0.9	45.1	26.1	204.1
7.1	1.7	6.2	5.9	108.9	1.6	122.7	74.9	46.8	0.8	47.6	29.1	189.9
7.7	1.7	5.8	12.8	120.7	1.1	140.4	80.3	47.4	0.6	48.0	27.5	209.3
7.1	1.5	6.2	5.8	111.5	1.3	124.8	76.5	47.0	0.8	47.8	29.3	191.0
6.9	1.4	6.3	7.0	112.7	1.3	127.3	78.1	45.6	0.7	46.3	28.4	190.9
7.0	1.6	6.2	7.8	117.3	1.3	132.6	82.0	45.4	0.6	46.0	28.4	195.7
7.1	1.4	8.1	7.5	118.9	1.3	135.8	82.6	45.8	0.6	46.4	28.2	199.5
7.1	1.6	8.3	9.3	121.9	1.5	141.0	85.9	46.1	0.6	46.7	28.4	205.5
7.4	1.4	9.6	9.2	122.0	1.2	142.0	88.3	46.2	0.5	46.7	29.0	206.0
6.9	1.2	7.8	10.3	118.8	1.2	138.1	84.3	46.2	0.6	46.8	28.6	202.1
7.2	1.5	7.6	9.5	116.9	1.4	135.4	80.8	46.3	0.6	46.9	28.0	200.1
7.1	1.4	6.9	12.4	116.6	1.4	137.3	82.8	47.5	0.6	48.1	29.0	203.3
7.1	1.4	7.7	12.8	115.8	1.2	137.5	81.9	47.6	0.6	48.2	28.7	204.6
7.8	1.7	7.5	12.5	115.9	1.1	137.0	78.2	47.5	0.6	48.1	27.4	205.6
7.7	1.7	5.8	12.8	120.7	1.1	140.4	80.3	47.4	0.6	48.0	27.5	209.3
<b>DULED BANKS</b>												
12.2	17.9	—	416.1		17.9	434.0	51.3	357.0	24.1	381.2	45.0	975.2
10.7	13.4	11.1	37.9	477.8	25.6	552.4	66.6	305.9	22.1	328.0	39.6	1,017.0
9.6	10.8	16.6	31.6	422.8	15.2	486.2	59.0	323.3	23.9	347.2	42.2	952.4
9.2	10.3	12.7	49.8	401.7	12.5	476.6	57.3	334.8	22.7	357.5	43.0	948.0
11.2	13.7	15.2	54.0	457.7	6.8	533.7	57.8	347.0	24.3	371.3	40.2	1,057.3

# STATE LIABILITIES AND ASSETS IN

As on the last Friday of	No. of reporting banking companies	Paid-up capital†	Reserves	Demand deposits		Time deposits		Total deposits	Due to other banks	Total liabilities	Cash in hand	Balances with the Reserve Bank	Total 12+13
1	2	3	4	From banking companies	From others	From banking companies	From others	9	10	11	12	13	14
January/1954 ..	87	32.4	30.1	22.5	486.9	3.1	319.3	831.8	33.1	981.1	31.6	38.1	69.7
February ..	88	32.6	30.3	22.3	489.4	3.5	322.8	838.0	40.4	999.2	31.2	38.9	70.1
March ..	87	32.5	30.5	22.9	494.8	3.5	319.3	840.5	49.9	1,015.9	32.0	40.8	72.8
April ..	87	32.5	30.4	24.8	500.2	4.2	320.3	849.4	66.5	1,039.2	32.3	40.5	72.8
May ..	88	32.6	30.7	25.5	506.4	4.4	320.8	857.1	55.9	1,040.8	32.5	41.1	73.6
June ..	88	32.6	30.6	26.3	506.6	4.6	325.8	863.3	34.1	1,025.8	32.8	41.8	74.6
July ..	88	32.6	30.7	24.7	512.2	5.9	335.4	878.2	19.1	1,021.0	29.4	46.8	76.2
August ..	88	32.6	30.7	24.7	521.4	6.5	339.6	892.3	19.7	1,035.5	31.0	61.7	92.7
September ..	88	32.6	30.7	25.0	516.9	6.1	341.2	889.2	24.7	1,043.0	33.3	59.2	92.5
October ..	88	32.6	30.7	23.4	522.9	5.6	344.4	896.3	25.3	1,054.6	35.9	65.6	101.5
November ..	87	32.6	30.7	28.3	529.2	6.8	354.1	918.4	18.2	1,060.3	32.3	76.4	108.7
December ..	88	32.7	30.3	30.6	530.2	6.0	356.0	922.9	21.1	1,072.9	35.8	67.8	103.6
<b>D. NON-SCHEDULE</b>													
1950 ..	339	5.9	2.0	12.9		24.4		37.4	2.6	49.8	3.6	—	3.6
1951 ..	306	5.8	2.2	0.2	11.4	0.2	24.1	35.9	2.4	47.9	3.1	—	3.1
1952 ..	425	8.9	4.0	0.5	19.8	0.2	39.1	59.6	3.7	78.4	4.7	—	4.7
1953 ..	415	8.5	3.9	0.2	19.6	0.3	39.8	59.9	1.6	76.3	4.5	—	4.6
1954 ..	401	8.3	4.1	0.6	23.1	0.3	40.8	64.7	1.0	80.8	5.9	0.1	5.9
January/1954 ..	396	8.3	3.8	0.2	19.8	0.3	39.3	59.6	2.2	76.2	4.3	—	4.3
February ..	402	8.5	3.9	0.5	19.5	0.9	38.7	59.6	2.2	76.4	4.6	—	4.6
March ..	398	8.4	3.9	0.3	19.8	0.3	38.7	59.1	1.8	75.1	4.4	—	4.4
April ..	408	8.6	4.0	0.5	20.6	0.3	40.0	61.4	2.0	78.2	4.6	—	4.6
May ..	403	8.8	4.1	0.3	20.5	0.3	40.0	61.1	1.8	77.9	4.7	—	4.7
June ..	402	8.7	4.1	0.2	20.1	0.3	40.4	61.0	1.7	78.1	4.5	—	4.5
July ..	405	8.7	4.2	0.3	20.3	0.3	40.4	61.3	1.6	77.7	4.2	—	4.2
August ..	393	8.4	4.1	0.3	20.2	0.3	40.1	60.9	1.5	76.7	4.1	—	4.1
September ..	402	8.5	4.2	0.3	20.2	0.3	40.9	61.7	1.5	78.0	4.3	—	4.3
October ..	399	8.3	4.1	0.3	19.5	0.3	40.1	60.2	1.4	76.6	4.5	—	4.5
November ..	394	8.5	4.2	0.4	21.8	0.3	40.5	63.0	1.4	79.6	4.4	—	4.4
December ..	401	8.3	4.1	0.6	23.1	0.3	40.8	64.7	1.0	80.8	5.9	0.1	5.9
<b>E. ALL</b>													
1950 ..	430	40.3	27.1	581.2		302.7		883.9	21.8	1,043.6	106.5	—	106.5
1951 ..	398	39.3	29.5	27.9	524.0	3.1	309.7	864.6	35.5	1,062.2	46.5	45.6	92.2
1952 ..	517	42.6	33.1	26.6	502.7	6.2	347.6	883.1	29.6	1,051.0	39.7	43.8	83.5
1953 ..	504	41.1	34.2	24.1	500.4	3.8	363.4	891.7	20.6	1,047.7	36.5	44.7	81.2
1954 ..	489	41.0	34.4	31.2	563.3	6.3	396.8	987.6	22.1	1,153.7	41.7	67.9	109.5
January/1954 ..	483	40.7	33.9	22.7	506.7	3.3	358.6	891.3	35.3	1,057.3	36.0	38.1	74.1
February ..	490	41.1	34.3	22.9	508.9	4.5	361.4	897.7	42.5	1,075.6	35.8	38.9	74.7
March ..	485	40.9	34.4	23.2	514.5	3.8	358.0	899.5	51.6	1,091.0	36.4	40.9	77.3
April ..	495	41.1	34.5	25.3	520.8	4.5	360.2	910.8	68.5	1,117.4	36.9	40.6	77.5
May ..	491	41.3	34.7	25.8	526.9	4.8	360.8	918.3	57.8	1,118.7	37.2	41.2	78.4
June ..	490	41.2	34.7	26.5	526.7	5.0	366.2	924.4	35.8	1,103.9	37.3	41.9	79.2
July ..	493	41.2	34.9	25.0	532.6	6.3	375.8	939.7	20.7	1,098.7	33.7	46.8	80.5
August ..	481	40.9	34.8	24.9	541.6	6.8	379.7	953.0	21.2	1,112.3	35.1	61.8	96.9
September ..	490	41.1	34.9	25.3	537.1	6.4	382.1	950.9	26.2	1,121.1	37.6	59.2	96.8
October ..	487	40.9	34.8	23.8	542.4	5.8	384.5	956.5	26.7	1,131.2	40.4	65.6	106.0
November ..	481	41.0	34.9	28.7	551.0	7.1	394.6	981.4	19.6	1,139.9	36.7	76.4	113.1
December ..	489	41.0	34.4	31.2	553.3	6.3	396.8	987.6	22.1	1,153.7	41.7	67.8	109.6

Note:—As the figures of liabilities and assets of banking companies relate only to areas to which the Act extended, the total of liabilities may not agree with the total of assets.

† The figures of paid-up capital of banking companies incorporated outside India are excluded.

@ Include one bank registered in Pakistan upto 1952 and two such banks for 1953 and 1954.

## MENT 5—Contd.

## INDIA OF BANKING COMPANIES

(Amount in crores of rupees)

Percent- age of 14 to 9	Balances with the agent of the Reserve Bank and other banks	Money at call and short notice*	Bills purchas- ed and discount- ed	Loans, advan- ces, cash credits and over- drafts	Due from banks	Total advan- ces 17+ 18+19 +20†	Percent- age of 21 to 9	Invest- ments in Govt. se- curities‡	Other invest- ments	Total invest- ments 23+24	Percent- age of 25 to 9	Total assets
15	16	17	18	19	20	21	22	23	24	25	26	27
8.4	9.8	10.5	55.0	433.6	17.4	516.5	62.1	322.4	22.7	345.1	41.5	968.0
8.4	9.6	9.6	66.0	439.9	16.1	531.6	63.4	319.1	22.9	342.0	40.8	977.3
8.7	10.4	9.4	72.7	450.9	16.0	549.0	65.3	318.5	23.4	341.9	40.7	997.4
8.6	9.9	10.6	80.5	465.6	18.4	575.3	67.7	322.2	23.0	345.2	40.6	1,029.0
8.6	10.1	12.8	79.4	463.1	13.3	568.6	66.3	324.6	23.1	347.7	40.6	1,026.0
8.6	10.8	16.2	69.4	455.5	8.3	549.4	63.6	326.5	23.1	349.6	40.5	1,009.2
8.7	9.0	17.0	69.3	440.4	8.0	534.7	60.9	333.3	23.6	356.9	40.6	1,003.7
10.4	9.7	18.0	64.9	430.3	7.1	520.3	58.3	339.3	23.3	362.6	40.6	1,013.6
10.4	9.4	14.6	60.7	433.3	11.6	520.2	58.5	346.0	24.7	370.7	41.7	1,023.3
11.3	9.9	15.5	64.7	429.8	10.9	520.9	58.1	349.2	24.9	374.1	41.7	1,034.4
11.8	10.6	19.2	55.0	436.1	7.7	518.0	56.4	349.3	24.8	374.1	40.7	1,037.0
11.2	13.7	15.2	54.0	457.7	6.8	533.7	57.8	347.0	24.3	371.3	40.2	1,057.3
<b>LED BANKS</b>												
9.6	2.4		28.4		—	28.4	75.9	9.8	2.4	12.1	32.4	40.5
8.6	1.7	0.2	1.4	27.1	—	28.8	80.2	9.0	2.5	11.5	32.0	47.8
7.9	3.0	0.2	2.1	39.4	0.1	41.8	70.1	20.6	3.9	24.6	41.3	78.3
7.6	2.5	0.7	2.0	37.8	0.2	40.7	68.0	20.1	4.2	24.2	40.5	76.2
9.1	3.9	1.9	1.6	36.5	0.1	40.1	62.0	21.3	5.0	26.3	40.6	80.7
7.2	2.4	0.6	2.4	37.7	0.3	41.0	68.8	20.2	4.3	24.5	41.1	76.1
7.7	2.5	1.5	2.2	37.2	0.2	41.1	69.0	20.1	4.2	24.3	40.8	76.3
7.4	2.8	0.6	2.2	36.3	0.1	39.2	66.3	19.6	5.0	24.6	41.6	75.0
7.5	2.4	1.2	2.3	37.4	0.1	41.0	66.8	20.5	5.0	25.5	41.5	78.1
7.7	3.0	0.6	2.2	37.6	0.1	40.5	66.3	20.6	4.3	24.9	40.8	77.7
7.4	3.1	0.4	1.8	37.6	0.2	40.0	65.6	20.5	4.6	25.1	41.1	78.0
6.9	3.2	0.4	1.9	37.3	0.1	39.7	64.8	20.7	5.3	26.0	42.4	77.6
6.7	3.4	0.4	1.9	35.9	0.1	38.3	62.9	21.2	5.3	26.5	43.5	76.6
7.0	3.5	0.5	1.9	35.7	0.1	38.2	61.9	21.4	6.1	27.5	44.6	77.9
7.5	3.0	0.5	2.1	35.1	0.1	37.8	62.8	21.3	5.8	27.1	45.0	76.4
7.0	2.8	1.9	2.2	36.8	0.1	41.0	65.1	21.5	5.6	27.1	43.0	79.4
9.1	3.9	1.9	1.6	36.5	0.1	40.1	62.0	21.3	5.0	26.3	40.6	80.7
<b>BANKS</b>												
12.0	20.3		444.4		17.9	462.3	52.3	366.8	26.5	393.3	44.5	1,024.7
10.7	15.1	11.2	39.3	505.0	25.6	581.1	67.2	315.0	24.6	339.6	39.3	1,064.7
9.5	13.8	16.8	33.8	462.2	15.2	528.0	59.8	343.9	27.9	371.8	42.1	1,030.7
9.1	12.8	13.4	51.8	439.5	12.6	517.3	58.0	354.8	26.9	381.7	42.8	1,024.3
11.0	17.6	17.1	55.6	494.2	6.9	573.8	57.5	368.3	29.3	397.6	39.9	1,138.0
8.3	12.2	11.1	57.3	471.2	17.7	557.3	62.5	342.6	27.0	369.6	41.5	1,044.1
8.3	12.1	11.1	68.1	477.2	16.3	572.7	63.8	339.2	27.1	366.3	40.8	1,053.6
8.6	13.2	10.0	74.9	487.1	16.1	588.1	65.4	338.1	28.5	366.6	40.8	1,072.4
8.5	12.3	11.7	82.8	503.1	18.5	616.1	67.6	342.8	28.1	370.9	40.7	1,107.0
8.5	13.1	13.4	81.5	500.7	13.4	609.0	66.3	345.2	27.5	372.7	40.6	1,103.7
8.6	13.9	16.6	71.1	493.1	8.5	589.3	63.7	347.0	27.7	374.7	40.5	1,087.1
8.6	12.2	17.4	71.2	477.6	8.1	574.3	61.1	354.0	28.8	382.8	40.7	1,081.2
10.2	13.1	18.5	66.8	466.1	7.2	558.6	58.6	360.5	28.6	389.1	40.8	1,090.2
10.2	12.9	15.1	62.7	469.0	11.7	558.5	58.7	367.3	30.8	398.1	41.9	1,101.1
11.1	12.9	16.0	66.8	464.9	11.0	558.7	58.4	370.5	30.8	401.3	42.0	1,110.9
11.5	13.4	21.2	57.2	472.9	7.8	559.1	57.0	370.8	30.4	401.2	40.9	1,116.4
11.1	17.6	17.2	55.5	494.2	6.9	573.8	58.1	368.3	29.3	397.6	40.3	1,138.0

† Exclude money at call and short notice for 1950.

‡ Include Treasury bills and TDRs.

\* For the year 1950 money at call and short notice is included in balances with other banks in column 16.

## STATEMENT 6

### PRINCIPAL RATIOS OF BANKING COMPANIES

(As on the last Friday of the year)

(Percentage)

Ratio of 1	Exchange Banks		Other Sched- uled Banks		Non-Sche- duled Banks		All Banks	
	1953	1954	1953	1954	1953	1954	1953	1954
	2	3	4	5	6	7	8	9
1. Reserves to paid-up capital* ..			84	84	46	49	76	77
2. Demand deposits to total deposits ..	67	65	59	60	33	37	59	59
3. Time deposits to total deposits ..	33	35	41	40	67	63	41	41
4. Total paid-up capital and reserves to total deposits@ ..			9	8	21	19	8	8
5. Borrowings from banks to total de- posits ..	5	5	1	2	3	1	2	2
6. Cash in hand and balances with the Reserve Bank of India to total deposits ..	7	8	10	12	8	9	9	11
7. Balances with the agent of the Re- serve Bank of India and with other banks to total deposits ..	1	1	1	2	4	6	1	2
8. Investments in Government securi- ties to total deposits ..	29	27	43	40	34	33	40	37
9. Total investments to total deposits ..	29	27	46	43	40	41	43	40
10. Advances to total deposits ..	75	80	53	53	68	62	58	58
11. Capitalised expenses to total paid- up capital and reserves@ ..			2	1	3	4	3	3

\* Exclude banks incorporated outside India.

@ In calculating the ratios under columns 8 and 9, paid-up capital of banks incorporated outside India has been excluded but their reserves have been included.

## STATEMENT 7

### RATIO OF PAID-UP CAPITAL AND RESERVES TO DEPOSITS OF COMMERCIAL BANKS IN INDIA, THE U.K. AND THE U.S.A., 1939-54

(Ratio per cent)

End of 1	India (Indian Joint Stock Banks)			United Kingdom (Eleven clearing banks) 5	United States of America (All commer- cial banks) 6
	Scheduled banks 2	Non-Scheduled banks 3	All banking companies 4		
1939 .. ..	13	25	14	6	14
1945 .. ..	6	11	7	3	7
1949 .. ..	9	20	9	2	8
1950 .. ..	9	21	9	2	8
1951 .. ..	9	22	10	2	8
1952 .. ..	9	22	11	2	8
1953 .. ..	9	21	10	3	8
1954 .. ..	8	19	9	3	8

*Note :—*The ratios have been calculated from data available in the Statistical Tables relating to Banks in India for the years 1939 and 1945 and thereafter from returns received from the banking companies under the Banking Companies Act, 1949, in the case of India, and from figures available in the Bankers', Insurance Managers' and Agents' Magazine and the Federal Reserve Bulletin in the case of the U. K. and the U.S.A., respectively.

## STATEMENT 8

**PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES  
CLASSIFIED ACCORDING TO THE SIZE OF THEIR PAID-UP  
CAPITAL AND RESERVES**

*(As at December 30, 1954)*

(Amount in crores of rupees)

Size of paid-up capital and reserves	No. of reporting banking companies*	Paid-up capital and reserves	Deposits			Cash in hand and balances with the Reserve Bank	Investments in Government securities†	Other investments	Loans and advances
			Demand	Time	Total				
	2	3	4	5	6	7	8	9	10
<b>A. SCHEDULED BANKS</b>									
1. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	47	8.4 (14.0)	20.5 (34.2)	39.5 (65.8)	60.0	8.0 (13.3)	19.7 (32.8)	2.5 (4.2)	35.4 (59.0)
2. Rs. 50 lakhs and above .. ..	25	51.9 (7.6)	425.8 (62.0)	261.5 (38.0)	687.3	82.1 (11.9)	279.5 (40.7)	21.2 (3.1)	357.3 (52.0)
3. Total of 1 and 2 .. .	72	60.3 (8.1)	446.3 (59.7)	301.0 (40.3)	747.3	90.1 (12.1)	299.2 (40.0)	23.7 (3.2)	392.7 (52.5)
<b>B. NON-SCHEDULED BANKS</b>									
4. Below Rs. 50,000 .. ..	36	0.1 (50.0)	0.1 (50.0)	0.1 (50.0)	0.2	—	—	—	0.2 (100.0)
5. Rs. 50,000 and above but less than Rs. 1 lakh .. ..	111	0.8 (29.6)	0.8 (29.6)	1.9 (70.4)	2.7	0.3 (11.1)	0.4 (14.8)	0.2 (7.4)	2.2 (81.5)
6. Rs. 1 lakh and above but less than Rs. 5 lakhs .. ..	190	3.9 (21.2)	5.1 (27.7)	13.3 (72.3)	18.4	1.9 (10.3)	4.9 (26.6)	1.5 (8.2)	12.5 (67.9)
7. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	59	4.7 (20.7)	8.4 (37.0)	14.3 (63.0)	22.7	2.3 (10.1)	6.2 (27.3)	1.4 (6.2)	15.1 (66.5)
8. Rs. 50 lakhs and above .. ..	4	2.9 (13.9)	9.3 (44.7)	11.5 (55.3)	20.8	1.4 (6.7)	9.8 (47.1)	1.9 (9.1)	10.1 (48.6)
9. Total of 4 to 8 .. ..	400	12.4 (19.2)	23.6 (36.5)	41.1 (63.5)	64.7	5.9 (9.1)	21.3 (32.9)	5.0 (7.7)	40.1 (62.0)
<b>C. ALL BANKS</b>									
10. Below Rs. 50,000 .. ..	36	0.1 (50.0)	0.1 (50.0)	0.1 (50.0)	0.2	—	—	—	0.2 (100.0)
11. Rs. 50,000 and above but less than Rs. 1 lakh .. ..	111	0.8 (29.6)	0.8 (29.6)	1.9 (70.4)	2.7	0.3 (11.1)	0.4 (14.8)	0.2 (7.4)	2.2 (81.5)
12. Rs. 1 lakh and above but less than Rs. 5 lakhs .. ..	190	3.9 (21.2)	5.1 (27.7)	13.3 (72.3)	18.4	1.9 (10.3)	4.9 (26.6)	1.5 (8.2)	12.5 (67.9)
13. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	108	13.1 (15.8)	28.9 (34.9)	53.8 (65.1)	82.7	10.3 (12.5)	25.9 (31.3)	3.9 (4.7)	50.5 (61.1)
14. Rs. 50 lakhs and above .. ..	29	54.8 (7.7)	435.1 (61.4)	273.0 (38.6)	708.1	83.5 (11.8)	289.3 (40.9)	23.1 (3.3)	367.4 (51.9)
15. Total of 10 to 14 .. ..	472	72.7 (9.0)	469.9 (57.9)	342.1 (42.1)	812.0	96.0 (11.8)	320.5 (39.5)	28.7 (3.5)	432.8 (53.3)

*Note* :—Figures in brackets indicate the percentages of individual items to total deposits of banking companies in each group.

\* Exclude banking companies incorporated outside India.

† Include Treasury bills.



## STATEMENT 9

CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE SIZE OF THEIR RESERVES IN RELATION TO  
THEIR PAID-UP CAPITAL

Class of banking companies	Last Fri- day of	No. of banking companies having								Total
		no reserves	reserves less than 50% of the paid-up capital	reserves equal to or more than 50% but less than the paid- up capital	reserves equal to or more than the paid-up capital					
			Per- centage to total	Number	Per- centage to total	Number	Per- centage to total	Number	Per- centage to total	
		Number		Number		Number		Number		
1	2	3	4	5	6	7	8	9	10	11
Scheduled Banks	1949	3	5	41	63	10	15	11	17	65
	1950	1	1	45	61	9	12	19	26	74
	1951	—	—	45	59	10	13	21	28	76
	1952	3	4	40	52	11	14	23	30	77
	1953	1	1	38	52	12	16	22	30	73
	1954	2	3	31	43	19	26	20	28	72
Non-Scheduled Banks	1949	37	11	202	60	48	14	49	15	336
	1950	28	8	203	61	49	15	55	16	335
	1951	26	9	173	57	49	16	53	18	301
	1952	38	9	249	59	66	16	70	17	423
	1953	28	7	248	60	70	17	68	16	414
	1954	26	7	229	57	78	20	67	17	400
All Banks	1949	40	10	243	61	58	14	60	15	401
	1950	29	7	248	61	58	14	74	18	409
	1951	26	7	218	58	59	16	74	20	377
	1952	41	8	289	58	77	15	93	19	500
	1953	29	6	286	59	82	17	90	18	487
	1954	28	6	260	55	97	21	87	18	472

Note :—(1) The statement excludes banking companies incorporated outside India.

(2) The statement is based on returns as on the last Friday of the year and the figures may not tally with the year-end figures in audited balance sheets.

STATEMENT 10  
UNCLAIMED DEPOSITS HELD BY BANKING COMPANIES

(Amount in lakhs of rupees)

No. of reporting banking companies	December 31, 1952				December 31, 1953			
	557				515			
	204				211			
Particulars	Number	Per- centage to total	Amount	Per- centage to total	Number	Per- centage to total	Amount	Per- centage to total
1	2	3	4	5	6	7	8	9
I. Nature of accounts								
1. Current ..	45,678	27	32	22	46,595	27	34	22
2. Savings ..	1,18,219	70	72	50	1,22,176	70	76	48
3. Fixed ..	721	—	34	24	745	—	41	26
4. Others ..	4,893	3	6	4	4,868	3	6	4
II. Interest credited ..			@				1	
III. Incidental charges debited ..			@				@	
IV. Total ..	1,69,511		1,44		1,74,384		1,58	

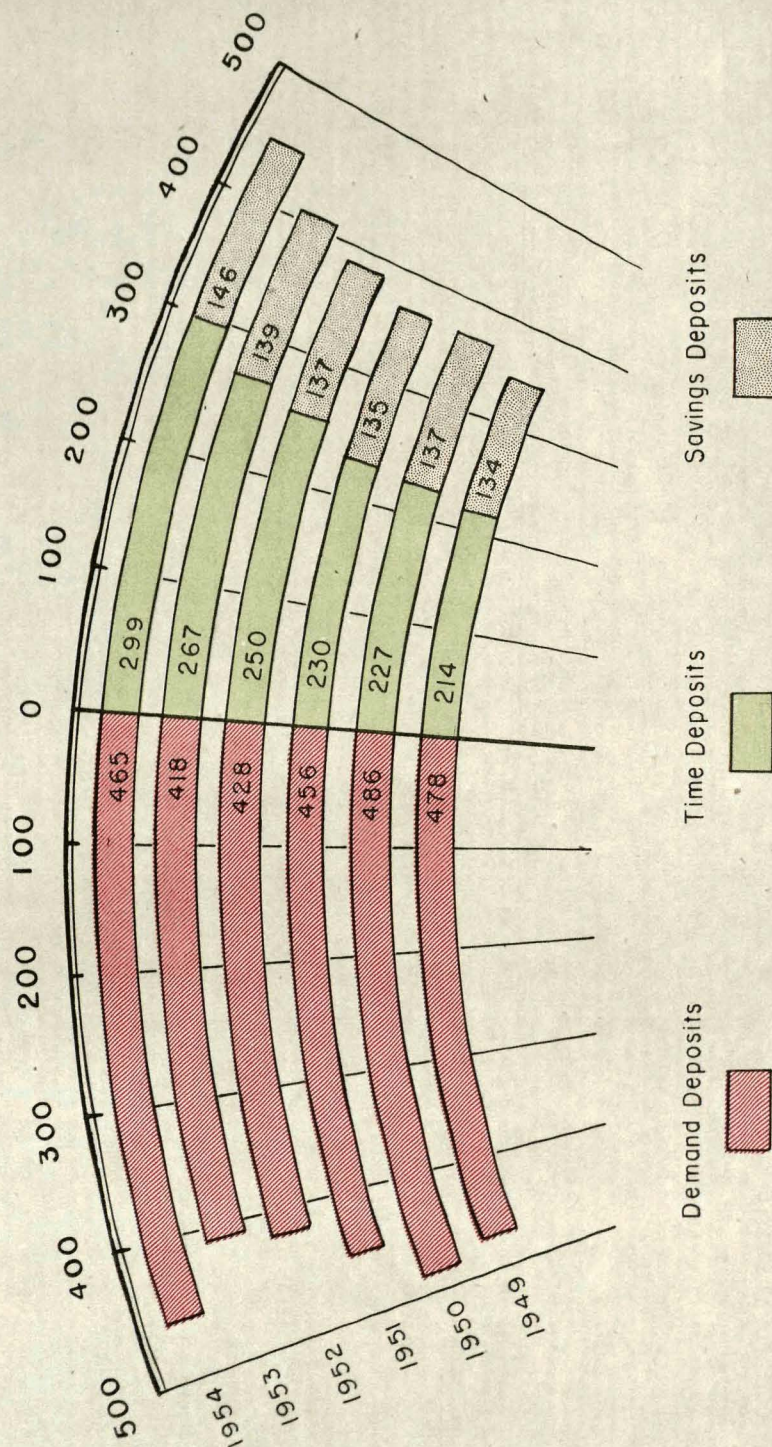
@ Less than Rs. 50,000.

GRAPH 6

# COMPOSITION OF DEPOSITS OF SCHEDULED BANKS IN INDIA

1949-54

Crores of Rupees



## STATEMENT II

### PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES CLASSIFIED ACCORDING TO THE SIZE OF THEIR DEPOSITS

(As at December 30, 1954)

(Amount in crores of rupees)

Size of deposits	No. of reporting banking companies	Paid-up capital and reserves*	Deposits			Cash in hand and balances with the Reserve Bank	Investments in Government securities†	Other investments	Loans and advances
			Demand	Time	Total				
1	2	3	4	5	6	7	8	9	10
<b>A. SCHEDULED BANKS</b>									
1. Below Rs. 5 lakhs .. ..	4	0.6	—	—	—	—	—	—	0.2
2. Rs. 5 lakhs to Rs. 10 lakhs ..	2	0.1 (50.0)	0.1 (50.0)	0.1 (50.0)	0.2	—	0.1 (50.0)	—	0.2 (100.0)
3. Rs. 10 lakhs to Rs. 50 lakhs ..	10	1.6 (47.1)	1.6 (47.1)	1.8 (52.9)	3.4	0.5 (14.7)	1.2 (35.3)	0.4 (11.8)	3.9 (114.7)
4. Rs. 50 lakhs to Rs. 1 crore ..	18	2.8 (21.4)	5.4 (41.2)	7.7 (58.8)	13.1	1.6 (12.2)	4.9 (37.4)	1.0 (7.6)	9.7 (74.0)
5. Rs. 1 crore to Rs. 5 crores ..	25	8.3 (14.9)	26.9 (48.3)	28.8 (51.7)	55.7	7.3 (13.1)	18.7 (33.6)	2.3 (4.1)	39.6 (71.1)
6. Rs. 5 crores to Rs. 10 crores ..	13	6.8 (7.4)	47.4 (51.6)	44.4 (48.4)	91.8	10.1 (11.0)	29.2 (31.8)	1.4 (1.5)	61.1 (66.6)
7. Rs. 10 crores to Rs. 20 crores ..	4	2.8 (4.9)	32.5 (56.4)	25.1 (43.6)	57.6	7.6 (13.2)	15.6 (27.1)	1.3 (2.3)	37.1 (64.4)
8. Rs. 20 crores and above ..	12	39.9 (5.7)	446.8 (63.7)	254.3 (36.3)	701.1	76.5 (10.9)	277.3 (39.6)	17.8 (2.5)	382.0 (54.5)
9. Total of 1 to 8 .. ..	88	62.9 (6.8)	560.8 (60.8)	362.1 (39.2)	922.9	103.6 (11.2)	347.0 (37.6)	24.3 (2.6)	533.7 (57.8)
<b>B. NON-SCHEDULED BANKS</b>									
10. Below Rs. 5 lakhs .. ..	233	3.2 (88.9)	1.2 (33.3)	2.4 (66.7)	3.6	0.6 (16.7)	0.8 (22.2)	0.4 (11.1)	4.5 (125.0)
11. Rs. 5 lakhs to Rs. 10 lakhs ..	58	1.1 (26.2)	1.2 (28.6)	3.0 (71.4)	4.2	0.5 (11.9)	0.9 (21.4)	0.4 (9.5)	3.0 (71.4)
12. Rs. 10 lakhs to Rs. 50 lakhs ..	85	3.2 (19.0)	5.1 (30.4)	11.7 (69.6)	16.8	1.8 (10.7)	4.5 (26.8)	1.3 (7.7)	11.3 (67.3)
13. Rs. 50 lakhs to Rs. 1 crore ..	15	1.1 (12.0)	2.9 (31.5)	6.3 (68.5)	9.2	0.6 (6.5)	2.2 (23.9)	0.5 (5.4)	5.7 (62.0)
14. Rs. 1 crore to Rs. 5 crores ..	8	1.4 (12.5)	4.1 (36.6)	7.1 (63.4)	11.2	1.1 (9.8)	3.4 (30.4)	0.6 (5.4)	6.9 (61.6)
15. Rs. 5 crores to Rs. 10 crores ..	1	0.8 (9.0)	2.8 (31.5)	6.1 (68.5)	8.9	0.7 (7.9)	3.3 (37.1)	0.8 (9.0)	4.1 (46.1)
16. Rs. 10 crores to Rs. 20 crores ..	1	1.6 (14.8)	6.3 (58.3)	4.5 (41.7)	10.8	0.6 (5.6)	6.2 (57.4)	1.0 (9.3)	4.6 (42.6)
17. Total of 10 to 16 .. ..	401	12.4 (19.2)	23.6 (36.5)	41.1 (63.5)	64.7	5.9 (9.1)	21.3 (32.9)	5.0 (7.7)	40.1 (62.0)
<b>C. ALL BANKS</b>									
18. Below Rs. 5 lakhs .. ..	237	3.8 (105.6)	1.2 (33.3)	2.4 (66.7)	3.6	0.6 (16.7)	0.8 (22.2)	0.4 (11.1)	4.7 (130.6)
19. Rs. 5 lakhs to Rs. 10 lakhs ..	60	1.2 (27.3)	1.3 (29.5)	3.1 (70.5)	4.4	0.5 (11.4)	1.0 (22.7)	0.4 (9.1)	3.2 (72.7)
20. Rs. 10 lakhs to Rs. 50 lakhs ..	95	4.8 (23.8)	6.7 (33.2)	13.5 (66.8)	20.2	2.3 (11.4)	5.7 (28.2)	1.7 (8.4)	15.2 (75.2)
21. Rs. 50 lakhs to Rs. 1 crore ..	33	3.9 (17.5)	8.3 (37.2)	14.0 (62.8)	22.3	2.2 (9.9)	7.1 (31.8)	1.5 (6.7)	15.4 (69.1)
22. Rs. 1 crore to Rs. 5 crores ..	33	9.7 (14.5)	31.0 (46.3)	35.9 (53.7)	66.9	8.4 (12.6)	22.1 (33.0)	2.9 (4.3)	46.5 (69.5)
23. Rs. 5 crores to Rs. 10 crores ..	14	7.6 (7.5)	50.2 (49.9)	50.5 (50.1)	100.7	10.8 (10.7)	32.5 (32.3)	2.2 (2.2)	85.2 (64.7)
24. Rs. 10 crores to Rs. 20 crores ..	5	4.4 (6.4)	38.8 (56.7)	29.6 (43.3)	68.4	8.2 (12.0)	21.8 (31.9)	2.3 (3.4)	41.7 (61.0)
25. Rs. 20 crores and above ..	12	39.9 (5.7)	446.8 (63.7)	254.3 (36.3)	701.1	76.5 (10.9)	277.3 (39.6)	17.8 (2.5)	382.0 (54.5)
26. Total of all banks .. ..	489	75.3 (7.6)	584.4 (59.2)	403.2 (40.8)	987.6	109.5 (11.1)	368.3 (37.3)	29.3 (3.0)	573.8 (58.1)

Note :—Figures in brackets indicate the percentages of individual items to total deposits of banking companies in each group.

\* Exclude paid-up capital of banking companies incorporated outside India.

† Include Treasury bills.

## STATEMENT 12

### DEPOSITS\* OF SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1954

(Amount in crores of rupees)

Rate of interest	Last day of	Major Indian Scheduled Banks†		Exchange Banks		All Scheduled Banks	
		Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
1. Nil .. .. .	Mar. 1954	167.3	34.2	44.6	27.9	229.9	27.6
	June "	167.8	33.6	45.8	28.8	232.7	27.3
	Sept. "	177.0	34.7	43.3	26.8	238.3	27.5
	Dec. "	186.2	35.3	47.2	27.4	253.0	28.0
2. More than 0% but upto and including ½%	Mar. 1954	66.0	13.5	47.2	29.5	141.1	16.9
	June "	65.9	13.2	45.5	28.6	142.3	16.7
	Sept. "	64.1	12.6	40.1	24.9	133.6	15.4
	Dec. "	64.3	12.2	41.4	24.1	138.1	15.3
3. More than ½% but upto and including ¾%	Mar. 1954	4.5	0.9	0.1	0.1	13.9	1.7
	June "	3.3	0.7	0.2	0.1	12.8	1.5
	Sept. "	3.7	0.7	0.1	0.1	12.7	1.5
	Dec. "	3.2	0.6	0.2	0.1	13.1	1.5
4. More than ¾% but upto and including 1%	Mar. 1954	65.6	13.4	0.6	0.4	78.6	9.4
	June "	65.8	13.2	0.7	0.4	79.2	9.3
	Sept. "	65.3	12.8	1.6	1.0	79.4	9.1
	Dec. "	65.5	12.4	2.0	1.2	80.5	8.9
5. More than 1% but upto and including 1½%	Mar. 1954	48.7	10.0	13.5	8.4	78.2	9.4
	June "	48.5	9.7	13.6	8.5	77.9	9.1
	Sept. "	48.8	9.6	13.4	8.3	77.7	8.9
	Dec. "	49.0	9.3	13.4	7.8	78.2	8.7
6. More than 1½% but upto and including 2%	Mar. 1954	12.6	2.6	6.7	4.2	33.4	4.0
	June "	13.8	2.8	6.9	4.3	35.4	4.1
	Sept. "	12.9	2.5	18.1	11.2	46.1	5.3
	Dec. "	10.8	2.1	24.7	14.4	50.9	5.6
7. More than 2% but upto and including 2½%	Mar. 1954	32.5	6.6	19.3	12.0	65.4	7.8
	June "	29.9	6.0	19.9	12.5	63.7	7.5
	Sept. "	42.7	8.4	14.9	9.2	72.0	8.3
	Dec. "	28.5	5.4	8.9	5.2	50.4	5.6
8. More than 2½% but upto and including 3%	Mar. 1954	76.5	15.6	25.2	15.8	130.4	15.6
	June "	86.7	17.4	23.8	14.9	143.0	16.8
	Sept. "	78.4	15.4	28.0	17.3	140.2	16.1
	Dec. "	98.3	18.6	31.6	18.4	164.9	18.2
9. More than 3% but upto and including 4%	Mar. 1954	11.2	2.3	1.9	1.2	50.8	6.1
	June "	12.3	2.5	1.9	1.2	53.4	6.3
	Sept. "	12.5	2.5	1.0	0.6	55.5	6.4
	Dec. "	16.6	3.2	1.5	0.9	62.4	6.9
10. More than 4% but upto and including 5%	Mar. 1954	4.7	1.0	0.9	0.6	12.0	1.4
	June "	4.9	1.0	1.0	0.6	12.6	1.5
	Sept. "	4.8	0.9	1.0	0.6	12.5	1.4
	Dec. "	5.1	1.0	0.9	0.5	12.9	1.4
11. Over 5% .. .. .	Mar. 1954	—	—	—	—	0.3	—
	June "	—	—	—	—	0.3	—
	Sept. "	—	—	—	—	0.4	0.1
	Dec. "	0.1	—	—	—	0.4	—
<b>Total</b> .. .. .	Mar. 1954	<b>489.5</b>	<b>100.0</b>	<b>160.0</b>	<b>100.0</b>	<b>834.0</b>	<b>100.0</b>
	June "	<b>499.0</b>	<b>100.0</b>	<b>159.1</b>	<b>100.0</b>	<b>853.1</b>	<b>100.0</b>
	Sept. "	<b>510.1</b>	<b>100.0</b>	<b>161.5</b>	<b>100.0</b>	<b>868.4</b>	<b>100.0</b>
	Dec. "	<b>527.6</b>	<b>100.0</b>	<b>171.9</b>	<b>100.0</b>	<b>904.8</b>	<b>100.0</b>

\* Relate to deposits calculated on the same basis as for the return in Form XIII under the Banking Companies Act, 1949 but exclude contingency unadjusted accounts.

† Banks each with deposits of Rs. 25 crores and over.

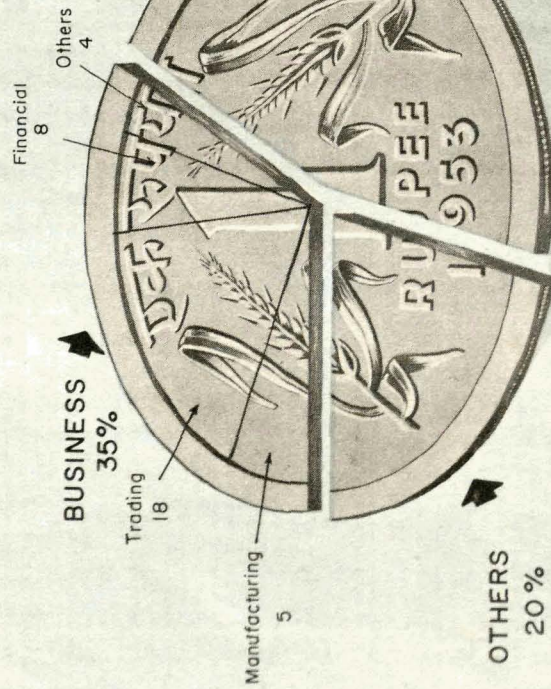
Note :—Figures relate to 7 major Indian scheduled and 14 exchange banks for each quarter and 84 banks in March, 87 banks in June and September and 85 banks in December in the case of all scheduled banks.



GRAPH 7

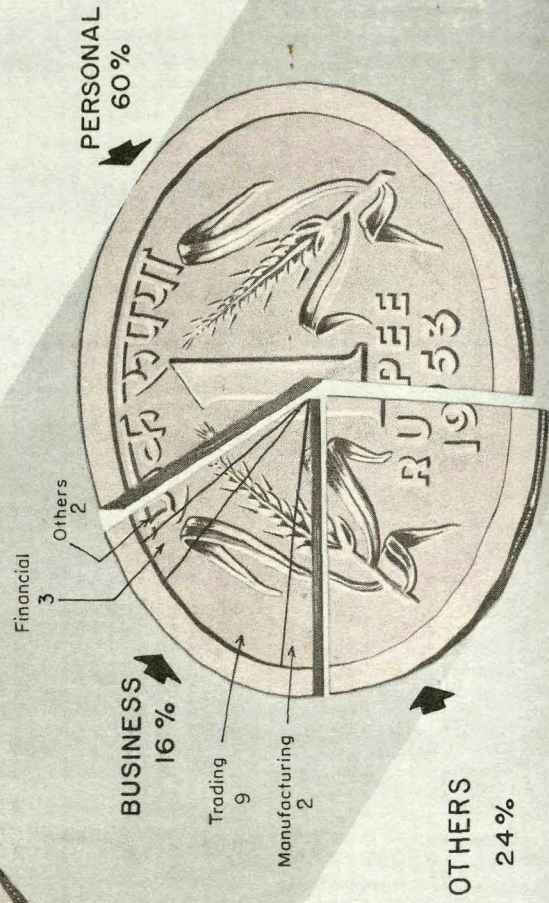
**OWNERSHIP OF DEPOSITS OF BANKS**  
as at December 31, 1954  
(Percentages)

**SCHEDULED BANKS**



PERSONAL  
45%

**NON-SCHEDULED BANKS**



# STATEMENT 13

## DEPOSITS\* OF NON-SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1954

Rate of interest	Last day of	(Amount in lakhs of rupees)					
		March		June		September	
		Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
1. Nil	.. .. .	4,03	11.2	3,28	8.9	4,70	8.2
2. More than 0% but upto and including 1%	.. .. .	48	1.4	61	1.7	1,48	2.6
3. More than 1% but upto and including 1 1/4%	.. .. .	2,95	8.2	2,53	6.9	3,50	6.1
4. More than 1 1/4% but upto and including 1%	.. .. .	87	2.4	91	2.5	1,55	2.7
5. More than 1% but upto and including 1 1/4%	.. .. .	2,26	6.3	2,34	6.4	3,31	5.8
6. More than 1 1/4% but upto and including 2%	.. .. .	4,77	13.3	4,92	13.4	7,07	12.3
7. More than 2% but upto and including 2 1/4%	.. .. .	3,88	10.8	3,29	9.0	4,95	8.6
8. More than 2 1/4% but upto and including 3%	.. .. .	5,81	16.2	7,64	20.8	8,93	15.5
9. More than 3% but upto and including 4%	.. .. .	4,67	13.0	4,89	13.3	9,19	16.0
10. More than 4% but upto and including 5%	.. .. .	5,09	14.2	5,17	14.1	9,34	16.2
11. Over 5%	.. .. .	1,11	3.1	1,17	3.2	3,52	6.1
<b>Total</b>	<b>.. .. .</b>	<b>35,92</b>	<b>100.0</b>	<b>36,75</b>	<b>100.0</b>	<b>57,54</b>	<b>100.0</b>

Note :—Owing to differences in coverage, statistics for the first two quarters are not strictly comparable with those for the second two quarters. Data for March and June relate to a sample of non-scheduled banks, viz., 96 banks in March and 100 banks in June, while those for September and December relate to all non-scheduled banks, viz., 340 banks in September and 359 banks in December.

\* Relate to deposits calculated on the same basis as for the return in Form XIII under the Banking Companies Act, 1949 but exclude contingency unadjusted accounts.

**STATE**  
**OWNERSHIP OF DEPOSITS OF**  
*(By Types)*

Number of banking companies	SCHEDULED			
	December 31, 1953		June 30, 1954	
	86		86	
	Amount	Percentage to group total	Amount	Percentage to group total
1	2	3	4	5
<b>I. Demand deposits of</b>				
(1) Manufacturing concerns .. .. .	44,50	10.7	47,80	10.8
(2) Trading concerns .. .. .	104,62	25.1	110,41	24.9
(3) Public utility (e.g. transport and communications, gas, electricity, etc.) concerns ..	9,48	2.3	8,56	1.9
(4) Mining concerns .. .. .	3,54	0.9	2,56	0.6
(5) Plantation concerns .. .. .	7,25	1.7	13,04	2.9
(6) Financial concerns .. .. .	49,24	11.8	52,07	11.7
(a) Banks .. .. .	27,88	6.7	30,66	6.9
(b) Insurance companies .. .. .	10,43	2.5	9,66	2.2
(c) Co-operative banks and societies ..	5,89	1.4	6,45	1.5
(d) Others .. .. .	5,05	1.2	5,30	1.2
(7) Personal .. .. .	112,96	27.1	116,10	26.2
(8) Govt. and quasi-Govt. bodies .. .. .	30,10	7.2	35,57	8.0
(9) Others .. .. .	46,49	11.1	47,41	10.7
(10) Unclassified* .. .. .	9,39	2.3	9,98	2.3
<b>Total of I .. .. .</b>	<b>417,57</b>	<b>100.0</b>	<b>443,50</b>	<b>100.0</b>
<b>II. Savings deposits of</b>				
(11) Business .. .. .	1,90	1.4	1,88	1.3
(12) Personal .. .. .	133,31	96.0	137,02	95.7
(13) Others .. .. .	3,61	2.6	4,26	3.0
<b>Total of II .. .. .</b>	<b>138,82</b>	<b>100.0</b>	<b>143,16</b>	<b>100.0</b>
<b>III. Time deposits of</b>				
(14) Trading concerns .. .. .	47,58	17.8	43,17	16.2
(15) Financial concerns .. .. .	9,24	3.5	9,65	3.6
(16) Other business deposits .. .. .	10,09	3.8	10,12	3.8
(17) Personal .. .. .	141,07	52.9	145,15	54.3
(18) Govt. and quasi-Govt. bodies .. .. .	34,57	13.0	33,77	12.6
(19) Others .. .. .	22,70	8.5	23,95	9.0
(20) Unclassified* .. .. .	1,43	0.5	1,52	0.6
<b>Total of III .. .. .</b>	<b>266,68</b>	<b>100.0</b>	<b>267,33</b>	<b>100.0</b>
<b>Grand Total .. .. .</b>	<b>823,07</b>		<b>853,99</b>	

\* Accounts of less than Rs. 500.

## MENT 14

## BANKS IN INDIA, 1954

*of Deposits)*

(Amount in lakhs of rupees)

BANKS		NON-SCHEDULED BANKS†					
December 31, 1954		December 31, 1953		June 30, 1954		December 31, 1954	
85		154		159		150	
Amount	Percentage to group total	Amount	Percentage to group total	Amount	Percentage to group total	Amount	Percentage to group total
6	7	8	9	10	11	12	13
48,82 ✓	10.5	48	4.0	47	4.1	97	6.6
108,08	23.5	2,00	16.8	1,80	15.5	1,84	12.5
7,16 ✓	1.5	8	0.7	9	0.8	9	0.6
2,71 ✓	0.6	3	0.3	3	0.3	5	0.3
12,60 ✓	2.7	54	4.5	46	4.0	35	2.4
55,58	12.0	92	7.7	63	5.4	99	6.7
32,69	7.0	54	4.5	27	2.3	63	4.3
12,02 ✓	2.6	12 ✓	1.0	10	0.9	8	0.5
5,93	1.3	11	0.9	14	1.2	19	1.3
4,94 ✓	1.1	15 ✓	1.3	12	1.0	9	0.6
114,67	24.7	2,56	21.5	2,90	25.0	2,84	19.2
48,94	10.5	3,52	29.6	3,27	28.2	5,05	34.2
55,42	11.9	1,13	9.5	1,14	9.8	1,87	12.7
9,75	2.1	63	5.3	79	6.8	75	5.1
<b>464,63</b>	<b>100.0</b>	<b>11,88</b>	<b>100.0</b>	<b>11,59</b>	<b>100.0</b>	<b>14,78</b>	<b>100.0</b>
2,08	1.4	42	4.3	44	4.2	44	4.2
140,40	95.9	8,80	90.3	9,41	90.1	9,51	90.1
3,98	2.7	53	5.4	60	5.7	60	5.7
<b>146,46</b>	<b>100.0</b>	<b>9,75</b>	<b>100.0</b>	<b>10,45</b>	<b>100.0</b>	<b>10,56</b>	<b>100.0</b>
55,04	18.4	3,62	11.7	3,39	10.6	2,99	9.4
15,73	5.3	92	3.0	65	2.0	73	2.3
12,18	4.1	39	1.3	47	1.5	53	1.7
153,97	51.5	19,99	64.5	20,97	65.6	21,76	63.5
35,71	12.0	3,55	11.5	3,39	10.6	3,35	10.5
24,69	8.3	1,66	5.4	2,18	6.8	1,60	4.7
1,53	0.5	87	2.8	90	2.8	92	2.9
<b>298,85</b>	<b>100.0</b>	<b>30,99</b>	<b>100.0</b>	<b>31,95</b>	<b>100.0</b>	<b>31,77</b>	<b>100.0</b>
<b>909,93</b>		<b>52,62</b>		<b>53,99</b>		<b>57,11</b>	

† Each having total deposits of Rs. 5 lakhs and over.



**STATE**  
**OWNERSHIP OF DEPOSITS OF**  
*(By Types)*

Number of banking companies	SCHEDULED			
	December 31, 1953		June 30, 1954	
	86		86	
	Amount	Percentage to total deposits	Amount	Percentage to total deposits
	2	3	4	5
<b>I. Business deposits</b>				
(1) Manufacturing concerns .. .. .	44,50	5.4	47,80	5.6
(2) Trading concerns .. .. .	152,20	18.5	153,58	18.0
(3) Public utility (e.g. transport and communications, gas, electricity, etc.) concerns .. .. .	9,48	1.2	8,56	1.0
(4) Mining concerns .. .. .	3,54	0.4	2,56	0.3
(5) Plantation concerns .. .. .	7,25	0.9	13,04	1.5
(6) Financial concerns .. .. .	58,48	7.1	61,72	7.2
(7) Others .. .. .	10,09	1.2	10,12	1.2
<b>Total business deposits* .. .. .</b>	<b>287,45</b>	<b>34.9</b>	<b>299,27</b>	<b>35.0</b>
<b>II. Personal deposits .. .. .</b>	<b>387,34</b>	<b>47.1</b>	<b>398,27</b>	<b>46.6</b>
<b>III. Govt. and quasi-Govt. bodies .. .. .</b>	<b>64,67</b>	<b>7.9</b>	<b>69,33</b>	<b>8.1</b>
<b>IV. Others .. .. .</b>	<b>72,80</b>	<b>8.8</b>	<b>75,62</b>	<b>8.9</b>
<b>V. Unclassified deposits .. .. .</b> (Below Rs. 500)	<b>10,82</b>	<b>1.3</b>	<b>11,50</b>	<b>1.3</b>
<b>Grand Total .. .. .</b>	<b>823,07</b>	<b>100.0</b>	<b>853,99</b>	<b>100.0</b>

\* Include savings deposits for which breakdowns are not available.

## MENT 15

## BANKS IN INDIA, 1954

*of Depositors)*

(Amount in lakhs of rupees)

BANKS		NON-SCHEDULED BANKS†					
December 31, 1954		December 31, 1953		June 30, 1954		December 31, 1954	
85		154		159		150	
Amount	Percentage to total deposits	Amount	Percentage to total deposits	Amount	Percentage to total deposits	Amount	Percentage to total deposits
6	7	8	9	10	11	12	13
48,82	5.4	48	0.9	47	0.9	97	1.7
164,02	18.0	5,62	10.7	5,19	9.6	4,83	8.5
7,16	0.8	8	0.2	9	0.2	9	0.2
2,71	0.3	3	0.1	3	0.1	5	0.1
12,60	1.4	54	1.0	46	0.9	35	0.6
71,31	7.8	1,84	3.5	1,28	2.4	1,72	3.0
12,18	1.3	39	0.7	47	0.9	53	0.9
320,87	35.3	9,39	17.8	8,43	15.6	8,96	15.7
409,04	45.0	31,35	59.6	33,28	61.6	34,11	59.7
84,65	9.3	7,07	13.4	6,66	12.3	8,40	14.7
84,09	9.2	3,32	6.3	3,92	7.3	3,97	7.0
11,28	1.2	1,50	2.9	1,69	3.1	1,67	2.9
909,93	100.0	52,62	100.0	53,99	100.0	57,11	100.0

† Each having total deposits of Rs. 5 lakhs and over.

# STATEMENT 16

## USUAL INTEREST RATES ALLOWED BY MAJOR\* INDIAN SCHEDULED AND EXCHANGE BANKS ON DEPOSITS DURING 1954

(Rate per cent per annum)

	BOMBAY			CALCUTTA			MADRAS		
	31-3-54	30-6-54	30-9-54	31-12-54	31-3-54	30-6-54	30-9-54	31-12-54	31-3-54
Call deposit:									
Inter-bank .. ..	2½-3½	2½-3½	2½-2½	2-3	1½-3	1½-3	2½-3	2-2½	2-2½
Public .. ..	2½-3½	2½-3½	2-3	2-3	1½-3	1-3½	1-3	1-3	1-3½
Current account .. ..	1-2	1-2	1-2	1-2	1-2	1-2	1-2	1-2	1-2
Savings bank .. ..	1-2	1-2	1-2	1-2	1-1½	1-1½	1-2	1-2	1-2
Fixed deposits for:									
Three months .. ..	1-3½	1-3½	1-3	1-3	1-3	1-3	2½-3½	2½-3½	2½-3½
Six months .. ..	1½-3½	1½-3½	1½-3	1½-3	1½-3	1½-3	2-3	2-3	2-3½
One year .. ..	1½-3½	1½-3½	1½-3½	1½-3	1½-3	1½-3	1½-3	1½-3	1½-3
Three years .. ..	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½

Note :—Usual rate means the rate of interest paid on the largest portion of deposits.

\* Banks with deposits of Rs. 25 crores and above.

## STATEMENT 17

**CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE RATIO OF THEIR INVESTMENTS IN  
GOVERNMENT SECURITIES TO TOTAL DEPOSITS**

*(As on the last Friday of the year)*

Percentage of investments in Government securities to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1953		1954		1953		1954		1953		1954	
	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total
	2	3	4	5	6	7	8	9	10	11	12	13
Below 1 ..	2	2	—	—	82	20	72	18	84	17	72	15
From 1 to 10 ..	4	5	5	6	78	19	68	17	82	16	73	15
From 11 to 20 ..	20	23	15	17	110	27	101	25	130	26	116	24
From 21 to 30 ..	12	14	22	25	66	16	81	20	78	15	103	21
From 31 to 40 ..	19	21	20	23	32	8	33	8	51	10	53	11
From 41 to 50 ..	19	21	14	16	15	4	15	4	34	7	29	6
From 51 to 80 ..	10	11	9	10	20	5	18	5	30	6	27	5
81 and above ..	3	3	3	3	12	3	13	3	15	3	16	3
<b>Total ..</b>	<b>89</b>		<b>88</b>		<b>415</b>		<b>401</b>		<b>504</b>		<b>489</b>	

## STATEMENT 18

**CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE RATIO OF THEIR ADVANCES TO TOTAL  
DEPOSITS**

*(As on the last Friday of the year)*

Percentage of advances to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1953		1954		1953		1954		1953		1954	
	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total	Num- ber	Percent- age to total
	2	3	4	5	6	7	8	9	10	11	12	13
Less than 31 ..	—	—	1	1	12	3	11	3	12	2	12	2
From 31 to 50 ..	12	14	19	22	12	3	21	5	24	5	40	8
From 51 to 70 ..	42	47	42	48	54	13	79	20	96	19	121	25
From 71 to 100 ..	21	24	14	16	153	37	134	33	174	35	148	30
Above 100 ..	14	16	12	14	184	44	156	39	198	39	168	34
<b>Total ..</b>	<b>89</b>		<b>88</b>		<b>415</b>		<b>401</b>		<b>504</b>		<b>489</b>	

# **STATEMENT 19** **CHEQUE CLEARANCES AND NUMBER OF CHEQUES CLEARED, 1952-54**

Centre 1	1952		1953		1954	
	Number of Cheques 2	Amount in lakhs of Rs. 3	Number of Cheques 4	Amount in lakhs of Rs. 5	Number of Cheques 6	Amount in lakhs of Rs. 7
Bangalore ..	7,55,883	78,99	8,11,302	89,25	8,59,055	98,48
Bombay ..	1,06,41,941	2,679,52	1,14,83,214	2,645,05	1,24,56,505	2,758,75
Calcutta ..	70,45,124	2,703,95	72,31,758	2,494,36	76,94,694	2,754,28
Delhi ..	14,90,451	157,95	18,14,364	176,22	21,56,337	204,70
Kanpur ..	7,01,571	136,94	8,19,155	146,47	8,56,628	141,90
Madras ..	35,26,942	432,57	35,80,841	397,63	39,37,950	361,94
Others*	48,72,140	663,48	54,58,322	654,27	61,12,153	744,21
<b>Total ..</b>	<b>2,90,34,052</b>	<b>6,853,40</b>	<b>3,11,98,956</b>	<b>6,603,25</b>	<b>3,40,73,322</b>	<b>7,064,27</b>

\* Include the clearing houses at Agra; Ahmedabad; Allahabad; Alleppey; Amritsar; Bareilly; Cochin (from March 1954); Coimbatore; Dehra Dun; Gaya; Hyderabad-Decan; Jaipur (from April 1952); Jullundur City; Kozhikode (Calicut); Lucknow; Mangalore; Mathurai (Madura); Muzaffarpur; Nagpur; New Delhi; Patna; Poona; Rajkot and Simla.

## **STATEMENT 20** **VELOCITY OF CIRCULATION OF DEPOSIT MONEY**

(Amount in crores of rupees)

						Average demand liabilities of scheduled banks 1	Total cheque clearances 2	Ratio of 2 to 1 3
<hr/>								
<b>Annual</b>								
1949	..	..	..	..	..	609.8	6,325.4	10.4
1950	..	..	..	..	..	595.2	6,278.2	10.5
1951	..	..	..	..	..	604.5	7,878.0	13.0
1952	..	..	..	..	..	556.7	6,853.4	12.3
1953	..	..	..	..	..	528.5	6,603.3	12.5
1954	..	..	..	..	..	545.5	7,064.3	13.0
<b>1954-Monthly*</b>								
January	..	..	..	..	..	518.4	575.5	13.3
February	..	..	..	..	..	518.2	576.2	13.3
March	..	..	..	..	..	523.9	650.3	14.9
April	..	..	..	..	..	541.1	625.8	13.9
May	..	..	..	..	..	537.4	560.6	12.5
June	..	..	..	..	..	542.8	516.8	11.4
July	..	..	..	..	..	548.6	559.2	12.2
August	..	..	..	..	..	553.0	544.9	11.8
September	..	..	..	..	..	558.0	602.8	13.0
October	..	..	..	..	..	557.5	536.7	11.6
November	..	..	..	..	..	569.6	651.4	13.7
December	..	..	..	..	..	572.2	664.0	13.9

\* The monthly ratios are expressed at annual rates.

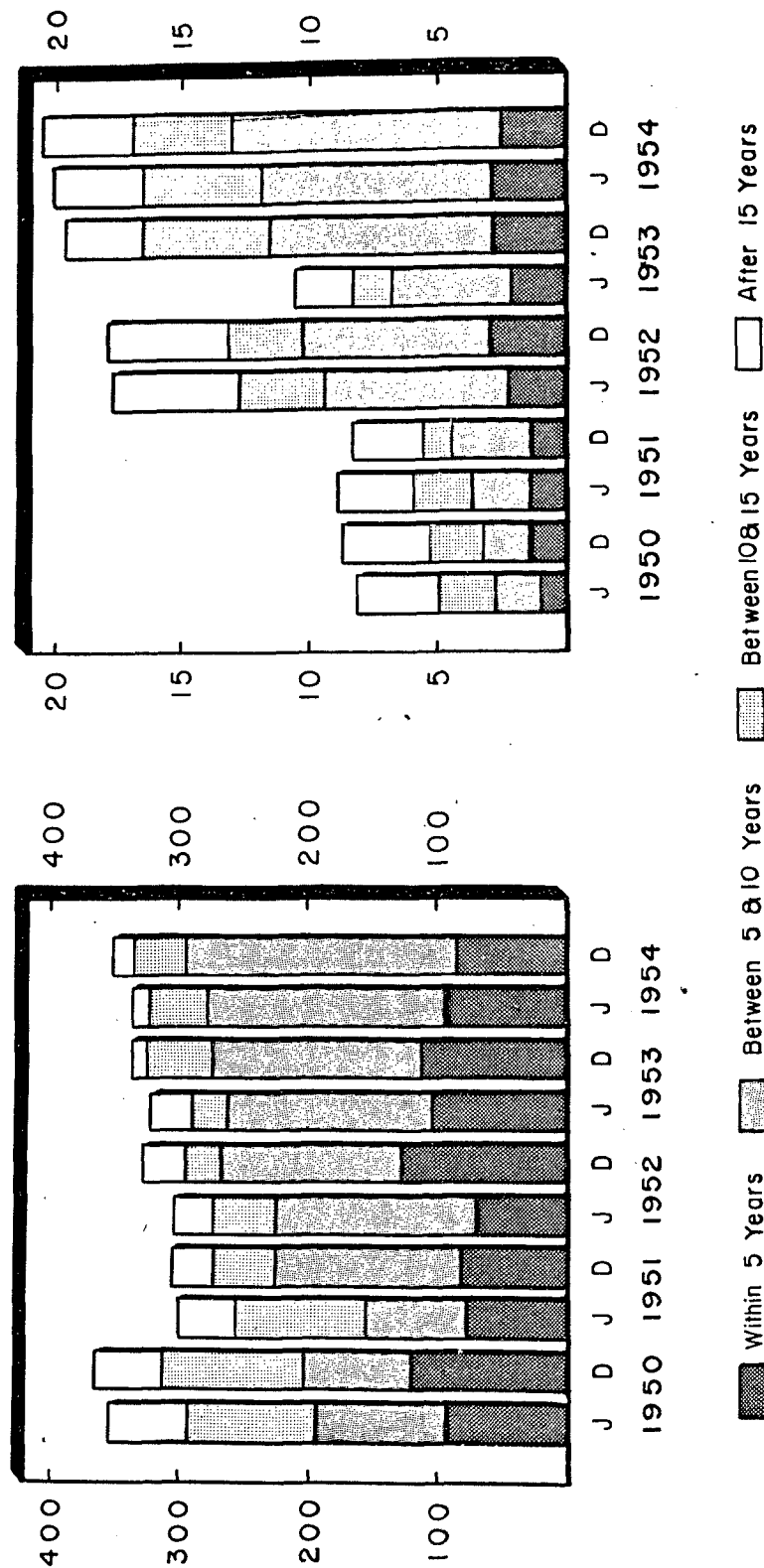
GRAPH 8

# MATURITY DISTRIBUTION OF INVESTMENTS IN GOVERNMENT SECURITIES

(Crores of Rupees)

## SCHEDULED BANKS

## NON-SCHEDULED BANKS



# STATEMENT 21

## INVESTMENTS OF BANKS IN GOVERNMENT SECURITIES, 1954

(Amount in lakhs of rupees)

	SCHEDULED BANKS						NON-SCHEDULED BANKS*					
	December 31, 1953	June 30, 1954	December 31, 1954	June 30, 1954	December 31, 1954	December 31, 1953	June 30, 1954	December 31, 1954	June 30, 1954	December 31, 1954	December 31, 1954	December 31, 1954
Number of banking companies	87	88	83	83	83	163	167	167	167	167	167	167
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	2	3	4	5	6	7	8	9	10	11	12	13
I. Treasury bills .. .. .	9,58	2.8	64	0.2	6,69	1.9	—	—	—	—	—	—
II. Securities maturing												
(i) Within 5 years .. .. .	102,48	30.3	93,30	27.7	85,95	24.0	2,84	14.5	2,84	14.1	2,45	12.0
(ii) Between 5-10 years .. .. .	161,69	47.9	185,62	56.1	209,55	53.6	8,70	44.5	9,02	44.3	10,53	51.4
(iii) Between 10-15 years .. .. .	51,10	15.1	43,97	13.0	41,25	11.5	4,95	25.3	4,69	23.3	3,94	19.2
(iv) After 15 years .. .. .	12,90	3.8	13,60	4.0	14,07	3.9	3,06	15.6	3,60	17.9	3,59	17.5
III. Total (i+ii) .. .. .	337,74	100.0	337,13	100.0	357,53	100.0	19,56	100.0	20,15	100.0	20,50	100.0

\* Each having total investments of Rs. 1 lakh and over.

# STATE ANALYSIS OF INVESTMENTS

Number of banking companies	SCHEDULED					
	December 31, 1953			June 30, 1954		
	87			88		
	Amount	Percentage to group total	Percentage to total investments	Amount	Percentage to group total	Percentage to total investments
1	2	3	4	5	6	7
<b>A. Government securities</b>						
(i) Central Government .. ..	300,53	89.0	77.1	302,43	89.7	77.8
(ii) State Governments .. ..	36,91	10.9	9.5	34,53	10.2	8.9
(iii) Others, mainly postal ..	30†	0.1	0.1	17@	0.1	—
<b>Total of A</b> ..	<b>337,74</b>	<b>100.0</b>	<b>86.7</b>	<b>337,13</b>	<b>100.0</b>	<b>86.7</b>
<b>B. Other investments in India</b>						
(i) Other trustee securities ..	10,39	35.6	2.7	10,64	36.3	2.7
(ii) Fixed deposits .. ..	56	1.9	0.1	66	2.2	0.2
(iii) Shares of joint stock companies	7,25	24.9	1.9	7,41	25.3	1.9
(iv) Debentures of joint stock companies .. ..	3,83	13.1	1.0	3,69	12.6	0.9
(v) Real estate .. ..	6,68	22.9	1.7	6,59	22.5	1.7
(vi) Bullion .. ..	3	0.1	—	2	0.1	—
(vii) Others .. ..	42	1.4	0.1	32	1.1	0.1
<b>Total of B</b> ..	<b>29,16</b>	<b>100.0</b>	<b>7.5</b>	<b>29,34</b>	<b>100.0</b>	<b>7.6</b>
<b>C. Foreign investments</b>						
(i) In Pakistan .. ..	8,66	38.0	2.2	8,67	39.3	2.2
(ii) In the United Kingdom ..	5,28*	23.2	1.4	5,34	24.2	1.4
(iii) In other countries .. ..	8,85	38.8	2.3	8,07	36.6	2.1
<b>Total of C</b> ..	<b>22,79*</b>	<b>100.0</b>	<b>5.8</b>	<b>22,08</b>	<b>100.0</b>	<b>5.7</b>
<b>Total of A, B and C</b> .. ..	<b>389,69*</b>		<b>100.0</b>	<b>388,55</b>		<b>100.0</b>

† Include Treasury Savings Deposit Certificates, 3 per cent Bhopal Loan, 1966-70 and postal obligations.

@ Include Treasury Savings Deposit Certificates and postal obligations.

\* Revised



## MENT 22

## OF BANKS, 1954

(Amount in lakhs of rupees)

BANKS			NON-SCHEDULED BANKS*								
December 31, 1954			December 31, 1953			June 30, 1954			December 31, 1954		
83			163			167			167		
Amount	Percentage to group total	Percentage to total investments	Amount	Percentage to group total	Percentage to total investments	Amount	Percentage to group total	Percentage to total investments	Amount	Percentage to group total	Percentage to total investments
8	9	10	11	12	13	14	15	16	17	18	19
322,40	90.2	77.9	13,00	66.5	54.1	13,66	67.8	54.8	14,58	71.1	55.9
34,95	9.8	8.4	5,97	30.5	24.8	5,93	29.4	23.8	5,35	26.1	20.5
18@	—	—	59†	3.0	2.5	56@	2.8	2.2	57@	2.8	2.2
357,53	100.0	86.4	19,56	100.0	81.4	20,15	100.0	80.8	20,50	100.0	78.6
10,77	33.2	2.6	1,35	33.0	5.6	1,49	34.0	6.0	1,56	30.2	6.0
3,52	10.8	0.9	53	13.0	2.2	84	19.2	3.4	1,12	21.7	4.3
6,87	21.2	1.7	93	22.7	3.9	80	18.3	3.2	80	15.5	3.1
4,40	13.6	1.1	29	7.1	1.2	27	6.2	1.1	50	9.7	1.9
6,54	20.1	1.6	89	21.8	3.7	91	20.8	3.7	1,03	20.0	4.0
2	—	—	2	0.5	0.1	2	0.5	0.1	2	0.4	0.1
35	1.1	0.1	8	2.0	0.3	4	0.9	0.2	13	2.5	0.5
32,46	100.0	7.8	4,09	100.0	17.0	4,38	100.0	17.7	5,16	100.0	19.8
9,15	38.3	2.2	38	100.0	1.6	39	97.5	1.6	41	100.0	1.6
5,41	22.7	3	—	—	—	1	2.5	—	—	—	—
9,31	39.0	2.2	—	—	—	—	—	—	—	—	—
23,86	100.0	5.8	38	100.0	1.6	40	100.0	1.6	41	100.0	1.6
413,85		100.0	24,03		100.0	24,93		100.0	26,07		100.0

\* Each having total investments of Rs. 1 lakh and over.

## STATE

## ADVANCES OF SCHEDULED BANKS AGAINST

As on the last Friday of	No. of reporting banking companies	Country piece-goods and yarn	Cotton and kapas	Jute and hessian	Paddy and rice	Gur and sugar	Wheat, gram, other grains and pulses	Oilseeds (other than ground-nuts)
1	2	3	4	5	6	7	8	9
<b>A. INDIAN SCHE</b>								
January ..	71	25,35	42,87	11,76	10,25	16,98	10,82	8,46
February ..	70	25,20	45,15	11,53	12,93	22,65	7,80	4,98
March ..	71	25,67	51,99	11,44	13,57	24,89	7,11	5,04
April ..	72	25,49	55,87	10,67	14,19	22,57	11,69	13,79
May ..	74	24,47	55,13	9,15	14,19	19,53	15,70	14,59
June ..	74	24,83	54,20	8,54	12,85	15,09	15,63	12,54
July ..	74	26,07	50,11	7,87	9,29	11,51	13,49	10,40
August ..	74	23,60	46,37	7,07	6,94	9,75	11,22	9,24
September ..	73	30,59	41,14	5,41	5,98	8,15	9,73	8,01
October ..	74	31,76	35,89	6,03	5,34	5,99	8,63	6,43
November ..	74	30,63	33,58	8,16	5,02	6,02	7,55	5,43
December ..	74	32,04	39,24	10,92	4,63	12,22	6,48	6,13
<b>B. EXCHANGE</b>								
January ..	14	6,92	12,03	9,57	—	52	10	51
February ..	14	7,06	12,19	9,01	—	46	9	56
March ..	14	7,09	15,72	9,20	—	34	8	61
April ..	14	6,82	18,43	8,33	—	24	12	52
May ..	14	6,97	19,29	8,55	1	7	14	62
June ..	14	6,88	17,57	8,78	—	7	17	66
July ..	14	6,95	14,89	7,99	—	10	17	54
August ..	14	6,80	12,83	7,48	1	31	17	59
September ..	14	6,79	10,57	7,89	—	33	17	62
October ..	14	6,95	8,77	7,96	1	34	19	48
November ..	14	6,68	8,45	9,13	—	33	14	49
December ..	14	6,28	12,16	9,39	—	48	15	60
<b>C. ALL SCHE</b>								
January ..	85	32,27	54,90	21,33	10,25	17,50	10,92	8,97
February ..	84	32,26	57,34	20,54	12,93	23,11	7,89	5,54
March ..	85	32,76	67,71	20,64	13,57	25,23	7,19	5,65
April ..	86	32,31	74,30	19,00	14,19	22,81	11,81	14,31
May ..	88	31,44	74,42	17,70	14,20	19,60	15,84	15,21
June ..	88	31,71	71,77	17,32	12,85	15,16	15,80	13,20
July ..	88	33,02	65,00	15,86	9,29	11,65	13,66	10,94
August ..	88	35,40	59,20	14,55	6,95	10,05	11,39	9,83
September ..	87	37,38	51,71	13,30	5,98	8,48	9,90	8,63
October ..	88	38,71	44,66	13,99	5,35	6,33	8,82	6,91
November ..	88	37,31	42,03	17,29	5,02	6,35	7,69	5,92
December ..	88	38,32	51,40	20,31	4,63	12,70	6,63	6,73

## MENT 23

## PRINCIPAL COMMODITIES AND BULLION, 1954

(Amount in lakhs of rupees)

Copra and other coconut products	Pepper and other export spices	Ground-nuts	Gold bullion (other than to banks)	Silver bullion (other than to banks)	Composite advances	Total of 3 to 15	Total advances*
10	11	12	13	14	15	16	17
<b>DULED BANKS</b>							
65	96	7,21	43	1,16	1,81	138,71	322,02
51	89	7,59	33	92	1,71	142,19	327,27
54	90	7,03	35	1,08	1,78	151,39	333,57
69	1,04	7,27	35	94	1,95	166,51	346,69
75	1,01	6,16	31	33	1,98	163,30	341,18
64	82	4,06	31	78	2,01	152,28	333,54
54	70	2,95	26	1,23	2,00	136,42	321,60
43	57	2,24	29	1,30	1,40	125,42	313,33
49	54	1,68	39	98	1,44	114,53	316,63
52	56	1,31	42	96	1,53	105,37	314,06
49	66	2,05	66	51	1,47	102,23	320,20
44	64	4,37	38	1,88	92	120,29	336,99
<b>BANKS</b>							
13	39	56	12	57	34	31,76	111,53
14	79	58	12	45	32	31,77	112,67
30	33	64	12	45	13	35,01	117,31
28	20	72	12	37	13	36,28	118,94
32	20	73	13	10	14	37,27	121,90
35	13	70	12	19	14	35,76	121,98
33	16	66	12	9	16	32,16	118,78
34	11	69	15	17	14	29,79	116,93
34	9	64	23	35	17	28,19	116,64
35	14	63	14	66	21	26,83	115,75
31	8	65	21	59	18	27,24	115,92
30	15	67	12	50	17	30,97	120,69
<b>DULED BANKS</b>							
78	1,35	7,77	55	1,73	2,15	170,47	433,55
65	1,68	8,17	45	1,37	2,03	173,96	439,94
84	1,23	7,67	47	1,53	1,91	186,40	450,88
97	1,24	7,99	47	1,31	2,08	202,79	465,63
1,07	1,21	6,89	44	43	2,12	200,57	463,08
99	95	4,76	43	95	2,15	188,04	455,52
87	86	3,61	38	1,32	2,16	168,58	440,38
77	68	2,93	44	1,47	1,54	155,21	430,26
83	63	2,32	62	1,33	1,61	142,72	433,27
87	70	1,94	56	1,62	1,74	132,20	429,81
80	74	2,70	87	1,10	1,65	129,47	436,12
74	79	5,04	50	2,38	1,09	151,26	457,67

\* The number of banks covered in this column is not necessarily the same as that covered in the previous columns, as the figures in this column are based on the monthly returns in Form XIII of the Banking Companies Act; the figures include loans, advances, cash credits and overdrafts but exclude money at call and short notice, due from banks and bills purchased and discounted.

# STATE

## ANALYSIS OF ADVANCES OF SCHEDULED

Number of banking companies	December 31, 1953			March 31, 1954		
	87			81		
	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
1	2	3	4	5	6	7
<b>I. Industry</b>						
1. Cotton (ginning, pressing and weaving, etc.) .. .. .	52.7	31.7	10.6	64.8	32.6	11.3
2. Jute .. .. .	12.9	7.7	2.6	13.3	6.7	2.3
3. Other textiles .. .. .	10.8	6.5	2.2	14.3	7.2	2.5
4. Iron and steel .. .. .	7.0	4.2	1.4	6.3	3.2	1.1
5. Coal, other mining and quarrying .. .. .	4.4	2.6	0.9	4.6	2.3	0.8
6. Engineering .. .. .	15.7	9.4	3.2	15.3	7.7	2.7
7. Sugar .. .. .	11.1	6.7	2.2	23.9	12.0	4.2
8. Vegetable oil crushing and refining (including vanaspati, soap, etc.) .. .. .	7.8	4.7	1.6	9.9	5.0	1.7
9. Chemicals, dyes and paints .. .. .	8.3	5.0	1.7	8.9	4.5	1.6
10. Cement .. .. .	1.2	0.7	0.2	1.2	0.6	0.2
11. Public utilities (e.g., transport and communications, gas, electricity, etc.) .. .. .	5.6	3.4	1.1	4.5	2.3	0.8
12. Others .. .. .	29.1	17.5	5.8	31.6	15.9	5.5
<b>Total of I</b> .. .. .	<b>166.5</b>	<b>100.0</b>	<b>33.5</b>	<b>198.6</b>	<b>100.0</b>	<b>34.7</b>
<b>II. Commerce</b>						
13. Wholesale trade .. .. .	160.5	64.2	32.2	192.3	66.4	33.6
(i) Agricultural commodities .. .. .	78.7	31.5	15.8	107.0	37.0	18.7
(a) Cotton .. .. .	25.8	10.3	5.2	37.2	12.8	6.5
(b) Jute .. .. .	12.7	5.1	2.5	13.6	4.7	2.4
(c) Oilseeds .. .. .	6.9	2.8	1.4	9.0	3.1	1.6
(d) Tea .. .. .	2.8	1.1	0.6	4.3	1.5	0.8
(e) Sugar .. .. .	2.6	1.0	0.5	4.7	1.6	0.8
(f) Other agricultural commodities .. .. .	27.9	11.2	5.6	38.2	13.2	6.7
(ii) Other goods .. .. .	81.8	32.7	16.4	85.3	29.5	14.9
14. Retail trade .. .. .	11.8	4.7	2.4	12.2	4.2	2.1
15. Dealers in Government securities, stocks, shares, etc. .. .. .	12.8	5.1	2.6	13.0	4.5	2.3
16. Dealers in bullion .. .. .	2.8	1.1	0.6	2.7	0.9	0.5
17. Shroffs .. .. .	12.6	5.0	2.5	13.3	4.6	2.3
18. Joint stock banks .. .. .	16.4	6.6	3.3	19.9	6.9	3.5
19. Co-operative banks .. .. .	2.4	1.0	0.5	1.1	0.4	0.2
20. Other financial institutions .. .. .	4.7	1.9	0.9	6.3	2.2	1.1
21. Others .. .. .	26.0	10.4	5.2	28.7	9.9	5.0
<b>Total of II</b> .. .. .	<b>250.0</b>	<b>100.0</b>	<b>50.2</b>	<b>289.5</b>	<b>100.0</b>	<b>50.6</b>
<b>III. Agriculture</b>						
22. Foodcrops (wheat, rice, other cereals pulses, etc.) .. .. .	2.3	19.2	0.5	1.1	9.1	0.2
23. Other, agricultural produce (jute, cotton, tobacco, oilseeds, tea, coffee, etc.) .. .. .	8.9	74.2	1.8	10.1	83.5	1.7
24. Others .. .. .	0.8	6.7	0.2	0.9	7.4	0.1
<b>Total of III</b> .. .. .	<b>11.9</b>	<b>100.0</b>	<b>2.4</b>	<b>12.1</b>	<b>100.0</b>	<b>2.1</b>
<b>IV. 25. Personal and professional</b> .. .. .	<b>43.4</b>		<b>8.7</b>	<b>45.3</b>		<b>7.9</b>
<b>V. 26. All others</b> .. .. .	<b>25.8</b>		<b>5.2</b>	<b>26.7</b>		<b>4.7</b>
<b>Total of I to V</b> .. .. .	<b>497.7</b>		<b>100.0</b>	<b>572.2</b>		<b>100.0</b>

## MENT 24

## BANKS ACCORDING TO PURPOSE, 1954

(Amount in crores of rupees)

June 30, 1954			September 30, 1954			December 31, 1954		
87			87			83		
Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
8	9	10	11	12	13	14	15	16
68.5	35.5	12.1	63.0	35.0	11.5	59.0	30.9	10.6
10.7	5.5	1.9	8.2	4.6	1.5	13.1	6.9	2.4
15.6	8.1	2.8	15.6	8.7	2.9	13.4	7.0	2.4
5.1	2.6	0.9	5.2	2.9	1.0	5.8	3.0	1.0
4.8	2.5	0.8	4.8	2.7	0.9	4.7	2.5	0.8
15.2	7.9	2.7	17.4	9.7	3.2	-21.9	11.5	3.9
14.1	7.3	2.5	9.5	5.3	1.7	13.4	7.0	2.4
9.3	4.8	1.6	7.5	4.2	1.4	9.0	4.7	1.6
9.6	5.0	1.7	8.4	4.7	1.5	9.1	4.8	1.6
0.8	0.4	0.1	0.7	0.4	0.1	1.2	0.6	0.2
5.6	2.9	1.0	7.2	4.0	1.3	6.8	3.6	1.2
33.8	17.5	6.0	32.8	18.2	6.0	33.7	17.7	6.0
192.9	100.0	34.2	180.2	100.0	33.0	190.9	100.0	34.3
190.6	69.3	33.8	177.4	65.1	32.5	185.3	66.7	33.3
106.9	38.9	18.9	82.5	30.3	15.1	89.8	32.3	16.1
37.8	13.7	6.7	23.1	8.5	4.2	28.2	10.1	5.1
11.1	4.0	2.0	14.3	5.2	2.6	14.3	5.1	2.6
11.4	4.1	2.0	6.4	2.3	1.2	6.8	2.4	1.2
2.9	1.1	0.5	7.7	2.8	1.4	12.8	4.6	2.3
3.5	1.3	0.6	2.6	1.0	0.5	2.3	0.8	0.4
40.2	14.6	7.1	28.4	10.4	5.2	25.3	9.1	4.5
83.7	30.4	14.8	94.9	34.8	17.4	95.5	34.4	17.1
11.9	4.3	2.1	12.3	4.5	2.3	12.4	4.5	2.2
13.0	4.7	2.3	15.6	5.7	2.9	15.3	5.5	2.8
2.3	0.8	0.4	3.0	1.1	0.6	2.9	1.0	0.5
10.2	3.7	1.8	9.0	3.3	1.6	12.1	4.4	2.2
14.5	5.3	2.6	22.6	8.3	4.1	15.5	5.6	2.8
0.7	0.3	0.1	1.4	0.5	0.3	1.6	0.6	0.3
6.3	2.3	1.1	5.0	1.8	0.9	5.4	1.9	1.0
25.5	9.3	4.5	26.1	9.6	4.8	27.6	9.9	5.0
275.0	100.0	48.7	272.6	100.0	49.9	277.9	100.0	49.9
1.2	7.6	0.2	0.8	8.3	0.1	0.5	11.1	0.1
12.5	79.6	2.2	7.4	77.1	1.4	3.2	71.1	0.6
2.0	12.7	0.4	1.4	14.6	0.2	0.8	17.8	0.1
15.7	100.0	2.8	9.6	100.0	1.8	4.5	100.0	0.8
45.3		8.0	48.2		8.8	47.6		8.5
35.5		6.3	35.6		6.5	36.1		6.5
564.5		100.0	546.2		100.0	557.0		100.0

## STATE

## ANALYSIS OF ADVANCES OF SCHEDULED

Number of banking companies	December 31, 1953			March 31, 1954		
	87			81		
	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
1	2	3	4	5	6	7
<b>I. Secured advances</b>						
1. Government and other trustee securities .. .. .	42.1	10.1	8.5	45.4	9.4	7.9
2. Gold and silver bullion .. .. .	1.7	0.4	0.3	1.6	0.3	0.3
3. Gold and silver ornaments .. .. .	13.9	3.3	2.8	13.7	2.8	2.4
4. Shares of joint stock companies, etc. .. .. .	43.4	10.4	8.7	44.6	9.2	7.8
5. Merchandise.. .. .	229.5	54.8	46.1	288.0	59.4	50.3
(i) Pledged to the banking company under the banking company's lock and key .. .. .	93.8	22.4	18.8	130.6	27.0	22.8
(a) Foodgrains .. .. .	10.4	2.5	2.1	16.5	3.4	2.9
(b) Other agricultural commodities .. .. .	34.4	8.2	6.9	49.7	10.3	8.7
(c) Non-agricultural commodities .. .. .	49.0	11.7	9.9	64.4	13.3	11.3
(ii) Hypothecated to the banking company .. .. .	135.7	32.4	27.3	157.4	32.5	27.5
(a) Foodgrains .. .. .	3.8	0.9	0.8	3.4	0.7	0.6
(b) Other agricultural commodities .. .. .	47.4	11.3	9.5	61.9	12.8	10.8
(c) Non-agricultural commodities .. .. .	84.6	20.2	17.0	92.1	19.0	16.1
6. Real estate .. .. .	20.8	5.0	4.2	20.9	4.3	3.6
(a) Agricultural land .. .. .	2.2	0.5	0.5	2.1	0.4	0.4
(b) Other properties .. .. .	18.5	4.4	3.7	18.8	3.9	3.3
7. Fixed deposits .. .. .	10.6	2.5	2.1	10.9	2.2	1.9
(a) With the banking company .. .. .	8.6	2.1	1.7	10.9	2.2	1.9
(b) With other banking companies .. .. .	2.0	0.5	0.4	—	—	—
8. Other secured advances .. .. .	56.7	13.5	11.4	59.5	12.3	10.4
<b>Total of I</b> .. .. .	<b>418.7</b>	<b>100.0</b>	<b>84.1</b>	<b>484.5</b>	<b>100.0</b>	<b>84.7</b>
9. Unsecured advances .. .. .	78.9		15.9	87.7		15.3
<b>Total of I and II</b> .. .. .	<b>497.7</b>		<b>100.0</b>	<b>572.2</b>		<b>100.0</b>

## MENT 25

## BANKS ACCORDING TO SECURITY, 1954

(Amount in crores of rupees)

June 30, 1954			September 30, 1954			December 31, 1954		
87			87			83		
Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
8	9	10	11	12	13	14	15	16
40.8	8.5	7.2	45.3	9.9	8.3	30.0	7.7	6.5
0.9	0.2	0.2	1.5	0.3	0.3	1.5	0.3	0.3
13.3	2.8	2.4	13.6	3.0	2.5	14.2	3.0	2.5
42.4	8.8	7.5	46.0	10.0	8.4	48.9	10.5	8.8
300.3	62.2	53.2	254.8	55.4	46.6	269.8	57.7	48.4
134.5	27.9	23.8	104.1	22.7	19.1	108.7	23.3	19.5
22.2	4.6	3.9	11.9	2.6	2.2	7.6	1.6	1.4
55.3	11.5	9.8	32.9	7.2	6.0	39.4	8.4	7.1
57.0	11.8	10.1	59.3	12.9	10.9	61.8	13.2	11.1
165.9	34.4	29.4	150.6	32.8	27.6	161.0	34.5	28.9
11.9	2.5	2.1	11.9	2.6	2.2	11.7	2.5	2.1
58.6	12.1	10.4	45.7	9.9	8.4	51.8	11.1	9.3
95.3	19.8	16.9	93.0	20.2	17.0	97.5	20.9	17.5
21.7	4.5	3.8	21.9	4.8	4.0	22.5	4.8	4.0
1.9	0.4	0.3	1.7	0.4	0.3	1.5	0.3	0.3
19.9	4.1	3.5	20.2	4.4	3.7	21.1	4.5	3.8
10.1	2.1	1.8	10.8	2.3	2.0	9.8	2.1	1.8
9.9	2.1	1.8	10.8	2.3	2.0	9.8	2.1	1.8
0.1	—	—	—	—	—	—	—	—
53.0	11.0	9.4	65.8	14.3	12.0	64.6	13.8	11.6
482.5	100.0	85.5	459.6	100.0	84.1	467.2	100.0	83.9
82.0		14.5	86.6		15.9	89.7		16.1
564.5		100.0	546.2		100.0	557.0		100.0



# STATE

## ANALYSIS OF ADVANCES OF NON-

Number of banking companies	December 31, 1953			March 31, 1954		
	370			374		
	Amount	Per- centage to group total	Per- centage to total advances	Amount	Per- centage to group total	Per- centage to total advances
1	2	3	4	5	6	7
<b>I. Industry</b>						
1. Cotton (ginning, pressing and weaving, etc.) .. .. .	2,07	29.3	5.5	1,16	17.3	2.9
2. Jute .. .. .	33	4.7	0.9	35	5.2	0.9
3. Other textiles .. .. .	23	3.3	0.6	23	3.4	0.6
4. Iron and steel .. .. .	27	3.8	0.7	29	4.3	0.7
5. Coal, other mining and quarrying .. .. .	15	2.1	0.4	16	2.4	0.4
6. Engineering .. .. .	35	5.0	0.9	41	6.1	1.0
7. Sugar .. .. .	44	6.2	1.2	47	7.0	1.2
8. Vegetable oil crushing and refining (including vanaspati, soap, etc.) .. .. .	53	7.5	1.4	73	10.9	1.8
9. Chemicals, dyes and paints .. .. .	11	1.6	0.3	13	1.9	0.3
10. Cement .. .. .	—	—	—	1	0.1	—
11. Public utilities, (e.g., transport and communications, gas, electricity, etc.) .. .. .	53	7.5	1.4	57	8.5	1.4
12. Others .. .. .	2,06	29.1	5.4	2,18	32.6	5.5
<b>Total of I</b> .. .. .	<b>7,07</b>	<b>100.0</b>	<b>18.7</b>	<b>6,69</b>	<b>100.0</b>	<b>16.8</b>
<b>II. Commerce</b>						
13. Wholesale trade .. .. .	6,65	43.6	17.6	8,11	46.2	20.4
(i) Agricultural commodities .. .. .	3,81	25.0	10.1	4,79	27.3	12.0
(a) Cotton .. .. .	52	3.4	1.4	60	3.4	1.5
(b) Jute .. .. .	8	0.5	0.2	5	0.3	0.1
(c) Oilseeds .. .. .	44	2.9	1.2	66	3.8	1.7
(d) Tea .. .. .	8	0.5	0.2	15	0.9	0.4
(e) Sugar .. .. .	17	1.1	0.5	30	1.7	0.8
(f) Other agricultural commodities .. .. .	2,52	16.5	6.6	3,03	17.3	7.6
(ii) Other goods .. .. .	2,84	18.6	7.5	3,32	18.9	8.4
14. Retail trade .. .. .	3,70	24.3	9.8	3,87	22.1	9.7
15. Dealers in Government securities, stocks, shares, etc. .. .. .	69	4.5	1.8	71	4.0	1.8
16. Dealers in bullion .. .. .	21	1.4	0.5	20	1.1	0.5
17. Shroffs .. .. .	34	2.2	0.9	33	1.9	0.8
18. Joint stock banks .. .. .	55	3.6	1.4	1,23	7.0	3.1
19. Co-operative banks .. .. .	14	0.9	0.4	3	0.2	0.1
20. Other financial institutions .. .. .	53	3.5	1.4	50	2.9	1.3
21. Others .. .. .	2,44	16.0	6.5	2,56	14.6	6.5
<b>Total of II</b> .. .. .	<b>15,25</b>	<b>100.0</b>	<b>40.3</b>	<b>17,55</b>	<b>100.0</b>	<b>44.1</b>
<b>III. Agriculture</b>						
22. Foodcrops (wheat, rice, other cereals, pulses, etc.) .. .. .	66	30.6	1.7	57	27.3	1.4
23. Other agricultural produce (jute, cotton, tobacco, oilseeds, tea, coffee, etc.) .. .. .	52	24.1	1.4	56	26.8	1.4
24. Others .. .. .	98	45.4	2.6	96	45.9	2.4
<b>Total of III</b> .. .. .	<b>2,16</b>	<b>100.0</b>	<b>5.7</b>	<b>2,09</b>	<b>100.0</b>	<b>5.3</b>
<b>IV. 25. Personal and professional</b> .. .. .	<b>10,12</b>		<b>26.7</b>	<b>10,55</b>		<b>26.5</b>
<b>V. 26. All others</b> .. .. .	<b>3,27</b>		<b>8.6</b>	<b>2,90</b>		<b>7.3</b>
<b>Total of I to V</b> .. .. .	<b>37,87</b>		<b>100.0</b>	<b>39,80</b>		<b>100.0</b>

## MENT 26

## SCHEDULED BANKS ACCORDING TO PURPOSE, 1954

(Amount in lakhs of rupees)								
June 30, 1954			September 30, 1954			December 31, 1954		
376			368			353		
Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
8	9	10	11	12	13	14	15	16
96	14.9	2.5	89	15.9	2.4	2,01	28.3	5.2
34	5.3	0.9	32	5.7	0.9	32	4.5	0.8
29	4.5	0.8	30	5.3	0.8	27	3.8	0.7
29	4.5	0.8	24	4.3	0.7	22	3.1	0.6
16	2.5	0.4	16	2.9	0.4	15	2.1	0.4
39	6.1	1.0	37	6.6	1.0	39	5.5	1.0
23	3.6	0.6	12	2.1	0.3	16	2.3	0.4
85	13.2	2.2	48	8.6	1.3	84	11.8	2.2
22	3.4	0.6	13	2.3	0.4	13	1.8	0.3
3	0.5	0.1	2	0.4	0.1	—	—	—
64	9.9	1.7	62	11.1	1.7	52	7.3	1.4
2,04	31.7	5.3	1,96	34.9	5.3	2,08	29.3	5.4
6,43	100.0	16.6	5,62	100.0	15.2	7,09	100.0	18.4
8,04	47.2	20.8	6,85	42.6	18.6	6,21	36.3	16.2
4,85	28.4	12.5	3,88	24.1	10.5	3,39	19.8	8.8
41	2.4	1.1	38	2.4	1.0	67	3.9	1.7
4	0.2	0.1	5	0.3	0.1	—	—	—
55	3.2	1.4	32	2.0	0.9	38	2.2	1.0
11	0.6	0.3	13	0.8	0.4	15	0.9	0.4
22	1.3	0.6	18	1.1	0.5	20	1.2	0.5
3,51	20.6	9.1	2,83	17.6	7.7	1,99	11.6	5.2
3,10	18.7	8.3	2,97	18.5	8.0	2,82	16.5	7.3
3,89	22.8	10.1	3,96	24.6	10.7	3,64	21.3	9.5
71	4.2	1.8	68	4.2	1.8	72	4.2	1.9
21	1.2	0.5	26	1.6	0.7	18	1.1	0.5
29	1.7	0.8	29	1.8	0.8	41	2.4	1.1
48	2.8	1.3	45	2.8	1.2	1,79	10.5	4.7
29	1.7	0.8	44	2.7	1.2	1,00	5.9	2.6
50	2.9	1.3	50	3.1	1.4	48	2.8	1.2
2,63	15.4	6.8	2,63	16.4	7.1	2,66	15.6	6.9
17,05	100.0	44.1	16,06	100.0	43.5	17,09	100.0	44.4
58	27.1	1.5	77	31.8	2.1	71	29.7	1.8
54	25.2	1.4	62	25.6	1.7	60	25.1	1.6
1,02	47.7	2.6	1,03	42.6	2.8	1,08	45.2	2.8
2,13	100.0	5.5	2,42	100.0	6.6	2,40	100.0	6.2
10,32		26.7	10,34		28.0	9,67		25.1
2,71		7.0	2,47		6.7	2,21		5.7
38,65		100.0	36,91		100.0	38,45		100.0

# STATE

## ANALYSIS OF ADVANCES OF NON-SCHEDULED

Number of banking companies	December 31, 1953			March 31, 1954		
	370			374		
	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
1	2	3	4	5	6	7
<b>I. Secured advances</b>						
1. Government and other trustee securities .. .. .	25	0.9	0.7	17	0.6	0.4
2. Gold and silver bullion .. .. .	13	0.4	0.3	3	0.1	0.5
3. Gold and silver ornaments .. .. .	6,98	24.0	18.4	6,58	22.3	16.5
4. Shares of jointstock companies, etc. .. .. .	88	3.0	2.3	1,05	3.6	2.6
5. Merchandise .. .. .	7,56	26.0	20.0	7,33	24.8	18.3
(i) Pledged to the banking company under the banking company's lock and key .. .. .	5,52	19.0	14.6	5,34	18.1	13.3
(a) Foodgrains .. .. .	98 ✓	3.4	2.6	77 ✓	2.6	1.9
(b) Other agricultural commodities .. .. .	3,11	10.7	8.2	2,54	8.6	6.3
(c) Non-agricultural commodities .. .. .	1,43	4.9	3.8	2,03	6.9	5.1
(ii) Hypothecated to the banking company .. .. .	2,04	7.0	5.4	1,98	6.7	4.9
(a) Foodgrains .. .. .	5 ✓	0.2	0.1	4 ✓	0.1	—
(b) Other agricultural commodities .. .. .	58	2.0	1.5	44	1.5	1.0
(c) Non-agricultural commodities .. .. .	1,40	4.8	3.7	1,51	5.1	3.7
6. Real estate .. .. .	8,37	28.8	22.1	8,94	30.3	22.4
(a) Agricultural land .. .. .	1,36	4.7	3.6	1,54	5.2	3.8
(b) Other properties .. .. .	7,01	24.1	18.5	7,40	25.1	18.5
7. Fixed deposits .. .. .	2,47	8.5	6.5	2,57	8.7	6.4
(a) With the banking company .. .. .	2,46	8.5	6.5	2,55	8.6	6.3
(b) With other banking companies .. .. .	1	—	—	2	0.1	0.1
8. Other secured advances .. .. .	2,41	8.3	6.4	2,87	9.7	7.2
<b>Total of I</b> .. .. .	<b>29,05</b>	<b>100.0</b>	<b>76.7</b>	<b>29,56</b>	<b>100.0</b>	<b>74.3</b>
<b>II. 9. Unsecured advances</b> .. .. .	<b>8,82</b>		<b>23.3</b>	<b>10,24</b>		<b>25.7</b>
<b>Total of I and II</b> .. .. .	<b>37,87</b>		<b>100.0</b>	<b>39,80</b>		<b>100.0</b>

## MENT 27

## BANKS ACCORDING TO SECURITY, 1954

(Amount in lakhs of rupees)

June 30, 1954			September 30, 1954			December 31, 1954		
376			368			353		
Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
8	9	10	11	12	13	14	15	16
19	0.6	0.5	18	0.7	0.5	28	1.0	0.7
8	0.3	0.2	16	0.6	0.4	12	0.4	0.3
6,52	22.2	16.9	6,59	24.2	17.9	6,58	23.7	17.1
1,13	3.8	2.9	90	3.3	2.4	90	3.2	2.3
7,91	26.9	20.5	6,05	22.2	16.4	6,97	25.1	18.1
5,68	19.3	14.7	3,76	13.8	10.2	4,60	16.6	12.0
1,55	5.3	4.0	1,20	4.4	3.3	55	2.0	1.4
2,22	7.6	5.7	1,07	3.9	2.9	2,47	8.9	6.4
1,90	6.5	4.9	1,49	5.5	4.0	1,58	5.7	4.1
2,23	7.6	5.8	2,29	8.4	6.2	2,37	8.5	6.2
4	0.1	0.1	4	0.1	0.1	10	0.4	0.3
45	1.5	1.2	46	1.7	1.2	57	2.1	1.5
1,75	6.0	4.5	1,79	6.6	4.8	1,70	6.1	4.4
8,72	29.7	22.6	8,45	31.0	22.9	8,20	29.5	21.3
1,58	5.4	4.1	1,51	5.5	4.1	1,41	5.1	3.7
7,14	24.3	18.5	6,93	25.4	18.8	6,79	24.4	17.7
2,52	8.6	6.5	2,41	8.8	6.5	2,45	8.9	6.4
2,49	8.5	6.4	2,40	8.8	6.5	2,44	8.8	6.3
3	0.1	0.1	2	0.1	—	1	—	—
2,33	7.9	6.0	2,49	9.1	6.8	2,29	8.2	6.0
29,39	100.0	76.0	27,25	100.0	73.8	27,80	100.0	72.3
9,25		23.9	9,66		26.2	10,65		27.7
38,65		100.0	36,91		100.0	38,45		100.0

# STATE

## INTEREST† CHARGED BY SCHEDULED

					Major Scheduled					
					Dec. 31, 1953		Mar. 31, 1954		June 30, 1954	
					H	L	H	L	H	L
<b>I. Secured advances</b>										
1. Government and other trustee securities .. ..					6	3½	6	3	6	3
2. Gold and silver bullion .. .. .					6	3½	7	3½	6	4
3. Gold and silver ornaments .. .. .					7½	6	7½	4½	7½	4
4. Shares of joint stock companies, etc. .. ..					7½	4½	7½	4½	7	4½
5. Merchandise										
(i) Pledged to the banking company under the banking company's lock and key										
(a) Foodgrains .. .. .					7	5	6½	5	6½	5
(b) Other agricultural commodities ..					6½	4	6½	4	6½	4
(c) Non-agricultural commodities .. ..					7	4½	7	5	7	4½
(ii) Hypothecated to the banking company										
(a) Foodgrains .. .. .					9	3½	9	3½	9	3½
(b) Other agricultural commodities ..					9	3½	9	3½	7	3½
(c) Non-agricultural commodities .. ..					9	3½	9	3½	7½	3½
6. Real estate										
(a) Agricultural land .. .. .					7	4½	7	4½	7	4½
(b) Other properties .. .. .					8	3½	8	3½	8	3½
7. Fixed deposits										
(a) With the banking company .. .. .					5	4	5	4	5	4
(b) With other banking companies .. ..					6	3	6	3	6	2½
8. Other secured advances .. .. .					9	3	9	3½	9	3½
<b>II. 9. Unsecured advances</b> .. .. .					9	4	9	4	9	4

† The usual rate of interest charged on the majority of accounts.

H=Highest

L=Lowest

## MENT 28

## BANKS ON ADVANCES DURING 1954

(Rate per cent per annum)

Banks*				Other Scheduled Banks											
Sept. 30, 1954		Dec. 31, 1954		Dec. 31, 1953		Mar. 31, 1954		June 31, 1954		Sept. 31, 1954		Dec. 31, 1954			
H.	L.	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.		
<hr/>															
6	3	6	3	9	4	9	4	9	4	9	4	8½	4		
6	3½	6	3½	9	5	9	5	9	4½	9	4½	12	4½		
7½	4	7½	4	12	5½	12	5½	12	6	12	5	12	5		
7½	4½	7½	4½	10½	5	10½	5	10½	3	10½	3½	10½	5		
<hr/>															
6½	5	6½	5	9	6	9	6	9	6	9	6	9	6		
6½	4	6½	4	9	5½	9½	5½	10½	5½	9	5½	9	5½		
7	4½	7	4½	9	5	9	6	10½	6	9½	6	9½	5		
<hr/>															
9	3½	9	3½	9	6	9½	6	9	6	9	5	9	5		
9	3½	9	3½	9	5	9½	5	9½	5	9½	5	9½	5		
9	3½	7	3½	10	5	9½	5	10	5	9½	5	9½	4		
<hr/>															
6½	4½	8	4½	10	3	10½	3	9¾	3	9¾	3	9¾	3		
8	3½	8	3½	10½	4	10½	4	10½	4	10½	3½	10½	4		
<hr/>															
6½	4	6½	4	8	2½	8	2½	8	3	8	3½	7½	1		
6	5	6	4	6	5½	6	3	9	6	7½	4½	7½	4½		
9	3½	9	3½	10½	4½	10½	4½	9½	3	9½	3	9½	4½		
9	4	9	4	12	2½	12	2¾	12	2¾	12	2¾	12	3		

\* Indian scheduled banks each with advances above Rs. 5 crores, and exchange banks.

# STATEMENT 29

## ADVANCES\* OF SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1954

(Amount in crores of rupees)

Rate of interest	Last day of	Major Indian Scheduled Banks†		Exchange Banks		All Scheduled Banks	
		Amount	Percent- age to total	Amount	Percent- age to total	Amount	Percent- age to total
1. Nil .. ..	Mar. 1954	0.8	0.3	0.3	0.3	1.6	0.3
	June "	0.5	0.2	0.3	0.2	1.3	0.3
	Sept. "	0.3	0.1	0.4	0.3	1.0	0.2
	Dec. "	0.2	0.1	0.1	0.1	0.6	0.1
2. More than 0% but upto and including 1% ..	Mar. 1954	0.1	—	—	—	0.2	0.1
	June "	—	—	—	—	0.2	—
	Sept. "	0.1	—	—	—	0.3	0.1
	Dec. "	0.1	—	—	—	0.4	0.1
3. More than 1% but upto and including 2% ..	Mar. 1954	0.1	—	0.1	0.1	0.6	0.1
	June "	0.1	—	0.1	0.1	0.4	0.1
	Sept. "	0.1	—	0.1	0.1	0.2	0.1
	Dec. "	0.1	—	0.1	0.1	0.7	0.1
4. More than 2% but upto and including 3% ..	Mar. 1954	0.2	0.1	6.2	5.1	8.7	1.8
	June "	0.1	—	7.2	5.5	11.0	2.3
	Sept. "	3.6	1.5	6.9	5.7	13.6	3.0
	Dec. "	2.8	1.1	5.2	4.2	12.9	2.7
5. More than 3% but upto and including 4% ..	Mar. 1954	92.5	37.4	40.0	33.0	139.7	29.3
	June "	87.9	36.2	43.4	33.7	139.3	29.0
	Sept. "	92.1	39.7	34.5	28.5	134.8	29.4
	Dec. "	102.6	41.4	40.1	32.2	149.5	31.4
6. More than 4% but upto and including 5% ..	Mar. 1954	100.4	40.5	65.9	54.3	187.3	39.3
	June "	92.7	38.2	69.2	53.6	185.8	38.7
	Sept. "	90.1	38.8	70.2	57.9	184.1	40.2
	Dec. "	98.9	39.9	69.0	55.4	191.2	40.1
7. More than 5% but upto and including 6% ..	Mar. 1954	43.1	17.4	8.6	7.1	87.0	18.3
	June "	50.6	20.9	8.6	6.6	92.2	19.2
	Sept. "	37.5	16.1	8.9	7.4	79.0	17.3
	Dec. "	35.8	14.5	9.7	7.8	79.4	16.7
8. More than 6% but upto and including 7% ..	Mar. 1954	7.9	3.2	0.2	0.2	26.9	5.6
	June "	8.6	3.5	0.2	0.2	26.3	5.5
	Sept. "	6.2	2.7	0.2	0.1	21.5	4.7
	Dec. "	5.2	2.1	0.2	0.2	19.9	4.2
9. More than 7% but upto and including 8% ..	Mar. 1954	1.8	0.7	0.1	0.1	13.7	2.9
	June "	1.9	0.8	0.1	0.1	13.1	2.7
	Sept. "	1.9	0.8	0.1	0.1	12.7	2.8
	Dec. "	1.7	0.7	0.1	0.1	12.0	2.5
10. More than 8% but upto and including 9% ..	Mar. 1954	0.6	0.3	—	—	9.8	2.1
	June "	0.4	0.2	—	—	9.0	1.9
	Sept. "	0.6	0.3	—	—	9.2	2.0
	Dec. "	0.4	0.2	—	—	8.4	1.8
11. More than 9% but upto and including 10% ..	Mar. 1954	—	—	—	—	0.8	0.2
	June "	—	—	—	—	0.6	0.1
	Sept. "	—	—	—	—	0.7	0.2
	Dec. "	—	—	—	—	0.6	0.1
12. Over 10% .. ..	Mar. 1954	—	—	—	—	0.7	0.1
	June "	—	—	—	—	0.8	0.2
	Sept. "	—	—	—	—	0.8	0.2
	Dec. "	—	—	—	—	0.8	0.2
<b>Total .. ..</b>	Mar. 1954	<b>247.5</b>	<b>100.0</b>	<b>121.4</b>	<b>100.0</b>	<b>476.9</b>	<b>100.0</b>
	June "	<b>242.7</b>	<b>100.0</b>	<b>129.0</b>	<b>100.0</b>	<b>480.0</b>	<b>100.0</b>
	Sept. "	<b>232.3</b>	<b>100.0</b>	<b>121.1</b>	<b>100.0</b>	<b>457.8</b>	<b>100.0</b>
	Dec. "	<b>247.9</b>	<b>100.0</b>	<b>124.4</b>	<b>100.0</b>	<b>476.2</b>	<b>100.0</b>

\* Advances include money at call and short notice and due from banking companies but exclude bills purchased and discounted.

† Banks with deposits of Rs. 25 crores and over.

Note :—Figures relate to 7 major Indian scheduled and 14 exchange banks for each quarter and 84 banks in March, 87 banks in June and September and 85 banks in December in the case of all scheduled banks.

GRAPH 9

# **DISTRIBUTION OF ADVANCES OF SCHEDULED BANKS BY PURPOSE AND BY SECURITY** as at December 31, 1954 (Percentages)

## **PURPOSE**

Chemicals, Dyes and Paints 2

Vegetable oil crushing and refining 2

Engineering 4

Other Textiles 2

Jute 2

**INDUSTRY**  
34%

Cotton 11

**ALL OTHERS**  
7%

**PERSONAL AND  
PROFESSIONAL**  
9%

**AGRICULTURE**  
1%

**COMMERCE**  
50%

Wholesale Trade 33

Shares of Jt. Stock Companies 9

Retail Trade 2

Dealers in Govt. Securities

Stocks, Shares etc. 3

Gold and Silver ornaments 3

Govt. and Trustee

Securities 7

Shroffs 2

All others 6

Banks and other

Financial Institutions 4

## **SECURITY**

Merchandise 48

**SECURED**  
84%

Real Estate 4

Fixed Deposits 2

Others 11

**UNSECURED**  
16%

All others 9

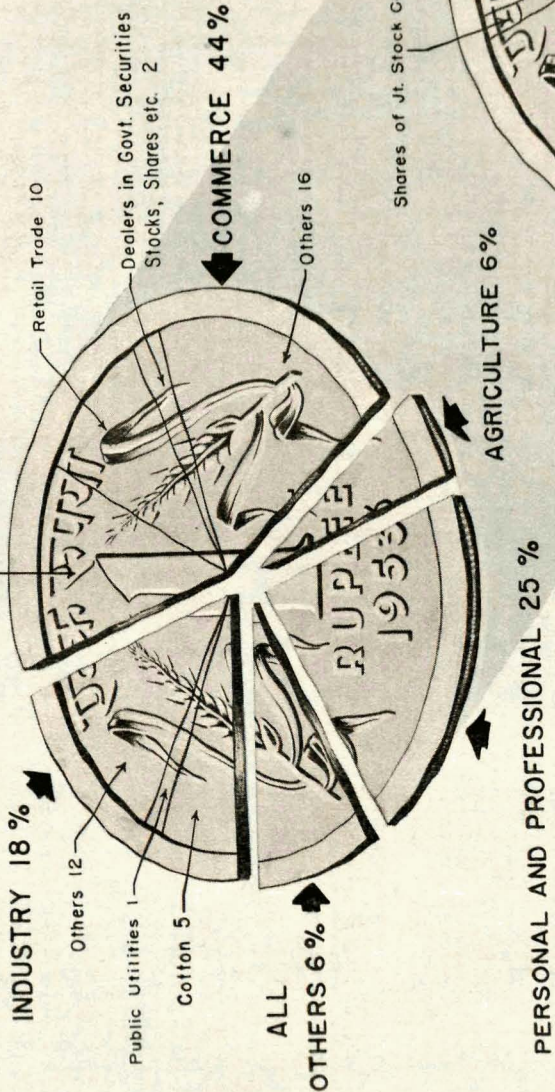


# DISTRIBUTION OF ADVANCES OF NON-SCHEDULED BANKS BY PURPOSE AND BY SECURITY

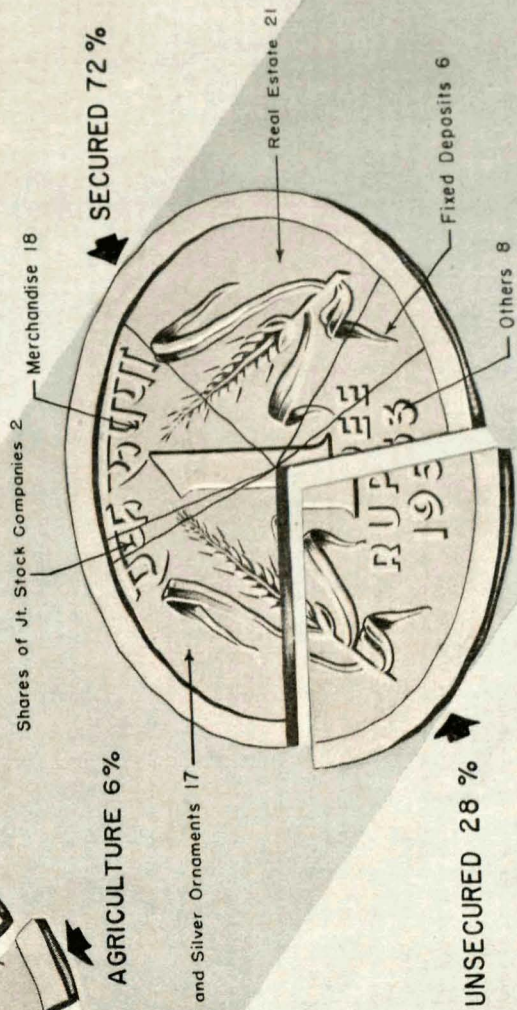
as at December 31, 1954

( Percentages )

## PURPOSE



## SECURITY



*Note* :—Owing to differences in coverage, statistics for the first two quarters are not strictly comparable with those for the second two quarters. Data for March and June relate to a sample of non-scheduled banks, viz., 96 banks in March and 100 banks in June, while those for September and December relate to all non-scheduled banks, viz., 340 banks in September and 359 banks in December.

\* Advances include money at call and short notice and due from banking companies.

## STATE

## DISTRIBUTION BY STATE &amp; BY POPULATION OF OFFICES, DEPO-

State	Population	Number of banks operating in the State		1953			1954		
		1953	1954	Offices	Percentage of 5 to total offices	Population per office	Offices	Percentage of 8 to total offices	Population per office
1	2	3	4	5	6	7	8	9	10
<b>GROUP I</b>									
1. Andhra .. ..	2,05,08,000	9	10	157	6	1,30,624	162	6	1,26,593
2. Assam .. ..	90,43,707	4	4	20	1	4,52,185	20	1	4,52,185
3. Bihar .. ..	4,02,25,947	11	11	121	5	3,32,446	125	5	3,21,808
4. Bombay .. ..	3,59,56,150	50	50	431	16	83,425	440	16	81,719
5. Madhya Pradesh	2,12,47,533	12	13	142	5	1,49,631	153	6	1,38,873
6. Madras* .. ..	3,57,34,000	38	38	396	15	90,237	414	15	86,314
7. Orissa .. ..	1,46,45,946	5	5	12	—	12,20,496	12	—	12,20,496
8. Punjab .. ..	1,26,41,205	20	20	174	7	72,651	180	7	70,229
9. Uttar Pradesh ..	6,32,15,742	24	23	379	14	1,66,796	382	14	1,65,486
10. West Bengal ..	2,48,10,308	37	36	172	6	1,44,246	175	6	1,41,773
Total .. ..	27,80,28,538	—	—	2,004	75	1,38,737	2,063	75	1,34,769
<b>GROUP II</b>									
11. Hyderabad .. ..	1,86,55,108	12	12	76	3	2,45,462	80	3	2,33,189
12. Madhya Bharat ..	79,54,154	8	8	56	2	1,42,038	59	2	1,34,816
13. Mysore .. ..	98,49,000	17	18	94	4	1,04,777	98	4	1,00,500
14. PEPUS .. ..	34,93,685	4	5	25	1	1,39,747	33	1	1,05,869
15. Rajasthan .. ..	1,52,90,797	12	11	115	4	1,32,963	112	4	1,36,525
16. Saurashtra .. ..	41,37,359	9	9	52	2	79,565	52	2	79,565
17. Travancore-Cochin	92,80,425	18	18	131	5	70,843	130	5	71,388
Total .. ..	6,86,60,528	—	—	549	21	1,25,065	564	21	1,21,739
<b>GROUP III</b>									
18. Delhi .. ..	17,44,072	31	30	85	3	20,518	87	3	20,047
19. Himachal Pradesh	9,83,367	2	2	4	—	2,45,842	4	—	2,45,842
20. Vindhya Pradesh	35,74,690	3	4	4	—	8,93,673	6	—	5,95,781
21. Others .. ..	38,88,199	11	10	23	1	1,69,052	22	1	1,76,736
Total .. ..	1,01,90,328	—	—	116	4	87,848	119	4	85,633
<b>GROUP IV</b>									
22. Jammu & Kashmir	44,10,000	5	4	8	—	5,51,250	7	—	6,30,000
<b>GRAND TOTAL ..</b>	<b>36,12,89,394</b>			<b>2,677</b>		<b>1,34,961</b>	<b>2,753</b>		<b>1,31,235</b>

Note :—(1) Figures are as on the last Friday of the year and relate to 85 banks in 1953 and 84

(2) Population figures are from the 1951 Census Report; those for Jammu and Kashmir

\* Includes Pondicherry in 1954.

## MENT 31

## SITS &amp; ADVANCES IN INDIA OF SCHEDULED BANKS, 1953 &amp; 1954

1953			1954			1953			1954		
Deposits (In lakhs of rupees)	Per- centage of 11 to total deposits	Per capita depo- sits Rs.	Deposits (In lakhs of rupees)	Per- centage of 14 to total deposits	Per capita depo- sits Rs.	Advan- ces (In lakhs of rupees)	Per- centage of 17 to total advances	Per capita advan- ces Rs.	Advan- ces (In lakhs of rupees)	Per- centage of 20 to total advances	Per capita advan- ces Rs.
11	12	13	14	15	16	17	18	19	20	21	22
11,12	1	5.4	12,68	1	6.2	8,74	2	4.3	10,44	2	5.1
4,71	1	5.2	5,29	1	5.8	1,16	—	1.3	89	—	1.0
24,70	3	6.1	26,53	3	6.6	8,41	2	2.1	9,51	2	2.4
271,58	33	75.5	292,22	32	81.3	162,19	34	45.1	183,61	35	51.1
16,64	2	7.8	17,36	2	8.2	9,09	2	4.3	10,44	2	4.9
65,99	8	18.5	83,41	9	23.3	43,51	9	12.2	47,90	9	13.4
1,93	—	1.3	2,12	—	1.4	1,56	—	1.1	38	—	0.3
39,85	5	31.5	42,04	5	33.3	11,72	2	9.3	12,88	2	10.2
65,75	8	10.4	69,88	8	11.1	33,56	7	5.3	34,41	6	5.4
175,82	21	70.9	203,47	22	82.0	123,27	26	49.7	140,67	26	56.7
678,09	81	24.4	755,00	81	27.2	403,21	84	14.5	451,13	85	16.2
16,72	2	9.0	17,06	2	9.1	13,25	3	7.1	15,04	3	8.1
10,53	1	13.2	11,94	1	15.0	8,27	2	10.4	7,00	1	8.8
17,20	2	17.5	18,84	2	19.1	12,36	3	12.5	12,65	2	12.8
2,70	—	7.7	3,22	—	9.2	1,18	—	3.4	1,28	—	3.7
17,02	2	11.1	18,94	2	12.4	13,92	3	9.1	13,32	3	8.7
18,46	2	44.6	16,65	2	40.2	3,40	1	8.2	3,04	1	7.3
15,77	2	17.0	19,61	2	21.1	11,88	2	12.8	11,21	2	12.1
98,40	12	14.3	106,26	11	15.5	64,26	13	9.4	63,54	12	9.3
48,73	6	279.4	56,05	6	321.4	13,24	3	75.9	15,24	3	87.4
35	—	3.6	39	—	4.0	2	—	0.2	3	—	0.3
19	—	0.5	27	—	0.8	9	—	0.3	9	—	0.3
3,79	—	9.7	4,10	—	10.5	98	—	2.5	1,02	—	2.6
53,06	6	52.1	60,81	7	59.7	14,33	3	14.1	16,38	3	16.1
4,91	1	—	5,68	1	12.9	14	—	0.3	14	—	0.3
834,46			927,75		25.7	481,94		13.3	531,19		14.7

banks in 1954.

are according to the statutory estimates of the Registrar General.

# STATE REGIONAL DISTRIBUTION OF OFFICES

State	Number of offices opened during 1954				Number of offices closed during 1954			
	Exchange banks	Other scheduled banks	Non-scheduled banks	Total	Exchange banks	Other scheduled banks	Non-scheduled banks	Total
1	2	3	4	5	6	7	8	9
<b>GROUP I</b>								
Andhra .. ..	—	5	—	5	—	—	7	7
Assam .. ..	—	2	—	2	—	—	7	7
Bihar .. ..	—	5	—	5	—	1	—	1
Bombay .. ..	—	10	2	12	—	7	14	21
Madhya Pradesh .. ..	—	10	—	10	—	—	—	—
Madras .. ..	—	16	1	17	—	—	6	6
Orissa .. ..	—	1	—	1	—	1	—	1
Punjab .. ..	—	9	—	9	—	7	3	10
Uttar Pradesh .. ..	—	7	—	7	—	3	4	7
West Bengal .. ..	—	5	—	5	—	2	3	5
<b>Total .. ..</b>	<b>—</b>	<b>70</b>	<b>3</b>	<b>73</b>	<b>—</b>	<b>21</b>	<b>44</b>	<b>65</b>
<b>GROUP II</b>								
Hyderabad .. ..	—	4	—	4	—	—	1	1
Madhya Bharat .. ..	—	3	—	3	—	1	—	1
Mysore .. ..	—	3	—	3	—	—	1	1
PEPSU .. ..	—	7	1	8	—	—	1	1
Rajasthan .. ..	—	1	—	1	—	4	4	8
Saurashtra .. ..	—	—	12	12	—	—	—	—
Travancore-Cochin .. ..	—	1	5	6	—	1	37	38
<b>Total .. ..</b>	<b>—</b>	<b>19</b>	<b>18</b>	<b>37</b>	<b>—</b>	<b>6</b>	<b>44</b>	<b>50</b>
<b>GROUP III</b>								
Ajmer .. ..	—	—	—	—	—	—	—	—
Bhopal .. ..	—	—	—	—	—	—	—	—
Coorg .. ..	—	—	—	—	—	—	—	—
Cutch .. ..	—	—	—	—	—	—	—	—
Delhi .. ..	—	5	—	5	—	1	2	3
Himachal Pradesh .. ..	—	—	—	—	—	—	5	5
Manipur .. ..	—	—	—	—	—	—	—	—
Tripura .. ..	—	—	—	—	—	—	1	1
Vindhya Pradesh .. ..	—	2	—	2	—	—	—	—
<b>Total .. ..</b>	<b>—</b>	<b>7</b>	<b>—</b>	<b>7</b>	<b>—</b>	<b>1</b>	<b>8</b>	<b>9</b>
<b>GRAND TOTAL .. ..</b>	<b>—</b>	<b>96</b>	<b>21</b>	<b>117</b>	<b>—</b>	<b>28</b>	<b>96</b>	<b>124</b>

Number of reporting banking companies

*Note :—*The figures are based on the returns in Form IX submitted by banking companies State of Jammu and Kashmir.

# STATE DISTRIBUTION OF BANKING OFFICES BY POPULATION

State	P O P U					
	Unclassified		Less than 5,000		5,000 to 10,000	
	No. of Places	No. of Offices	No. of Places	No. of Offices	No. of Places	No. of Offices
<b>GROUP I</b>						
Andhra .. ..	5	5	—	—	14	16
Assam .. ..	—	—	—	—	1	1
Bihar .. ..	8	8	5	6	5	9
Bombay .. ..	2	2	18	19	42	46
Madhya Pradesh .. ..	4	4	2	2	—	—
Madras .. ..	21	25	22	26	50	72
Orissa .. ..	3	3	—	—	—	—
Punjab .. ..	3	4	15	20	18	24
Uttar Pradesh .. ..	4	5	14	16	13	18
West Bengal .. ..	3	3	1	2	3	3
<b>Total .. ..</b>	<b>53</b>	<b>59</b>	<b>77</b>	<b>91</b>	<b>146</b>	<b>189</b>
<b>GROUP II</b>						
Hyderabad .. ..	3	3	2	2	5	5
Madhya Bharat .. ..	4	5	1	1	5	6
Mysore .. ..	5	5	4	4	6	8
PEPSU .. ..	1	1	11	13	10	16
Rajasthan .. ..	3	3	5	5	13	14
Saurashtra .. ..	12	12	—	—	5	5
Travancore-Cochin .. ..	38	42	32	61	33	91
<b>Total .. ..</b>	<b>66</b>	<b>71</b>	<b>55</b>	<b>86</b>	<b>77</b>	<b>145</b>
<b>GROUP III</b>						
Ajmer .. ..	1	1	—	—	1	1
Bhopal .. ..	—	—	—	—	—	—
Coorg .. ..	—	—	2	2	1	1
Cutch .. ..	2	2	—	—	—	—
Delhi .. ..	—	—	—	—	—	—
Himachal Pradesh .. ..	—	—	—	—	2	2
Manipur .. ..	—	—	—	—	—	—
Tripura .. ..	—	—	3	3	—	—
Vindhya Pradesh .. ..	1	1	1	1	—	—
<b>Total .. ..</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>
<b>GRAND TOTAL .. ..</b>	<b>123</b>	<b>134</b>	<b>138</b>	<b>183</b>	<b>227</b>	<b>338</b>

Note :—1. Population figures are from the 1951 census data or as supplied by banks.

2. The statement has been compiled from information available in returns in Form IX in the whole of Indian Union except the State of Jammu and Kashmir.

**MENT 32****IN INDIA OF BANKING COMPANIES**

Net increase (+) or decrease (—) during 1954				Number of offices as on December 31, 1954			
Exchange banks	Other sche- duled banks	Non- sche- duled banks	Total	Exchange banks	Other sche- duled banks	Non- sche- duled banks	Total
10	11	12	13	14	15	16	17
—	+ 5	— 7	— 2	—	164	15	179
—	+ 2	— 7	— 5	—	20	17	37
—	+ 4	—	+ 4	—	130	25	155
—	+ 3	—12	— 9	15	423	114	552
—	+10	—	+10	—	154	13	167
—	+16	— 5	+11	12	402	339	753
—	—	—	—	—	12	4	16
—	+ 2	— 3	— 1	4	183	31	218
—	+ 4	— 4	—	2	379	42	423
—	+ 3	— 3	—	20	168	64	242
—	+49	—41	+ 8	53	2,025	664	2,742
—	+ 4	— 1	+ 3	—	80	11	91
—	+ 2	—	+ 2	—	57	5	62
—	+ 3	— 1	+ 2	1	98	34	133
—	+ 7	—	+ 7	—	32	44	76
—	— 3	— 4	— 7	—	113	5	118
—	—	+12	+12	—	51	35	86
—	—	—32	—32	1	128	460	589
—	+13	—26	—13	2	559	594	1,155
—	—	—	—	—	10	2	12
—	—	—	—	—	3	2	5
—	—	—	—	—	4	1	5
—	—	—	—	—	5	—	5
—	+ 4	— 2	+ 2	10	82	9	101
—	—	— 5	— 5	—	2	—	2
—	—	—	—	—	—	1	1
—	—	— 1	— 1	—	2	4	6
—	+ 2	—	+ 2	—	7	—	7
—	+ 6	— 8	— 2	10	115	19	144
—	+68	—75	— 7	65	2,699	1,277	4,041
				14	74	445	533

under the Banking Companies Act, 1949, and relate to their offices in the whole of India except the

## MENT 33

## IN THE SEVERAL STATES AT THE END OF 1954

## LATION

10,000 to 25,000		25,000 to 50,000		50,000 to 1,00,000		1,00,000 and over		Total	
No. of Places	No. of Offices	No. of Places	No. of Offices	No. of Places	No. of Offices	No. of Places	No. of Offices	No. of Places	No. of Offices
38	59	13	36	8	36	4	27	82	179
7	13	4	18	1	5	—	—	13	37
18	33	13	32	6	23	5	44	60	155
50	82	26	59	14	70	10	274	162	552
31	54	13	42	5	22	3	43	58	167
71	163	31	117	11	90	9	260	215	753
3	4	1	1	1	2	1	6	9	16
23	52	10	34	6	20	4	64	79	218
53	89	26	67	14	57	14	171	138	423
14	16	10	31	10	20	3	167	44	242
308	565	147	437	76	345	53	1,056	860	2,742
23	29	6	8	7	14	3	30	49	91
10	19	3	4	1	3	3	24	27	62
15	28	6	19	2	17	3	52	41	133
14	27	4	12	1	7	—	—	41	76
27	36	11	22	3	10	3	28	65	118
6	9	8	27	2	7	3	26	36	86
43	165	5	38	5	106	3	86	159	589
138	313	43	130	21	164	18	246	418	1,155
—	—	—	—	1	3	1	7	4	12
1	2	—	—	—	—	1	3	2	5
1	2	—	—	—	—	—	—	4	5
—	—	2	3	—	—	—	—	4	5
—	—	—	—	—	—	1	101	1	101
—	—	—	—	—	—	—	—	2	2
—	—	—	—	—	—	1	1	1	1
—	—	1	3	—	—	—	—	4	6
2	3	1	2	—	—	—	—	5	7
4	7	4	8	1	3	4	112	27	144
450	885	194	575	98	512	75	1,414	1,305	4,041

submitted by banking companies under the Banking Companies Act, 1949, and relate to their offices



## STATEMENT 34

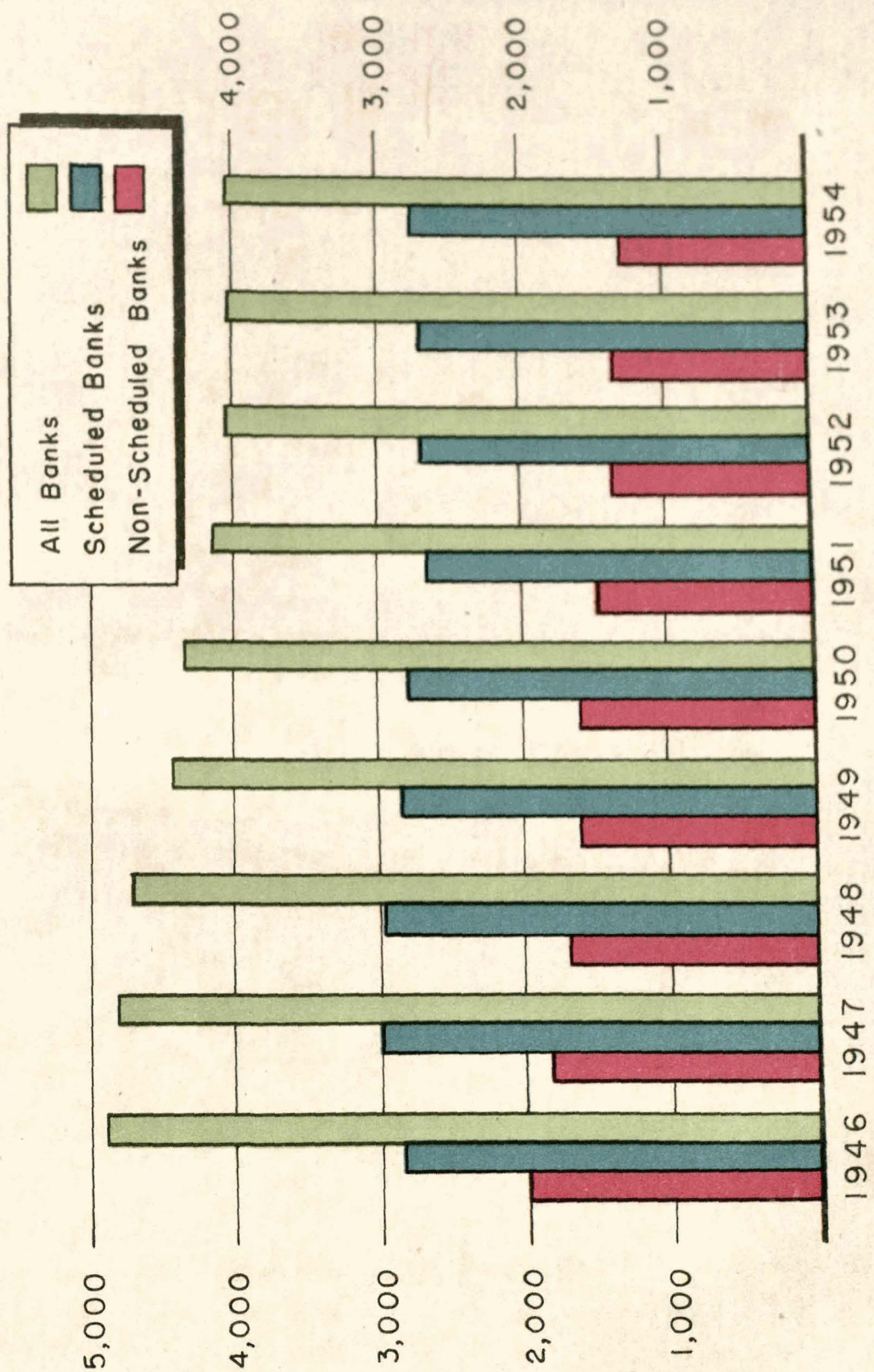
## OFFICES OF SCHEDULED AND NON-SCHEDULED BANKS, 1938-54

End of	SCHEDULED BANKS				Non-scheduled banks	All banks
	Imperial Bank of India	Exchange banks	Other scheduled banks	Total		
1	2	3	4	5	6	7
<b>INDIA AND BURMA</b>						
1938 .. ..	358	93	677	1,128	343	1,471
1939 .. ..	381	99	798	1,278	673	1,951
1940 .. ..	390	101	860	1,351	811	2,162
1941 .. ..	401	99	954	1,454	1,014	2,468
<b>UNDIVIDED INDIA</b>						
1942 .. ..	392	82	974	1,448	1,260	2,708
1943 .. ..	398	84	1,400	1,882	1,531	3,413
1944 .. ..	419	79	1,977	2,475	1,985	4,460
1945 .. ..	426	77	2,454	2,957	2,378	5,335
<b>INDIAN UNION</b>						
1946 .. ..	358	58	2,441	2,857	2,029	4,886
1947 .. ..	362	60	2,565	2,987	1,832	4,819
1948 .. ..	367	62	2,534	2,963	1,711	4,674
1949 .. ..	377	64	2,411	2,852	1,589	4,441
1950 .. ..	382	62	2,335	2,779	1,574	4,353
1951 .. ..	391	63	2,213	2,667	1,473	4,140
1952 .. ..	408	63	2,221	2,692	1,369	4,061
1953† .. ..	422	65	2,204	2,691	1,351	4,042
1954 .. ..	453	65	2,246	2,764	1,277	4,041

*Note* :—Figures for the years 1938 to 1950 have been taken from the Statistical Tables relating to Banks in India ; offices of non-scheduled banks having paid-up capital and reserves of less than Rs. 50,000 each have been excluded upto 1945. Figures for the years 1951 to 1954 are based on the returns in Form IX submitted under the Banking Companies Act, 1949.

† Revised.

# OFFICES OF BANKING COMPANIES IN INDIA.



## STATEMENT 35

REGIONAL DISTRIBUTION OF THE NUMBER OF PLACES IN INDIA  
AT WHICH BANKING COMPANIES WERE GRANTED OR REFUSED  
PERMISSION TO OPEN OFFICES DURING 1954

State 1	No. of places in respect of which per- mission was granted 2	No. of places in respect of which per- mission was refused 3
<b>GROUP I</b>		
Andhra .. .. .	7 (1)	—
Assam .. .. .	1	—
Bihar .. .. .	4 (3)	—
Bombay .. .. .	25 (6)	6 (1)
Madhya Pradesh .. .. .	9 (4)	—
Madras .. .. .	9 (1)	10 (2)
Orissa .. .. .	1	—
Punjab .. .. .	6	—
Uttar Pradesh .. .. .	12 (2)	—
West Bengal .. .. .	7 (1)	—
<b>GROUP II</b>		
Hyderabad .. .. .	2	—
Madhya Bharat .. .. .	3 (1)	1 (1)
Mysore .. .. .	4 (1)	2
PEPSU .. .. .	5	—
Rajasthan .. .. .	1	—
Travancore-Cochin .. .. .	3	3
<b>GROUP III</b>		
Coorg .. .. .	1	—
Delhi .. .. .	9 (2)	1
Cutch .. .. .	1	—
Pondicherry .. .. .	1	—
Vindhya Pradesh .. .. .	4	1
<b>Total .. .. .</b>	<b>115 (22)</b>	<b>24 (4)</b>

Note :—Figures in brackets indicate the number of places which were not served by any bank at all.

## STATEMENT 36

## OFFICES OF INDIAN BANKS OUTSIDE INDIA

Country 1	1952		1953		1954	
	No. of banking companies operating 2	No. of offices 3	No. of banking companies operating 4	No. of offices 5	No. of banking companies operating 6	No. of offices 7
Aden .. .. .	—	—	1	1	1	1
British East Africa .. .. .	—	—	2	4	2	7
Burma .. .. .	5	8	5	8	5	9
Ceylon .. .. .	3	3	3	3	3	3
French India* .. .. .	2	3	2	3	—	—
Hongkong .. .. .	1	1	1	1	1	1
Japan .. .. .	1	2	1	2	1	2
Malaya .. .. .	4	12	4	12	4	12
Pakistan .. .. .	37	96	29	67	24	63
Thailand .. .. .	1	1	1	1	1	1
United Kingdom .. .. .	2	2	4	4	4	4
<b>Total .. .. .</b>		<b>128</b>		<b>106</b>		<b>103</b>

\* Excludes Chandernagore upto 1953. Since November 1954, French settlements in India have been merged with the Indian Union.

# **STATEMENT 37** **PROGRESS OF ACTION TAKEN UNDER SEVERAL PROVISIONS OF** **THE BANKING COMPANIES ACT**

	1949	1950	1951	1952	1953	1954	Total
<b>1. Classification of companies into banking and non-banking companies (Section 5 (1) (b) and (c))</b>							
(i) Number of cases reported .. .. .	72	23	73	40	27	3	238
(ii) Number of companies classified as banking companies .. .. .	4	1	—	1	3	—	9
(iii) Number of companies classified as non-banking companies or gone into liquidation or struck off .. .. .	41	29	57	47	15	4	193
(iv) Number of companies taking suitable action or under consideration .. .. .	27	20	36	28	37	36	
<b>2. Use of words 'bank,' 'banker' or 'banking' (Section 7)</b>							
(i) Number of companies affected by the provisions and reported to the Reserve Bank ..	6	31	47	32	2	12	130
(ii) Number of companies which added one of the words to their names .. .. .	4	15	18	1	1	—	39
(iii) Number of non-banking companies which deleted the words 'bank,' 'banker,' etc., from their names or went into liquidation or were struck off .. .. .	2	8	9	13	12	5	49
(iv) Number of companies granted exemption ..	—	—	4	—	—	—	4
(v) Number of companies taking suitable action ..	—	8	24	42	31	38	
<b>3. Disposal of non banking assets (Section 9)</b>							
(i) Number of banking companies holding non-banking assets .. .. .	—	—	2	—	—	—	2
(ii) Number of companies which disposed of the non-banking assets .. .. .	—	—	1	—	—	—	1
(iii) Number of companies taking suitable action ..	—	—	1	1	1	1	
<b>4. Restriction on certain forms of employment (Section 10 (1) (c) (i) and (ii))</b>							
(i) Number of companies contravening the section .. .. .	42	23	4	12	11	17	109
(ii) Number of companies which regularised their position or were exempted .. .. .	29	21	4	6	6	12	78
(iii) Number of companies classified as non-banking companies .. .. .	—	—	2	—	—	—	2
(iv) Number of companies which became defunct or were wound up by Court .. .. .	—	—	2	1	2	1	6
(v) Number of companies which were under consideration or were taking steps to regularise their position .. .. .	13	15	11	16	10	23	
<i>Note</i> :—All banking companies were exempted from the provisions of these sub-sections for a period of six months from the commencement of the Act; the exemption for a further period of three years granted to 14 displaced banks expired during the year 1952; the exemption in respect of 11 out of them was extended by a further period of three years.							
<b>5. Minimum capital requirements (Section 11)</b>							
(i) Number of applications received for issue of additional capital .. .. .	19	36	49	40	32	7	183
(ii) Number of applications recommended for the issue of additional capital .. .. .	14	24	54	31	17	5	145
(iii) Number of applications recommended for rejection .. .. .	—	—	5	16	14	3	38
(iv) Number of applications pending and under consideration .. .. .	5	17	7	—	1	—	
(v) Number of companies which raised the capital to the prescribed level .. .. .	—	—	14	26	2	1	43

## STATEMENT 37—Contd.

	1949	1950	1951	1952	1953	1954	Total
(vi) Number of companies which conformed to the provisions of the section by reducing the area of operation .. .. .	1	—	2	11	—	—	14
(vii) Number of companies which converted themselves into non-banking companies or went into liquidation .. .. .	—	—	32	32	8	3	75
<b>6. Regulation of capital and restrictions on voting rights (Section 12)</b>							
<i>Sub-sections (i) and (ii)</i>							
(i) Number of companies contravening the section .. .. .	11	1	4	2	26	1	45
(ii) Number of companies which complied with the provisions of the section or were exempted .. .. .	1	3	3	1	13	6	27
(iii) Number of companies converted into non-banking companies or wound-up .. .. .	—	—	1	1	2	1	5
(iv) Number of companies taking steps to comply with the provisions .. .. .	10	8	8	8	19	13	
<b>7. Prohibition of interlocking directorates (Section 16)</b>							
(i) Number of companies contravening the section .. .. .	25	27	6	7	1	4	70
(ii) Number of companies which complied with the provisions of the section .. .. .	17	20	4	4	2	2	49
(iii) Number of companies exempted .. .. .	*	3	3	—	—	—	6
(iv) Number of companies which became defunct or went into liquidation or were classified as non-banking companies .. .. .	—	2	1	2	1	—	6
(v) Number of companies whose cases were under consideration or which were taking action .. .. .	8	10	8	9	7	9	
* All banking companies were exempted from the provisions of this section for a period of six months from the commencement of the Act ; the exemption for a further period of three years granted to 14 displaced banks expired during the year 1952. The exemption in the case of 10 out of them was extended by a further period of three years.							
<b>8. Restrictions on the nature of subsidiary companies or on holding shares of other companies (Section 19)</b>							
<i>Sub-section (1)</i>							
(i) Number of companies permitted to form subsidiary companies .. .. .	—	1	1	—	—	—	2
(ii) Number of companies which were exempted .. .. .	—	1	—	—	—	—	1
(iii) Number of companies which regularised their position .. .. .	—	1	—	—	—	—	1
<i>Sub-section (2)</i>							
(i) Number of companies reported to have contravened the section .. .. .	34	6	20	8	9	8	85
(ii) Number of companies whose cases came up for reconsideration .. .. .	—	6	5	7	4	5	27
(iii) Number of companies which regularised the holdings .. .. .	11	7	15	8	7	6	54
(iv) Number of companies allowed time to regularise the holdings .. .. .	7	9	2	4	4	1	27
(v) Number of companies exempted .. .. .	—	3	1	6	2	2	14
(vi) Number of companies converted into non-banking companies or went into liquidation .. .. .	—	—	2	—	1	—	3
(vii) Number of cases under consideration .. .. .	16	9	14	11	10	14	
<i>Sub-section (3)</i>							
(i) Number of cases reported .. .. .	—	5	1	3	4	—	13
(ii) Number of companies exempted .. .. .	—	5	—	—	—	—	5
(iii) Number of companies taking action .. .. .	—	—	1	—	—	—	

## STATEMENT 38

## PART A

**STATEMENT RELATING TO BANKS WHICH, AS A RESULT OF  
THEIR RE-INSPECTION, HAVE BEEN FOUND TO HAVE  
RECTIFIED THE DEFECTS POINTED OUT AFTER THEIR  
FIRST INSPECTION**

(Amount in lakhs of rupees)

Nature of defect	Number of banks	Amount outstanding as on the date of		Increase (+) or de- crease (—) (per cent)
		first inspection	re- inspection	
1	2	3	4	5
1. Inadequate and poor reserves .. .. .	5	9.42	17.65	+ 87.4
2. Insufficient reserves against bad and doubtful debts	3	0.29	0.42	+ 44.8
3. Frequent borrowings .. .. .	10	2,02.14	68.38	— 66.2
4. (a) Large investments in shares and debentures of joint stock companies .. .. .	—	—	—	—
(b) Investments in unquoted shares and debentures	3	6.81	3.97	— 41.7
5. Investments in shares and debentures of companies in which the bank's directors are interested ..	2	5.00	1.88	— 62.4
6. Inadequate investments in Government securities	4	1.07	2.70	+ 152.3
7. Meagre liquid assets .. .. .	16	33.55	67.55	+ 101.3
8. Total advances (over-extension of advances) ..	16	1,85.19	1,61.60	— 12.7
9. Unsecured advances (high proportion in relation to total advances) .. .. .	8	28.26	20.13	— 28.8
10. Granting large advances against immovable pro- perties .. .. .	1	0.56	0.08	— 85.7
11. Large proportion of decreed and doubtful debts	—	—	—	—
12. Large number of irregular and dormant advances including advances having undesirable features	8	94.27	9.94	— 89.5
13. Concentration of advances in the hands of a few borrowers .. .. .	3	44.24	19.83	— 55.2
14. Large advances to directors, their relations and associates and concerns in which any of them is interested .. .. .	5	16.13	4.19	— 74.0

## STATEMENT 38—Contd.

## PART B

PROGRESS MADE BY BANKS IN THE RECTIFICATION  
OF DEFECTS POINTED OUT TO THEM

(Amount in lakhs of rupees)

Nature of defect	Number of banks	Amount outstanding as on the		Increase (+) or de- crease (—) (per cent)
		date of inspection/ re-in- spection	31-12-54 (on the basis of progress reports)	
1	2	3	4	5
1. Inadequate and poor reserves .. .. .	188	1,14.93	1,44.83	+ 26.0
2. Insufficient reserves against bad and doubtful debts	16	3.43	3.95	+ 15.2
3. Frequent borrowings .. .. .	51	5,12.65	2,63.02	— 48.6
4. (a) Large investments in shares and debentures of joint stock companies .. .. .	14	65.60	52.08	— 20.6
(b) Investments in unquoted shares and debentures .. .. .	33	2,13.89	1,54.86	— 27.6
5. Investments in shares and debentures of companies in which the bank's directors are interested ..	19	1,24.57	82.62	— 33.7
6. Inadequate investments in Government securities	75	11.14	30.54	+ 174.1
7. Meagre liquid assets .. .. .	49	83.92	1,22.16	+ 45.6
8. Total advances (over-extension of advances) ..	240	50,16.03	48,12.11	— 4.1
9. Unsecured advances (high proportion in relation to total advances) .. .. .	183	9,61.61	8,83.78	— 8.1
10. Granting large advances against immovable properties .. .. .	108	12,13.61	10,50.72	— 13.4
11. Large proportion of decreed and doubtful debts	160	4,02.70	4,96.89	+ 23.4
12. Large number of irregular and dormant advances including advances having undesirable features ..	202	27,12.55	21,28.85	— 21.5
13. Concentration of advances in the hands of a few borrowers .. .. .	93	22,67.35	16,02.77	— 29.3
14. Large advances to directors, their relations and associates and concerns in which any of them is interested .. .. .	70	6,74.67	5,23.54	— 22.4

## STATEMENT 39

## LIABILITIES AND ASSETS OF COMMERCIAL BANKS IN SELECTED COUNTRIES

(Amount in millions of national currency)

Country	End of	Deposits						Cash balances	Percent- tage of 7 to 6	Invest- ments	Percent- tage of 9 to 6	Loans and Percent- advances including bills dis- counted
		Demand		Others		Total						
		Amount	Percent- tage of 2 to 6	Amount	Percent- tage of 4 to 6							
	1	2	3	4	5	6	7	8	9	10	11	12
Australia (£A) ..	..1953	1,044	80.9	246	19.1	1,290	83	6.4	236	18.3	665	51.6
(Major Private Banks) (a)	1954	1,057	80.2	261	19.8	1,318	70	5.3	161	12.2	786	59.6
Canada (£C) ..	..1953	3,368(k)	33.4	6,706(c)	66.6	10,074	888	8.8	3,777	37.5	4,645	46.1
(Chartered Banks) (b)	..1954	3,597(k)	33.6	7,116(c)	66.4	10,713	791	7.4	4,429	41.3	4,651	43.4
France (Francs) ..	..1953	994,620	95.9	42,549	4.1	1,037,169	50,746	4.9	..	..	929,006	89.6
(4 Large Banks) ..	..1954(d)	1,087,933	96.0	45,154	4.0	1,133,87	51,991	4.6	..	..	1,035,481	91.4
India (Rs.) ..	..1953	5,163	60.9	3,319	39.1	8,482	767	9.0	3,360	39.6	4,738(e)	55.9
(Scheduled Banks)	..1954	5,730	60.8	3,688	39.2	9,418	1,037	11.0	3,479	36.9	5,542(e)	58.8
Japan (Yen) ..	..1953	484,431	20.1	1,931,193	79.9	2,415,624	304,421(f)	12.6	295,601	12.2	2,200,492(e)	91.1
(11 Big Banks and Local Banks) ..	..1954	480,779	17.8	2,217,921	82.2	2,698,700	319,690(f)	11.8	364,213	13.5	2,386,332(e)	88.4
New Zealand (£NZ)	..1953	221	80.1	56	20.3	276	105	38.0	20	7.2	137	49.6
(Trading Banks) ..	..1954(o)	241	80.6	58	19.4	299	84	28.1	26	8.7	166	55.5
Pakistan (Pak. Rs.) ..	..1953	1,240	77.8	353	22.2	1,593	137	8.6	..	..	781	49.0
(Scheduled Banks) ..	..1954	1,251	70.7	518	29.3	1,769	170	9.6	721(i)	40.8	1,030(e)	58.2
Union of South Africa (£SA)	1953	341	83.8	66	16.2	407	63(g)	15.5	135	33.2	211	51.8
(Commercial Banks)	..1954	..	..	..	..	441	72(g)	16.3	..	..	240	54.4
United Kingdom (£)	..1953	4,327	64.6	2,368	35.4	6,694	542	8.1	3,613	54.0	2,287(e)	34.2
(London Clearing Banks)	1954	4,485	64.6	2,456	35.4	6,941	571	8.2	3,552	51.2	2,509(e)	36.1
United States of America (\$) 1953	..1953	131,538	74.4	45,164	25.6	176,702	44,828(h)	25.4	78,094	44.2	67,593	38.3
(All Commercial Banks)	..1954(n)	119,880(l)	65.5	63,060(m)	34.5	182,940	42,180(h)	23.1	85,700	46.8	71,150	38.9
Western Germany (DM) ..	..1953	..	..	..	..	16,666	1,816	10.9	1,238(i)	7.4	14,450	86.7
(Commercial Banks)	..1954	..	..	..	..	19,842	2,113	10.6	1,809(i)	9.1	17,129	86.3

(a) Average of weekly figures in December excepting the fourth week. (b) The classification of chartered bank assets and liabilities was revised by the Bank Act of 1954. (c) Include foreign currency deposits. (d) As at the end of October, 1954. (e) Include money at call and short notice. (f) Include bills and cheques. (g) Include gold coin, bullion, notes of Reserve Bank, subsidiary coin and balances with National Finance Corporation. (h) Include cash in vault, reserves with Federal Reserve Banks, balances with domestic banks, balances with foreign banks and cash items in process of collection. (i) Include Treasury bills and non-interest bearing Treasury bonds of the Federal Republic and the Lands and securities and syndicate participations. (j) Introduced with effect from January 29, 1954. (k) Public demand deposits. (l) Exclude inter-bank deposits. (m) Include demand and time inter-bank deposits. (n) Preliminary. (o) As on December 22, 1954.



## **APPENDIX II**

### **NOTIFICATIONS**

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**DEPARTMENT OF ECONOMIC AFFAIRS**

#### **1. No. F. 4 (194)-F.I./53 dated January 2, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Rayalaseema Bank Ltd., Bellary, for a period upto and including March 31, 1955.

#### **2. No. F. 4 (2)-F. I./54 dated January 19, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Premier Bank of India Ltd., for a period upto and including March 31, 1955.

#### **3. No. F. 4 (4)-F.I./54 dated February 5, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section (2) of section 19 of the said Act shall not, for the period ending June 30, 1954, apply to the Hongkong and Shanghai Banking Corporation, Calcutta, in respect of its holding of the shares of the Sun Jute Press Ltd.

#### **4. No. 4 (47)-F. I./54 dated March 8, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the following banking companies for a period upto and including March 31, 1955, namely :—

1. Bank of Konkan Ltd.
2. Banthia Bank Ltd.
3. Cochin Nayar Bank Ltd.
4. Cochin Union Bank Ltd.
5. Engandiyoor Banking and Vyapara Co., Ltd.
6. National Trust Bank Ltd.
7. New Citizen Bank of India Ltd.
8. Prabartak Bank Ltd.
9. Purnea Banking Corporation Ltd.
10. Tirukkattupalli Bank Ltd.
11. Bank and Stores Ltd.
12. Morvi Mercantile Bank Ltd.

**5. No. 4 (12)-F. I./54 dated March 8, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and in supersession of clause (e) of the notification of the Government of India, Ministry of Finance (Department of Economic Affairs), No. F. 4 (59)-F. I./51, dated September 27, 1951, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply before April 1, 1955, to a banking company which has been incorporated in any Part 'B' State and which till September 27, 1951, confined its activities to Part 'B' States.

**6. No. F. 4 (27)-F. I./54 dated March 13, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of section 12 of the said Act shall not apply until March 31, 1955, to the Malabar City Bank Ltd., Vaikam.

**7. No. F. 4 (59)-F. I./54 dated March 29, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Dharmapuri Taluka Kadagathur Sree Ananda Bank Ltd., for a period upto and including March 31, 1955.

**8. No. D. 2445-F. I./54 dated March 30, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of section 12 of the said Act shall not apply upto and including March 31, 1955, to the Bank of New India Ltd., Trivandrum and to the Martandam Commercial Bank Ltd., Martandam.

**9. No. F. 4 (60)-F. I./54 dated April 2, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and rule 16 of the Banking Companies Rules, 1949, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of the Morvi Mercantile Bank Ltd., the provisions of sections 18 and 24 of the said Act shall not apply upto and including March 31, 1955, and that the provisions of section 31 of the said Act and rule 15 of the said Rules shall not apply in so far as such provisions relate to the publication in a newspaper of its balance sheet and profit and loss account for the period ended December 31, 1953, together with the auditors' report thereon.

**10. No. 4 (67)-F. I./54 dated April 2, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sections 18 and 24 of the said Act shall not apply, until September 30, 1954, to the Agricultural Bank of Garhwal Ltd., Narendra Nagar.

**11. No. 4 (74)-F.I./54 dated April 23, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of section 12 of the said Act shall not apply upto March 31, 1955, to the Anthraper Bank Ltd., Shertally.

**12. No. F. 4 (91)-F.I./54 dated May 7, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 10(1)(c)(i) of the said Act shall not apply to the Kumbakonam Bank Ltd., Kumbakonam in so far as the said provisions prohibit its Managing Director from being a Director of the Native High School Association, Kumbakonam Ltd.

**13. No. F. 4 (103)-F.I./54 dated June 4, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949) and rule 16 of the Banking Companies Rules, 1949, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 31 of the said Act and rule 15 of the said Rules shall not apply to the undernoted banking companies in so far as they relate to the publication of their balance sheets and profit and loss accounts for the period ended December 31, 1953, together with the auditors' report in a newspaper, namely :—

1. Vasudevavilasam Bank Ltd., Perintalmanna.
2. Manipuzha Bank Ltd., Tiruvalla.
3. Kannivadi Bank Ltd., Dindigul.
4. Prabhatha Tharaka Bank Ltd., Kuravilangad.
5. Trust Bank Ltd., Mavelikara.
6. Malankara Bank Ltd., Tiruvalla.
7. Kamalodayam Bank Ltd., Ponkunnam.
8. Chittatukara Catholic Bank Ltd., Chittatukara.
9. Bank of Travancore Ltd., Trivandrum.
10. Mahaluxmi Bank Ltd., Calcutta.
11. Union Bank Ltd., Alleppey.
12. Pioneer National Bank Ltd., Kidangoor.
13. Sree Vardhana Bank Ltd., Kottayam.
14. Sri Sharda Banking Co., Ltd., Raichur.
15. National Banking Corporation Ltd., Kachhwa.
16. Oudh Commercial Bank Ltd., Faizabad.
17. Bank of Delhi Ltd., Delhi.
18. Engandiyoor Banking and Vyapara Co., Ltd., Engandiyoor.
19. Madras City Bank Ltd., Coimbatore.

**14. No. F. 4 (103)-F.I./54 dated June 15, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949) and rule 16 of the Banking Companies Rules, 1949, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 31 of the said Act and rule 15 of the said Rules shall not apply to the undernoted banking companies in so far as they relate to the

publication of their balance sheets and profit and loss accounts for the period ended December 31, 1953, together with the auditors' report in a newspaper, namely :—

1. Madapally Sri Vilasam Bank Ltd., Mundakayam.
2. Lakshmi Banking Corporation Ltd., Pudukkottai.

**15. No. F. 4 (103)-F.I./54 dated June 24, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949) and rule 16 of the Banking Companies Rules, 1949, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 31 of the said Act and rule 15 of the said Rules shall not apply to the undernoted banking companies in so far as they relate to the publication of their balance sheets and profit and loss accounts for the period ended December 31, 1953, together with the auditors' report in a newspaper, namely :—

1. Dariapur Bank Ltd., Calcutta.
2. Mandya Bank Ltd., Mandya.

**16. No. F. 4 (138)-F.I./54 dated July 13, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of section 12 of the said Act shall not apply until the day of March 31, 1955, to the Prabhat Bank Ltd., Delhi.

**17. No. F. 4 (4)-F.I./54 dated August 14, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section (2) of section 19 of the said Act shall not, for the period ending December 31, 1954, apply to the Hongkong and Shanghai Banking Corporation, Calcutta, in respect of its holding of the shares of the Sun Jute Press Ltd.

**18. No. F. 4 (171)-F.I./54 dated September 17, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Colony Bank Ltd., Ludhiana, for the period ending March 31, 1955.

**19. No. F. 4 (179)-F.I./54 dated September 21, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of section 12 of the said Act shall not apply to the South Indian National Bank Ltd., Mavelikara, for the period ending March 31, 1955.

**20. No. F. 4 (223)-F.I./54 dated November 25, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), as applied to the French Establishment at Pondicherry by the notification of the Government of India in the Ministry of External Affairs, No. S. R. O. 3315, dated November 1, 1954, and on the recommendation of the Reserve Bank of India, the Central Government hereby declares that the provisions of Part II of the said Act, other than the provisions contained in sub-section (2) of section 27 and section 35, shall not apply to the Banque De L' Indochine, Pondicherry, upto and including March 31, 1955.

**21. No. F. 4 (233)-F.I./54 dated December 22, 1954**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section (2) of section 19 of the said Act shall not, upto the period ending November 30, 1955, apply to the Manickavelu Banking Corporation Ltd., Bangalore, in respect of the shares of the Mahalakshmi Woollen and Silk Mills Co., Ltd., held by the said Corporation on November 3, 1954.

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## APPENDIX III

## PRESS COMMUNIQUE

## 1. Dated July 15, 1954

The Reserve Bank of India introduced the Bill Market Scheme in January 1952 as an experimental measure. As the Scheme met with notable success during the very first year, the Bank decided to make it a permanent feature. During the two and a half years of the operation of the Scheme, it has greatly facilitated borrowings by eligible scheduled banks from the Reserve Bank for meeting their busy season demands without disturbance of their investment portfolio. Facilities under the Scheme are being availed of by the eligible banks on an increasing scale and the advances availed of under the Scheme during the current season (from January 1954 up to the end of June 1954) amounted to Rs. 122.22 crores as against Rs. 60.84 crores during the corresponding period last year and Rs. 74.02 crores in 1952. The advances availed of under the Scheme during the current season exceeded those against Government securities at Rs. 116.05 crores during that period.

Suggestions had been made to the Bank as well as to the Committee on Finance for the Private Sector that the Scheme should be liberalised and extended to the smaller scheduled banks. While the Committee recommended that the Scheme should be extended to scheduled banks having deposits of Rs. 1 crore or over, the intention of the Committee was to include only licensed banks with deposits of Rs. 1 crore or more. It has, however, been decided by the Bank to extend the Scheme to all scheduled banks in possession of a licence granted by it in terms of section 22 of the Banking Companies Act, 1949 irrespective of the size of the deposits. It may be mentioned here that, at present, only scheduled banks having deposits of Rs. 5 crores or more and in possession of such a licence are eligible to participate in the Scheme. Further, as recommended by the above Committee, the minimum limit of advances under the Scheme has been reduced from Rs. 25 lakhs to Rs. 10 lakhs and the minimum amount of each individual bill has been fixed at Rs. 50,000 instead of Rs. 1 lakh.

## 2. Dated August 4, 1954

The Committee on Finance for the Private Sector has, *inter alia*, recommended that the Reserve Bank should actively pursue the question of linking the indigenous bankers and shroffs to the Bank in consultation with the shroffs. Repeated efforts have been made in the past by the Reserve Bank in this direction. In 1937 and again in 1941 the Reserve Bank agreed to extend rediscount and remittance facilities to the indigenous bankers provided they were prepared to segregate their non-banking business from their banking business, discard the non-banking business within a specified period, and maintain proper books of account, which could be audited and made available to the Reserve Bank for inspection. The proposals were, however, not acceptable to the bankers, who were reluctant to shed their non-banking business. Nevertheless, remittance facilities have already been extended to them.

Joint stock and co-operative banks have since 1941 made considerable progress and there has been a large increase in the number of their branches and resources, and indigenous bankers have been able to obtain funds from joint stock banks at reasonable rates. There has also been a tendency on the part of some indigenous bankers to convert themselves into joint stock banking companies, and the banking legislation enacted in 1949 covers the non-scheduled banks.

In reviewing this question, therefore, it is necessary to ascertain the extent to which the indigenous bankers serve the countryside today and to collect more facts about their business methods, their resources, their scale of operations, etc. The All-India Rural Credit Survey, which has been conducted under the auspices of the Reserve Bank and which has covered these points, has just been completed, and the report will be submitted soon. The consideration of this recommendation of the Committee on Finance for the Private Sector has, therefore, been deferred for the present.

2. Another suggestion which the Committee on Finance for the Private Sector has made in this connection is that, pending direct linking of indigenous bankers with the Reserve Bank, steps should be taken to encourage rediscounting by the Reserve Bank of the usance bills of indigenous bankers such as the multani hundis of Shikarpuri shroffs, through scheduled banks. It may be explained in this connection that under section 17(2) (a) of the Reserve Bank of India Act, 1934 the Reserve Bank is required to observe certain essential safeguards and can rediscount only bills maturing within 90 days which arise out of *bona fide* commercial or trade transactions and bear two or more 'good' signatures, one of which shall be that of a scheduled bank. It would be extremely difficult in practice for the Reserve Bank to verify whether the numerous multani hundis, which are generally for small amounts, have arisen out of *bona fide* trade transactions.

Apart from these administrative and statutory difficulties, it must be explained that rediscounting facilities will not by themselves be of any significant assistance to the Shikarpuri shroffs, whose limits for advances by the banks with which they normally deal are determined by their credit-worthiness and the nature of their business. These banks have normally sufficient funds for the extension of the limits of the shroffs, if requirements of prudence justified it. Such rediscounting facilities can only provide the banks concerned with additional funds, which are of the order of only about Rs. 5 crores, while the maximum outstanding balance of borrowings by the scheduled banks from the Reserve Bank from January 1, 1954 upto June 30, 1954 amounted to about Rs. 58 crores, Rs. 27 crores being against Government securities and Rs. 31 crores against usance bills. The aggregate advances during the period amounted to Rs. 238 crores, Rs. 116 crores being against Government securities and Rs. 122 crores against usance bills. The principal banks which discount these hundis have certainly not exhausted their capacity to borrow on other usance bills and Government securities and the Reserve Bank would have no difficulty whatever in providing the additional Rs. 5 crores, if required, without providing rediscount facilities for multani hundis. There is, therefore, no justification for the creation of an elaborate machinery for the rediscount of these hundis, when the object can be achieved very simply under the present system.

After the receipt of the Shroff Committee's Report, the question was re-examined in consultation with the bank which handles the bulk of these hundis and it was agreed by the bank that in view of the Bill Market Scheme and the circumstances explained above, no practical purpose would be served by extending rediscounting facilities to multani hundis.

### 3. Dated August 4, 1954

The Committee on Finance for the Private Sector has, *inter alia*, recommended that the Reserve Bank should treat shares and bonds of the Industrial Finance Corporation of India and State Financial Corporations as on a par with Government securities for advances under section 17(4)(a) of the Reserve Bank of India Act, 1934 on such terms as the Reserve Bank may deem appropriate. The Reserve Bank has

accepted this recommendation of the Committee and such shares and bonds would hereafter be treated on a par with Government securities for the purpose of advances to scheduled banks under section 17(4)(a) of the Reserve Bank of India Act.

## SELECTED CIRCULARS ISSUED TO BANKING COMPANIES

### 4. DBO. No. Liq. 687/C 183C-54 dated February 4, 1954

#### The Banking Companies Act, 1949

In exercise of the powers conferred by section 45 R of the Banking Companies Act, 1949 (extract enclosed) you are hereby required to furnish to the undernoted office of the Reserve Bank, information relating to the progress in the liquidation proceedings of the bank/s under your charge in the form enclosed. The return should be submitted in duplicate before May 31, August 31, November 30 and February 28 of each year. Part A of the first return hereunder should give separate information relating to the assets and liabilities of the banks as at the date of the winding up order (particulars of claims admitted need not be given in this return) and also as at December 31, 1953, while Part B thereof should show the total amount of the realisations made and payments effected from the date of the winding up to December 31, 1953. This return should be furnished to the Reserve Bank by March 31, 1954 and the subsequent returns before the dates specified in the second sentence above.

The return should be sent to the appropriate office of the Reserve Bank as indicated below :—

Office of the Reserve Bank to which the return should be submitted.	Name of the State in which the banking company had its registered office.
1. The Deputy Chief Officer, Department of Banking Operations, Reserve Bank of India, Bombay.	Bombay, Hyderabad, Madhya Bharat, Madhya Pradesh, Saurashtra.
2. The Deputy Chief Officer, Department of Banking Operations, Reserve Bank of India, Calcutta.	Assam, Bihar, Orissa, West Bengal, Tripura.
3. The Deputy Chief Officer, Department of Banking Operations, Reserve Bank of India, Madras.	Andhra, Madras, Mysore.
4. The Deputy Chief Officer, Department of Banking Operations, Reserve Bank of India, New Delhi.	Ajmer, Bilaspur, Delhi, East Punjab, Patiala and the East Punjab States Union, Rajasthan.
5. The Deputy Chief Officer, Department of Banking Operations, Reserve Bank of India, "Rajalakshmi," Pattom, Trivandrum.	Travancore-Cochin.
6. The Manager, Reserve Bank of India, Kanpur.	Uttar Pradesh.

The quarterly statement showing the progress in the liquidation proceedings of the bank/s under your charge which are now being submitted to us may be discontinued.



### Section 45R of the Banking Companies Act, 1949

Power to call for returns and information.—The Reserve Bank may, at any time by a notice in writing, require the liquidator of a banking company to furnish it, within such time as may be specified in the notice or such further time as the Reserve Bank may allow, any statement or information relating to or connected with the winding up of the banking company; and it shall be the duty of every liquidator to comply with such requirements.

Explanation.—For the purposes of this section and section 45Q, a banking company working under a compromise or arrangement but prohibited from receiving fresh deposits, shall, as far as may be, be deemed to be a banking company which is being wound up.

### The Banking Companies Act, 1949

Name of the banking company \_\_\_\_\_

Name of the liquidator \_\_\_\_\_

Statement showing the position of the assets and liabilities as on March 31/ June 30/ September 30/ December 31 as well as receipts and payments during the quarter.

(To be submitted in duplicate to the Reserve Bank before May 31, August 31, November 30 and February 28 each year)

LIABILITIES		‘A’ ASSETS	
	Rs.		Rs.
(1) Paid-up capital		(1) Cash in hand	
(2) Total outside liabilities		(2) Balances with banks	
(a) Deposit liabilities :		(3) Investments :	
(i) Preferential		(a) Government securities	
(ii) Others		(b) Other securities	
(b) Other liabilities :		(4) Loans, advances, cash credits, overdrafts, bills purchased and discounted.	
(i) Preferential		(5) Premises, furniture, fixtures, etc.	
(ii) Others		(6) Other tangible assets	
		(7) All other assets	

Total Rs. . . \_\_\_\_\_

Total Rs. . . \_\_\_\_\_

(A) Uncalled capital

(B) Particulars of claims admitted :—

- (a) Claims in respect of deposits :
  - (i) Preferential
  - (ii) Others
- (b) Other claims :
  - (i) Preferential
  - (ii) Others

## 'B'

(For the quarter ending March 31/ June 30/ September 30/ December 31)

PAYMENTS	Rs.	REALISATIONS	Rs.
(1) Establishment charges :		(1) Sale of investments	
(a) remuneration paid to the liquidator		(2) Debts realised	
(b) remuneration paid to the staff		(3) Amounts received from contributories	
(c) rents, taxes, lighting etc.		(4) Other realisations	
(2) Legal charges :			
(a) Counsel's fees			
(b) Court fees, stamp duties etc.			
(c) Solicitors' or lawyers' professional charges			
(3) Other expenses			
(4) Dividends paid (specifying the rate of dividend) :			
(a) to preferential creditors			
(b) to other creditors			

*Note :* In case no information is available in respect of any item suitable remark may be made against that item stating the reasons for absence of information.

#### 5. DBO. No. Sch. 1673/C. 244I -54 dated March 25, 1954

##### Return of limits for credit facilities

The scrutiny of the returns submitted in terms of our circular DBO. No. Sch. 4170/C.244I -53, dated June 29, 1953 has revealed that banks have not strictly been following the instructions contained therein. Some of the common errors observed in the compilation of the above returns relate to the following points and we shall therefore be glad if you will kindly note them while submitting the returns in future.

(1) Only secured limits of Rs. 5 lakhs and over and unsecured limits of Rs. 1 lakh and over should be reported in the returns.

(2) Enhancement of limits by Rs. 1 lakh and over should be reported. While reporting the enhanced limit, the entire amount of the revised limit should be shown under column No. 4, while the amount of the previous limit and the date of enhancement should be stated against the item in the 'Remarks' column.

(3) Secured limits and unsecured limits should be shown separately and should not be grouped together. In the case of parties who have been sanctioned secured limits of Rs. 5 lakhs and over, the unsecured limits sanctioned to them should be shown in the statement for unsecured advances if such unsecured limits are for Rs. 1 lakh and over. If the unsecured limits are for less than Rs. 1 lakh, they may be shown in the 'Remarks' column. The same procedure will apply with regard to secured limits of less than Rs. 5 lakhs available to parties who have been sanctioned unsecured limits of Rs. 1 lakh and over.

(4) In the case of secured limits, the margins maintained should be indicated in column No. 7. In case a limit has been sanctioned without stipulating any margin, the reasons for doing so should be furnished in the 'Remarks' column briefly.

(5) In the case of unsecured limits the estimated worth of the parties should be given in column No. 8. In the case of unsecured limits sanctioned to companies, the paid-up capital and reserves of the companies should be stated.

(6) It is not necessary to submit a 'Nil' return even for the week ending the last Friday of the month. The monthly certificate should, however, be submitted in the prescribed form in time.

**6. DBO. No. Leg. 1957/C. 234 (D)-54 dated April 6, 1954**

**Exemption from the provisions of section 24 of the Banking Companies Act, 1949**

We append for your information and guidance a copy of the notification No. S. R. O. 967·4 (54)-F.I./54 dated March 16, 1954 issued by the Government of India and published in the Gazette of India dated March 27, 1954. In terms of this notification, all banking companies incorporated in the Travancore-Cochin State and confining their activities to that State have been permitted up to March 31, 1955 to maintain in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount which shall not on any day be less than *fifteen* per cent of the total of their demand and time liabilities in India.

2. We may add that although in terms of the notification the minimum percentage of eligible assets required to be maintained is fifteen, it would be undesirable for banks which are already maintaining twenty per cent or more of their liabilities in eligible assets, to reduce the percentage below twenty. As regards banks the percentage of whose eligible assets is fifteen or more but less than twenty, it would be in their own interest not to allow the percentage to fall below that level. They should also try to bring their eligible assets to the statutory minimum (twenty per cent) as soon as possible and in any case before the exemption expires.

*Notification No. S.R.O. 967·4 (54)-F.I./54 dated March 16, 1954*

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of any banking company which has been incorporated in the State of Travancore-Cochin and which has been confining its activities to that State, the provisions of sub-section (1) of section 24 of the said Act shall not apply for the period from April 1, 1954, to March 31, 1955, in so far as such provisions require it to maintain in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount in excess of fifteen per cent of the total of its demand and time liabilities in India.

**7. DBO. No. Sch. 2017/C. 200-54 dated April 7, 1954**

**Weekly return of advances against foodgrains**

With a view to bringing under observation the extent to which accommodation is being granted by banks for financing trade in some of the essential foodgrains and for watching the periodical trends, the Reserve Bank of India in exercise of its powers under section 27(2) of the Banking Companies Act, 1949, hereby requests you to furnish it with a weekly statement as at the close of business on each Friday as per specimen form enclosed. The statements may kindly be sent to us within a fortnight from the date to which they relate and the first statement should relate to April 9, 1954. The information will be treated as strictly confidential.

**WEEKLY RETURN OF ADVANCES AGAINST RICE, WHEAT AND COARSE  
FOODGRAINS**

**AS AT THE CLOSE OF BUSINESS ON THE**

**195**

Name of the bank.....

- (1) Name of the branch.  
*Total quantity of Stock pledged/hypothecated*
- (2) Rice (Mds.)
- (3) Wheat (Mds.)  
*Coarse foodgrains*
- (4) Jowar (Mds.)
- (5) Bajra (Mds.)
- (6) Maize (Mds.)
- (7) Barley (Mds.)
- (8) Gram (Mds.)  
*Names of the centres where the stocks are pledged/hypothecated and the quantity held at each centre.*
- Rice*
- (9) Centre
- (10) Mds.  
*Wheat*
- (11) Centre
- (12) Mds.  
*Coarse foodgrains*
- Jowar*
- (13) Centre
- (14) Mds.  
*Bajra*
- (15) Centre
- (16) Mds.  
*Maize*
- (17) Centre
- (18) Mds.  
*Barley*
- (19) Centre
- (20) Mds.  
*Gram*
- (21) Centre
- (22) Mds.  
*Total amount outstanding against Rice, Wheat and Coarse foodgrains (to be shown in lakhs of rupees)*
- (23) Rice
- (24) Wheat
- (25) Coarse foodgrains
- (26) Composite
- (27) Remarks

**INSTRUCTIONS FOR FILLING IN THE RETURN**

1. The return should be prepared as at the close of business on each Friday. In case Friday is a holiday, the figures should relate to the previous working day.
2. For the purpose of this return,
  - (i) 'Rice' includes paddy, cleaned rice, hand-pounded rice, polished rice, unpolished rice whether indigenous or imported; quantities of paddy to be shown separately in brackets just below the quantities of rice ;
  - (ii) 'Wheat' includes wheat of all qualities and descriptions whether indigenous or imported ;
  - (iii) 'Coarse grains' includes jowar, bajra, maize, barley and gram whether husked or dehusked.
3. Column (1) will contain the names of the branches of the bank.
4. In columns (2) to (8) total quantities of each one of the commodities pledged or hypothecated against all advances are to be given. Column for such grains which have not at all been pledged or hypothecated with the branch may be marked 'Nil.'
5. In columns (9) to (22) names of the centres, where the stocks are hypothecated or pledged and the quantities of each one of the grains held at each one of the centres are to be given. Columns for the grains which have not at all been hypothecated or pledged and are not held in stock may be marked as 'Nil'.
6. In columns (23) to (25) total advances of each branch against rice, wheat and coarse grains may be shown.
7. All quantities of foodgrains in this return should be given, in maunds of 82½ lbs. each.
8. This return should be in respect of only such of the bank's offices in India as have made advances aggregating :
  - (i) Rs. 50,000 or more against rice and wheat each ;
  - (ii) Rs. 1,00,000 or more against coarse foodgrains ; at the close of business on each Friday.
9. Wherever the advance is covered by more than one foodgrain, it should be shown in column No. 26.

**8. DBO. No. Leg. 2122/46A-54 dated April 13, 1954**

**Amendments to the Scheduled Banks' Regulations—Form of weekly return**

The amendment of section 42(2) of the Reserve Bank of India Act, 1934 by the Reserve Bank of India (Amendment and Miscellaneous Provisions) Act, 1953 has necessitated consequential changes in the form of the weekly return appended to the Reserve Bank of India Scheduled Banks' Regulations, 1951. It is proposed to bring the revised form of the weekly return into force with effect from May 13, 1954. To enable you to make the necessary arrangements in time, we enclose the revised form of the weekly return under section 42 of the Reserve Bank of India Act. The first weekly return in the new form may relate to the position of the banks as at the close of business on May 14, 1954. However, the date from which the revised form of the weekly return will actually come into force and the date to which the first return in the revised form would relate will be confirmed later.

**9. DBO. No. Leg. 2606/46A-54 dated May 4, 1954**

**Amendments to the Reserve Bank of India Scheduled Banks' Regulations—  
Form of weekly return**

In continuation of our circular letter DBO. No. Leg. 2122/46A-54 dated April 13, 1954, we enclose a copy of the amendment to the Reserve Bank of India Scheduled Banks' Regulations, 1951, made by the Central Board of the Reserve Bank of India at its meeting held on April 26, 1954. We also confirm that the revised form of the weekly return will come into force with effect from May 13, 1954. The first weekly return in the new form will, therefore, relate to the position of the scheduled banks as at the close of business on May 14, 1954.

**Reserve Bank of India Scheduled Banks' Regulations, 1951**

In exercise of the powers conferred by sub-sections (1) and (2) of section 58 of the Reserve Bank of India Act, 1934 (II of 1934), the Central Board, with the previous sanction of the Central Government, hereby directs that with effect from May 13, 1954 the following amendment shall be made in the Reserve Bank of India Scheduled Banks' Regulations, 1951, namely :—

1. For the existing form of return appended to the said Regulations, the following form shall be substituted, namely :—

**FORM OF RETURN**

(Name of scheduled bank in print or block capitals)

Statement of position at the close of business on Friday\*

the .....

(Rounded off to the nearest thousand)

(i) *Demand Liabilities in India.*

- (1) Borrowings from banks other than the Imperial Bank of India.
- (2) Other demand liabilities.

\* Where Friday is a public holiday under the Negotiable Instruments Act, 1881 (XXVI of 1881), for one or more offices of a scheduled bank, the return shall give the preceding working day's figures in respect of such office or offices but shall nevertheless be deemed to relate to that Friday.

(ii) *Time Liabilities in India.*

- (1) Borrowings from banks other than the Imperial Bank of India.
- (2) Other time liabilities.

(iii) *Borrowings in India from the Imperial Bank of India.*

- (a) Demand liabilities.
- (b) Time liabilities.

(iv) *Cash in India.*(v) *Balance with the Reserve Bank in India.*(a) *Principal office.*(b) *Other offices and branches.*(vi) *Balances with other Banks in Current Account in India.*(vii) *Money at call and short notice in India.*(viii) *Investments (at Book Value) in India in Central and State Government securities including Treasury Bills and Treasury Deposit Receipts.*(ix) *Advances in India.*(x) *Inland bills purchased and discounted in India.*(xi) *Foreign bills purchased and discounted in India.*

Note :—Savings Bank Account. (Vide Regulation 7).

Demand Liabilities in India

Time Liabilities in India

TOTAL RS.

Station .....

Date .....

\_\_\_\_\_  
(Signatures of Officers with designations)

**10. DBO. No. Ins. 4121/C. 297-54 dated July 14, 1954**

**Advances to scheduled banks under section 17(4)(c) of the Reserve Bank of India Act, 1934—The Bill Market Scheme**

The Bill Market Scheme was introduced by us in January 1952. Experience gained during the last two and a half years of the operation of the Scheme has shown that it has greatly facilitated the borrowings by the eligible banks from the Reserve Bank for meeting their busy season demands. Banks have been availing themselves of the facilities under the Scheme on an increasing scale and the advances availed of under the Scheme during the current season (from January 1954 up to the end of June 1954) amounted to Rs. 122·22 crores and even exceeded the advances availed of against Government securities at Rs. 116·05 crores during that period.

Suggestions had been made to us as well as to the Committee on Finance for the Private Sector that the Bill Market Scheme should be extended to the smaller scheduled banks and should also be liberalised. The Committee have recommended that the facilities under the Scheme should be made available to the scheduled banks with deposits of Rs. 1 crore or over, that the minimum limit for advances should be reduced from Rs. 25 lakhs to Rs. 10 lakhs and that the minimum amount of each individual bill should be Rs. 50,000 instead of Rs. 1 lakh.

Taking into consideration the suggestions made to us, the recommendations of the above Committee and the good response which the Scheme has so far received, it has been decided to extend the Scheme to all licensed scheduled banks and also to liberalise it suitably.

The Scheme will accordingly be extended as under with immediate effect :

(a) All scheduled banks in possession of a licence granted by the Reserve Bank of India in terms of section 22 of the Banking Companies Act, 1949 including the Imperial Bank of India and the Hyderabad State Bank which do not require a licence, instead of only those having deposits of Rs. 5 crores or more and in possession of such a licence as hitherto, will be eligible for availing themselves of the facilities under the Scheme.

(b) The minimum amount that can be borrowed by a bank at a time under the Scheme in terms of section 17(4)(c) of the Reserve Bank of India Act, 1934 has been reduced from Rs. 25 lakhs to Rs. 10 lakhs.

(c) The minimum amount of each individual bill/promissory note tendered as security for advances under the Scheme will be Rs. 50,000 instead of Rs. 1 lakh.

## **11. DBO. No. Ins. 5445/C. 297-54 dated September 16, 1954**

### **Advances to scheduled banks under section 17(4)(c) of the Reserve Bank of India Act, 1934**

Please refer to paragraph 2 of our circular DBO. No. Ins. 4342/C. 297-53 dated July 7, 1953. As the refund by the Reserve Bank of such portion of the cost of the stamp duty as is in excess of Re. 0-1-0 per Rs. 1000/- in respect of usance bills/promissory notes executed in Part 'B' States has proved useful in the extension of the operation of the Bill Market Scheme, it has been decided to make the concession a permanent feature of the Scheme.

## **12. DBO. No. Liq. 7370/C. 233A-54 dated December 20, 1954**

### **The Banking Companies Rules, 1949**

We reproduce for your information and necessary action a copy of the Central Government notification No. S.R. O. 3501. F.4(6)-F.I./54 dated November 24, 1954 (published in the Gazette of India dated December 4, 1954) amending the Banking Companies Rules, 1949 so as to prescribe the form in which the official liquidator of a banking company ordered to be wound up has to file to the High Court, list of debtors as provided in section 45D(2) of the Banking Companies Act, 1949.

*Notification No. S.R.O. 3501. F. 4 (6)-F I/54 dated November 24, 1954*

In exercise of the powers conferred by sub-sections (1), (2) and (4) of section 52 of the Banking Companies Act, 1949 (X of 1949), the Central Government after consultation with the Reserve Bank of India, hereby directs that the following further amendments shall be made in the Banking Companies Rules, 1949, the same having been previously published as required by sub-section (3) of the said section, namely :—

In the said Rules—

- (1) after rule 15, the following rule shall be inserted, namely :—  
“15A. The list of debtors under section 45D of the Act shall be in Form XIV or as near thereto as circumstances permit” ;
- (2) after Form XIII, the following Form shall be inserted, namely :—

THE BANKING COMPANIES ACT, 1949  
FORM XIV\* (SEE RULE 15A)  
[SECTION 45 D (2)]

In the High Court of Judicature at.....Jurisdiction  
No.....of 195.....

In the matter of the Indian Companies Act, 1913

And in the matter of Banking Companies Act, 1949, and in the matter of.....  
a Banking Company

List of Debtors of.....ordered to be wound up on.....

- (1) Serial No.
- (2) Name and address of debtor :
- (3) If the original debtor is dead, give names and addresses of his legal representatives : (If the original debtor dies after this list is filed in Court but before it is settled, substitute the names and addresses of his legal representatives)
- (4) If the original debtor is an insolvent, give the name and address of the assignee or receiver of his estate : (If the original debtor is adjudged insolvent after this list is filed in Court but before it is settled, the name of such assignee or receiver shall be added)
- (5) Amount of debt due :
- (6) Rate of interest, if any, and the date upto which such interest has been calculated :
- (7) Description of papers, writings and documents, if any, relating to the debt :
- (8) Whether in respect of the debt the banking company holds personal security only or no security :
- (9) Whether in respect of the debt the banking company holds security other than personal security ; if so, give the nature and particulars of the security including the estimated value of the security, names and addresses of persons having interest in such security or a right of redemption therein :
- (10) Particulars of guarantee where debt is guaranteed including names and addresses of guarantors and extent of guarantee :
- (11) Description of papers, writings and documents in support of the guarantee where debt is guaranteed :
- (12) Relief or reliefs claimed :
- (13) Remarks :

Dated this.....day of.....195.....at.....

This list should be verified by means of an affidavit.

OFFICIAL LIQUIDATOR



**13. DBO. No. Leg. 7626/C. 234-54 dated December 30, 1954**

**The Banking Companies Act, 1949**

We enclose for your information a copy of notification No. S.R.O. 3610 F. 4. (235)-F. I./54 dated December 14, 1954 issued by the Government of India in terms of section 53 of the Banking Companies Act, 1949 and published in the Gazette of India dated December 25, 1954. The notification is on the lines of similar notifications issued during the last three years and exempts all banking companies from the provisions of section 17 of the Act in so far as that section has the effect of preventing appropriation from the Reserve Fund maintained in terms of that section for the purposes of writing off the amounts of losses on their investments in Government securities before declaring a dividend out of their net profits for the years 1954 and 1955.

In exercise of the powers conferred by section 27(2) of the Banking Companies Act, you are also hereby directed to furnish information relating to your bank in respect of the appropriations made or proposed to be made from the profits for the year 1954 and the reserves held by your bank either under section 17 or otherwise as in the specimen forms enclosed. Statement No. 2 may please be submitted to this office as early as possible but not later than January 31, 1955. If the information called for in Statement No. 1 is not ready by January 31, 1955 and if you are unable to furnish even provisional figures by that date, it may be forwarded to us as soon as possible after January 31, 1955—it is not, however, necessary for you to wait till the books and accounts of your bank have been audited. In case you have no figures to show in either of the above two statements, a 'nil' return in respect thereof may be sent.

As regards exemption from the provisions of note (f) of the Notes appended to Form A—form of balance sheet—set out in the Third Schedule to the Banking Companies Act, we invite your attention to the Government of India notification No. S.R.O. 2058 F. 4 (175)-F. I./52 dated October 29, 1953 forwarded with our circular letter DBO. No. Leg. 7281/C. 234-53 dated December 3, 1953. The exemption granted in terms of that notification will be in force until January 1, 1956 and banks can avail themselves of the exemption in respect of their balance sheets as at December 31, 1954.

*Notification No. S.R.O. 3610 F. 4 (235)-F. I./54 dated December 14, 1954*

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 17 of the said Act shall not apply to any banking company in so far as the said provisions have the effect of preventing appropriation from the reserve fund maintained in terms of the said section for the purposes of writing off the amount of losses on its investments in Government securities before declaring a dividend out of its net profits for the calendar years 1954 and 1955.

## STATEMENT NO. 1

The Banking Companies Act, 1949 (Section 27(2))

Name of banking company : \_\_\_\_\_

Provisional statement showing the amount of net profit (subject to audit) for the year ended December 31, 1954 and the appropriations proposed to be made therefrom.

	Amount
	Rs.
1. Balance of profit carried forward from the last year's account ..	..
2. Add net profit for the year ended December 31, 1954 ..	..
3. Less interim appropriations made .. .. .	..
4. Balance available for appropriation .. .. .	..
5. Proposed appropriations :	
(a) To be transferred to the Reserve Fund .. .. .	..
(b) To be paid as dividend @ (indicate the %) per annum ..	..
(c) Any other appropriations proposed to be made (Give details)	
(d) Balance to be carried forward .. .. .	..

## STATEMENT NO. 2

Statement showing the position of reserves as on December 31, 1954.

<i>Nature of reserves</i>	Amount Rs.
1. General reserves including statutory reserves under section 17 of the Banking Companies Act but excluding reserves specially earmarked such as depreciation on investments or dead stock, bad debts, etc.	
2. Statutory reserves under section 17 included in item 1 above	
3. Reserves for investment fluctuations or security depreciation reserves	
4. Other reserves specially earmarked but not applicable to depreciation in investments—Details of each reserve to be given separately.	
5. Balances in Contingency Accounts in the nature of reserves :	
(a) not specially earmarked	
(b) earmarked for depreciation in investments	
6. Secret reserves	

Information under items 5 and 6 need not be given if the total of items 1 to 3 is sufficient to cover the depreciation on investments.

## APPENDIX IV

### The Committee on Finance for the Private Sector

#### Summary of Recommendations

(1) The Committee is of the opinion that even if, as contended by the Planning Commission, finance were not a major limiting factor to private industrial investment so far—a view which is not substantiated by the data available to the Committee—it will undoubtedly be so in the coming years if present trends in savings and supply of liquid resources continue.

(2) The Committee feels that in the past few years several changes have occurred in the socio-economic climate of this country which tend to discourage and discredit private enterprise. The Committee is of the opinion that unless these inhibiting factors are remedied, mere multiplication or strengthening of agencies supplying finance will not add much to industrial development.

(3) Private investment is being affected adversely by the threat of nationalisation, which persists despite the assurance given by leading members of Government that the statutory powers for nationalisation of undertakings in the private sector will not be used unless compelling reasons arise. The Committee is of the opinion that in respect of large investments in scheduled industries which take time to fructify, it should be possible for Government to give some assurance of immunity from nationalisation, at least for a reasonable period.

(4) The Committee emphasises that private enterprise should not be subjected to unfair competition from Government-owned units in the same industry through grant of special concessions to such units.

(5) The procedural uncertainties and difficulties which arise from the regulative powers assumed by the State have the effect of delaying and retarding private investment. The Committee considers it essential that the work of the several authorities from which licences or sanctions have to be obtained should be co-ordinated and the procedure for obtaining such licences or sanctions should be simplified and rationalised.

(6) The Committee considers it desirable that the technical organisation in Government Ministries should be adequately strengthened so as to provide in course of time the specialised services of these agencies to private parties also in drawing plans for expansion. The attitude of such departments should be to assist applicants in completing the necessary technical details.

(7) A major factor impeding private investment in India today is the imposition of a variety of additional obligations on employers by legislative measures or by Tribunal Awards in regard to payments to labour employed and conditions of employment. The Committee urges that early steps should be taken to remove the confusions and uncertainties in regard to labour legislations and Awards and to ensure that a rise in the rewards of labour does not run ahead of the increase in the productivity of labour.

(8) The Committee believes that there have also been several weaknesses within the private sector which have tended to make investors shy of subscribing to industrial shares and debentures. The Committee recommends that organised bodies of businessmen and industrialists should make all possible effort to enforce proper codes of conduct and to raise the standards of business management and morality.

(9) The attention of the Committee has been drawn to the fact that clause 272(d) of the proposed Companies Bill would in its present form render the working of banks impossible. The Committee hopes that the Bill will be suitably amended so as to exempt banking companies from the operation of this clause.

(10) In view of the inadequacy of the present organisation concerned with the publication of statistics relating to joint stock companies, the Committee suggests that the Reserve Bank should take up with Government the question of obtaining promptly and systematising the data relating to joint stock companies.

(11) When sanction is given by the Controller of Capital Issues to raise capital for a particular purpose and the company concerned is not able to utilise the money for that purpose due to the non-availability of machinery and other reasons, the capital becomes immobilised ; the Committee is of the opinion that in such cases Government should have the power of liquidating the company and returning the capital raised to the shareholders.

(12) Recent developments such as increased production in several fields of economic activity, abatement of inflationary pressures from abroad and deterioration in the employment situation, as well as the need to step up development outlays in both the public and private sectors in order to achieve the planned targets, warrant adjustments on the monetary front.

(13) The Committee feels that in addition to the steps already taken by the Reserve Bank, there are other directions in which the Reserve Bank can give a lead and help commercial banks to undertake their new responsibilities with a greater degree of confidence. The Committee does not think it advisable for the Reserve Bank to finance directly investment in private industries. But it feels that the Reserve Bank can facilitate larger investment by commercial banks and other financial institutions by suitable adjustment in its loaning and rediscounting practices.

(14) In creating the financial conjuncture in which credit flows easily into preferred lines, the commercial banks and other financial institutions have a vital part to play. In the Committee's view, there are various adjustments in outlook and policy which commercial banks and other institutions can make without jeopardising their stability or restricting their field of operations.

(15) On the question of long-term advances by commercial banks to industries, the Committee is of the opinion that in the general interest of the credit structure of the country, it does not appear desirable to encourage a tendency on the part of banks to lean on the Reserve Bank for providing liquidity against such advances which they may make on their own judgement and initiative.

(16) The Committee recommends that banks should endeavour to increase their investments in the shares and debentures of first class industrial concerns, to make larger advances to approved parties against such shares and debentures and subscribe to a greater extent to the shares and bonds of specialised institutions like the Industrial Finance Corporation of India and the State Financial Corporations.

(17) The leading banks in India, in co-operation with insurance companies, should form a consortium or syndicate under the leadership of the Imperial Bank of India for underwriting or investing in new issues of shares and debentures of industrial companies. To facilitate this, the Imperial Bank of India Act should be suitably amended.

(18) The Committee recommends that the Reserve Bank should treat shares and bonds of the Industrial Finance Corporation of India and State Financial Corporations as on a par with Government securities for advances under Section 17(4) (a) of the Reserve Bank of India Act, on such terms regarding margin, etc., as the Reserve Bank may deem appropriate. In order to ensure the marketability of these shares, the statutory restrictions on the holdings of such shares should be removed.

(19) In view of the steep rise in the operating costs of banks in recent years as a result of the Awards given by various Industrial Tribunals, the Committee recommends that the Government of India should immediately appoint an Expert Committee to examine, among other things, ways and means of rationalising the wage and salary structure in the banking sector and to explore possible avenues of reducing the burden of operating costs to banks.

(20) The Central and the State Governments should prepare, in consultation with the Reserve Bank of India, an approved list of banks which may be authorised to receive deposits of local bodies or quasi-Government bodies and furnish guarantees and indemnities to Government departments on behalf of customers up to specified limits.

(21) In the opinion of the Committee, the types of inquisitorial inquiries that are being made at present from banks by the Income-tax and Sales tax departments of Governments, if persisted in, could only retard the development of banking, as quite apart from the question of taxation, the general public in India are highly sensitive in regard to the secrecy of their financial transactions, including transactions with banks.

(22) Having regard to the peculiar difficulties of the smaller banks, the Committee suggests for the consideration of the Reserve Bank of India whether any of the directives or criteria laid down by the Bank could be suitably relaxed, without prejudice to sound banking principles, in view of the special characteristics of the smaller banks such as their deposit structure, and other local conditions.

(23) The Committee recommends that facilities under the Bill Market Scheme should be made available to all scheduled banks with deposits of Rs. 1 crore or over. Further, the individual minimum amount for bills should be reduced from Rs. 1 lakh to Rs. 50,000 and for parcels of bills from Rs. 25 lakhs to Rs. 10 lakhs. Limits for various banks should be fixed by the Reserve Bank in advance of the busy season

and, for this purpose, the banks wishing to avail themselves of the scheme should apply to the Reserve Bank for limits in anticipation of the business they expect to handle in the season.

(24) The timing of Central and State Governments' loan issues should normally be so arranged that the money markets are not subjected to an additional strain when banks are expected to meet the requirements of trade and industry during the busy season.

(25) The Committee feels that on the analogy of the Bill Market Scheme it may be possible to explore ways and means of increasing the resources of banks for the provision of medium-term finance by the Reserve Bank through similar facilities under proper safeguards. The Reserve Bank may, therefore, examine such possibilities, including if necessary, suitable amendments to the Reserve Bank of India Act.

(26) The Committee considers that it is of the utmost importance that the existing Remittance Facilities Scheme formulated by the Reserve Bank should be further liberalised and accordingly recommends as follows :

(i) The Reserve Bank of India should explore the question of instituting, at an early date, a teleprinter service between its offices and the expansion of this service to agencies, where practicable.

(ii) The Reserve Bank should take up with the Ministry of Communications the question of instituting a special class of telegram of a priority higher than that of the "Express" telegram but lower than that of the "Important" telegram, for bank remittances between the Reserve Bank and its agencies.

(iii) The Remittance Facilities Scheme of the Reserve Bank should be enlarged so as to provide free remittance facilities to banks from their head offices to their branches and *vice versa*, every working day ; in view of the immediate practical difficulties of attaining this target, however, this facility should, to start with, be provided at least twice a week, from the agencies of the Reserve Bank, and, as soon as possible, from the treasury agencies.

(iv) The Reserve Bank of India should formulate a scheme under which the Bank's offices and agencies should purchase telegraphic transfers from branches of banks on their head offices upto suitable limits fixed for each branch of a bank at a cost not exceeding 1/64 per cent. The banks may be asked to deposit upto 5 per cent of their deposits by way of general cover. If, in any particular case, depending upon actual experience of buying telegraphic transfers, this cover is not found sufficient, the Reserve Bank may ask for larger cover. As the actual limits sanctioned as also the drawings may exceed the loanable value of the securities, the Reserve Bank should consider whether it is necessary to amend its Act for the purpose.

(v) A Committee consisting of three representatives of the banks and one representative each of the Reserve Bank and the Imperial Bank should be formed to deal with the practical difficulties experienced by banks in regard to the Remittance Facilities Scheme and help resolve them.

(27) The Committee is of the opinion that Section 17 (13) of the Reserve Bank of India Act should be amended to authorise the Reserve Bank to open accounts with Indian banks operating outside India.

(28) The Committee recommends that the Reserve Bank of India should, in consultation with the Government of India, work out a detailed scheme of financial assistance to licensed scheduled banks opening branches in accordance with an expansion programme submitted by the banks and approved by the Reserve Bank. The assistance may for instance take the form of a lump sum to cover part of the initial expenses of the branch and a commission in respect of deposits collected over a prescribed minimum. The Reserve Bank may also consider the desirability of not allowing more than one banking office to be opened in an undeveloped area for a limited period, say, upto five years.

(29) The State Governments should make adequate security arrangements for banks in mofussil areas, where considered necessary.

(30) Mobile banks have useful potentialities in developing the banking habit and should therefore be encouraged and supported.

(31) The Committee feels that a deposit insurance scheme similar to that obtaining in the U. S. A. merits further examination by banks and recommends that it should be adopted, if, after detailed examination, there is consensus of opinion amongst banks in the matter.

(32) The Reserve Bank of India should examine the question of making the drawing of cheques without sufficient funds a criminal offence. The Committee further advises that the banks, on their own, should develop the practice of closing accounts on which cheques are so drawn.

(33) The Committee strongly recommends that an All-India Association of Banks should be brought into being at the earliest possible moment for protecting the interests of bankers and reaching agreements on matters of common interest.

(34) The Committee recommends that the question of linking indigenous bankers and shroffs directly with the Reserve Bank should be actively pursued by the Bank in consultation with the shroffs.

(35) Meanwhile, the Committee suggests that those shroffs who are doing their business by way of sight hundis should consider the possibility of introducing 90 days hundis where practicable. To encourage the use of usance hundis on a large scale, the Committee recommends that the Government of India should consider the question of further reducing the rates of stamp duty on such hundis.

(36) Pending direct linking of indigenous bankers with the Reserve Bank, steps should be taken to encourage the rediscounting by the Reserve Bank of the usance bills of indigenous bankers such as the Shikarpuri shroffs, through scheduled banks. If there are any legal difficulties in the way, the Reserve Bank may take necessary steps to have the Reserve Bank of India Act suitably amended.

(37) The Committee recommends that commercial banks should consider the rediscounting of bills, drawn by traders and small industrialists and endorsed by shroffs, even in places where the banks do not have their offices, provided that the banks are satisfied regarding the standing of the parties.

(38) The Committee suggests that the shroffs should maintain proper books of accounts, preferably in the national language or English. Further, an Association representing shroffs all over India should be formed, the constitution of which should be subject to the approval of the Reserve Bank.

(39) Since shroffs are engaged mainly in lending to trade and industry, they should be exempted from the purview of money-lending legislation.

(40) To enable insurance companies to invest a larger proportion of their funds in industrial shares and debentures, it is recommended that Section 27 of the Insurance Act may be amended so as to require the companies to invest their funds as under : 25 per cent in Government securities, 20 per cent in Government securities or other approved securities and the balance of 55 per cent in other investments specified in Section 27A.

(41) The Committee is of the opinion that the restrictions contained in sub-sections (3) and (4) of Section 27A considerably restrict the investment activities of insurance companies and recommends that the limits of  $2\frac{1}{2}$  per cent referred to in sub-sections (3) and (4) of Section 27A and of 2 per cent prescribed in the former sub-section be raised to 5 per cent.

(42) The Committee recommends that Government should examine, in consultation with insurance interests, the various anomalies in the Insurance Act, with a view to removing them.

(43) In order to make the Industrial Finance Corporation of India a more useful instrument for the provision of industrial finance, the Committee recommends that where the Corporation is satisfied that the managing agent has a reasonable financial stake in the company to which a loan is granted, and is also regarded as eligible in other ways, the additional guarantee of the managing agent need not be insisted upon.

(44) While the Committee is satisfied that the complaint against the Corporation in regard to charging high rates of interest on loans is not, in general, valid, it feels that, where possible, the Corporation should try to reach a workable arrangement with the borrowing company by which the rate of interest on loans granted by the Corporation should be reduced on the condition that the assisted company compensates the Corporation when it reaches a profitable stage, by repaying to the Corporation the difference between the reduced rate and the Corporation's usual lending rate.

(45) In order to promote better mobilisation of capital, the Industrial Finance Corporation of India should endeavour to give loans in the form of debentures which can, at suitable times, be gradually placed in the market.

(46) Under Section 23 of the Industrial Finance Corporation Act, the Corporation has to dispose of any shares it may have to take up in fulfilment of underwriting liabilities within a period of seven years. The Committee is of the opinion that this limitation should be removed. The Committee also feels that the Corporation should explore the possibility of reaching arrangements with borrowing



companies by which the Corporation may retain the option of converting the whole or part of the loan granted by it, at stated periods, on such terms as may be mutually agreed upon, into equity capital.

(47) The Committee recommends that the Industrial Finance Corporation of India and the State Financial Corporations should give banks an opportunity to participate in the loans sanctioned by them. The Corporations should also examine the question of guaranteeing the long-term loan advanced by scheduled banks or insurance companies.

(48) The limit of Rs. 1 crore prescribed in Section 24 of the Industrial Finance Corporation Act for advances to any single concern should be relaxed in the case of key industries.

(49) The Committee feels that if suitable conventions could be established in India as in Great Britain, according to which Parliament does not intervene in the day-to-day working of Finance Corporations but only debates important matters of policy, it will assist considerably in increasing the usefulness of such Corporations and inspiring greater confidence in them without, at the same time, detracting from overall Parliamentary control.

(50) The Committee is satisfied that genuine hardship is caused to small industries on account of delay in payments by Governments and Government agencies against goods supplied to them. The Committee, therefore, recommends that the Central and State Governments should explore the possibility of opening letters of credit in favour of suppliers stipulating for payments on the presentation of inspection notes by a duly authorised officer of the indenting department.

(51) The Committee feels that if the registration fee on hypothecation bonds of proprietary firms and partnerships registered with the Registrar of Assurances, which is payable on an *ad valorem* basis at present could be reduced to Rs. 5, it would facilitate the grant of loans to such concerns by commercial banks.

(52) The Committee is of the opinion that in order to render effective help to small industries under State Aid Acts or Rules, larger provisions should be made in the budgets of Governments.

(53) The Committee feels that procedural difficulties have tended to make the State Aid to Industries Acts much less useful than they might have been and, therefore, recommends that every effort should be made by Governments to simplify the procedure as much as possible.

(54) The Committee considers it essential that proposals for establishing State Financial Corporations must have the approval of the Reserve Bank of India, which should carefully examine the scope for such an institution in the State concerned.

(55) The Committee recommends that the Government of India should take steps to amend the State Financial Corporations Act, 1951, in a manner that will permit joint working of a Financial Corporation by two or more adjoining States.

(56) The Committee recommends that initially the personnel responsible for managing the affairs of State Financial Corporations should be selected in consultation with the Reserve Bank of India.

(57) The Committee hopes that the Reserve Bank will pool its knowledge of the working of the existing Financial Corporations and evolve standard rules for the proper conduct of business by these organisations.

(58) The Committee recommends that in order to augment the finance available to small industries, a Special Development Corporation for small industries should be constituted immediately. In the setting up of this Corporation, the broad features of which are described in the report, the Reserve Bank of India should take the initiative and work out, in collaboration with the other interests concerned, the actual details of its working.

(59) The Committee recommends that the proposed Special Development Corporation for small industries should, through a separate and specialised department, take a lead in organising the small industries and rendering assistance in the matter of co-operative, or joint purchase of raw materials, standardisation of products, organised marketing, distribution and publicity. Through this department, it should also make available technical services and managerial advice, if possible, through training centres.

(60) The measures taken by State Governments to help small industries through formation of industrial co-operatives, are in the opinion of the Committee commendable and deserve support. The Committee feels that small-scale producers should also make increasing efforts to come together and effect improvements in the organisation of production and marketing.

(61) The Committee feels that the establishment of proper issue houses should be encouraged in order to facilitate the raising of fresh capital through floatations on the capital market.

(62) The Committee is of the opinion that industrial investment can be assisted through the formation of investment trusts and unit trusts. The Committee feels that unit trusts in particular would be eminently suitable to conditions in India and that steps should be taken by both the public and the private sectors to encourage the formation of such institutions.

(63) In regard to the proposal to set up an Industrial Development Corporation, owned and managed by the Government of India, the Committee feels that such an institution could assist industrial development in several ways and, therefore, urges the Government of India to expedite the formation of this State-sponsored Corporation.

(64) The Committee welcomes the steps that have been taken recently to establish, with support from Government of India and the International Bank for Reconstruction and Development, a privately-owned and managed Industrial Development and Finance Corporation. The Committee hopes that this private

corporation will secure the full and generous support of all sections of the community and in particular of industrialists, banks and financiers both in the country and abroad.

(65) The Committee recommends that a central organisation for the provision of technical and managerial assistance to industries should be set up jointly by Government, special financial institutions like the Industrial Finance Corporation of India, the privately-owned Industrial Development and Finance Corporation etc., and private industries.

(66) The Committee has in making its recommendations assumed that if they are accepted they will be implemented in a spirit of helpfulness and with the utmost desire to accelerate the country's economic development.

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## APPENDIX V

### The All-India Rural Credit Survey Report Integrated Scheme and Principal Recommendations

#### Integrated Scheme of Rural Credit

The integrated scheme of reorganization of rural credit proposed by the Committee of Direction of the All-India Rural Credit Survey is based on the three fundamental principles of (a) State partnership at different levels, (b) full co-ordination between credit and other economic activities, and (c) administration through adequately trained and efficient personnel, responsive to the needs of the rural people. The main features of the scheme are as follows :—

##### (1) *Credit*

State partnership, including financial partnership, in co-operative rural credit in order that such credit may not only be expanded and strengthened, but expanded and strengthened for the positive purpose of production and for the positive benefit of the rural producer.

##### (2) *Processing, marketing, storage and warehousing*

State partnership, including financial partnership, for the benefit of the rural producer, in a programme for the organization of processing and marketing on a co-operative basis and for the development of storage and warehousing. The proposals in this connection include the creation of a National Co-operative Development and Warehousing Board, an All-India Warehousing Corporation and several State Warehousing Companies.

##### (3) *Other economic activities*

State partnership, including financial partnership, for the benefit of the rural producer, in a programme for the organization on a co-operative basis of such of the other economic activities of the village as are of importance to him as cultivator, agricultural labourer or handicraftsman, such activities to include farming, irrigation, provision of seed and manure, transport, fisheries, dairying, livestock-breeding and cottage industries.

##### (4) *Commercial banking*

Integration of, and the State's financial participation in, an important sector of commercial banking in order that the State-partnered, country-wide banking institution so formed may, among other things, be charged with and carry out the positive duty of endeavouring to do its best to help the development of rural and co-operative banking. It will be expected to discharge this duty by the several means open to it including, principally, the effecting of arrangements for the readier and cheaper remittance of money, especially in relation to the relatively undeveloped areas which have been neglected by commercial banks and in which, without such facilities, no development of rural or co-operative banking is possible. (It has been proposed that the institution thus created should be called the State Bank of India).

(5) *Training*

Recognition of the importance of training a new type of personnel altogether, which is not only technically qualified, but is also in its sympathies and attitudes rurally biased in order that the new functions devolving on the State by reason of the above may be discharged both efficiently and for the benefit of the rural population.

(6) *Limitations on State partnership and State intervention*

Recognition of the need so to design the extent and manner of State partnership as to ensure that, while responsiveness to the new policies is effectively created, every precaution is taken to safeguard the essential character of the institution in which such participation takes place and nothing is done such as may lead to State interference in its day-to-day working ; recognition, further, so far as co-operative credit and co-operative economic activity are concerned, of the need so to regulate the extent of State partnership at different levels as (a) at the rural base to leave scope for the societies to become fully "co-operative," within a measurable period, by the process of themselves replacing the State part of the share capital and (b) at the higher levels to retain what may be described as the major partnership of the State until such time, however long, as may be required in the interests of the co-operative organization at the rural base which, before it develops sufficient strength, and for the purpose of developing such strength, will need, against the competition and opposition of private vested interests, and for various other reasons, a support which is at once powerful, sympathetic, financially adequate and technically competent.

(7) *Finance and funds*

The Committee has proposed the institution of certain funds for the orderly financing of the reorganization proposed. These are—

(i) *Under the Reserve Bank:*

## (a) The National Agricultural Credit (Long-term Operations) Fund

[Rs. 5 crores annually besides an initial non-recurring contribution of Rs. 5 crores]

## (b) The National Agricultural Credit (Stabilization) Fund [Rs. 1 crore annually]

(ii) *Under the Ministry of Food and Agriculture:*

The National Agricultural Credit (Relief and Guarantee) Fund [Rs. 1 crore annually]

(iii) *Under the National Co-operative Development and Warehousing Board:*

## (a) The National Co-operative Development Fund

(b) The National Warehousing Development Fund [Rs. 5 crores annually to be divided between (a) and (b), besides an initial non-recurring contribution of Rs. 5 crores to (b)]

*(iv) Under the State Bank of India :*

The Integration and Development Fund

*(v) Under each State Government :*

(a) The State Agricultural Credit (Relief and Guarantee) Fund

(b) The State Co-operative Development Fund

*(vi) Under each State Co-operative Bank, Central Co-operative Bank etc. :*

The Agricultural Credit (Stabilization) Fund

Of these funds, the five national funds are of special importance. It has been proposed that the allotments for these may be reviewed after a period of five years.

### Recommendations in Detail

The principal recommendations of the Committee are summarized below under the various heads of development and the agencies to be charged with their implementation.

#### I—DEVELOPMENT OF CO-OPERATIVE CREDIT

*(1) Reserve Bank*

(i) The Reserve Bank of India should collaborate with the State Governments in drawing up plans for the co-ordination and reorganization of co-operative credit institutions on the lines recommended. For this purpose, the Reserve Bank should be statutorily empowered to make long-term loans to State Governments. It should make these loans, as and when necessary and on suitable terms, in order that the State Governments may, directly or indirectly, participate in the share capital of state co-operative banks, central co-operative banks, larger-sized primary credit societies, central land mortgage banks, primary land mortgage banks, etc. The loans may be made from the National Agricultural Credit (Long-term Operations) Fund.

(ii) The Reserve Bank should continue to give short-term accommodation on the guarantee of the State Government, through state co-operative banks. It should also give medium-term loans (of periods ranging from 15 months to 5 years) to state co-operative banks and through them to central co-operative banks or societies. The present overall limit of Rs. 5 crores should be removed, as well as the restriction relating to the owned funds of state co-operative banks ; the limit should be set by the Reserve Bank's overall appreciation of the financial position of the state co-operative bank, central co-operative bank, etc., to which it lends.

(iii) The Reserve Bank should be enabled to give long-term accommodation (*i.e.*, accommodation for periods exceeding 5 years) to land mortgage banks (a) by way of direct loans and (b) by purchase of the whole or part of 'special development debentures' of the land mortgage banks. It may do so by drawing upon the National Agricultural Credit (Long-term Operations) Fund. This type of operation,

however, will be distinct from that of the normal purchase of 'marketable' debentures as part of the Bank's ordinary operations and in pursuance of its existing policies. In all these cases, both principal and interest should be guaranteed by the State Government.

(iv) The National Agricultural Credit (Stabilization) Fund is to be utilized for the purpose of granting medium-term loans to state co-operative banks, etc., in circumstances in which the Reserve Bank is satisfied that any of its short-term loans to them of which repayment has become due cannot, without serious dislocation to the co-operative credit structure of the State, be repaid in time on account of famine, drought, etc., and consequently that repayment of such loans, or part thereof, may justifiably be allowed to be deferred. In such a case, a book adjustment will be made between the Stabilization Fund and the Banking Department of the Reserve Bank; the short-term loan will be technically treated as repaid but in effect converted into a medium-term loan from the Reserve Bank's Stabilization Fund. The Reserve Bank may make this facility conditional on the state co-operative bank concerned maintaining a similar Agricultural Credit Stabilization Fund; the same condition may be made applicable to central co-operative banks and, where feasible, to the larger-sized primary societies; the Reserve Bank may further insist that part of the overdue liability should be met from the Stabilization Funds kept within the co-operative credit structure itself.

(v) The operation of these Funds, and the planning and execution (within the Reserve Bank's own sphere) of the programmes and policies for which they are intended to be utilized, should remain the responsibility of the Reserve Bank and its Board, in their normal functioning, and should not be vested in a separate body, statutory or other. The Agricultural Credit Department of the Reserve Bank should be reorganized and strengthened for the purpose of discharging adequately the additional responsibilities placed on the Bank in this context. The Standing Advisory Committee of the Reserve Bank should be continued, though as a smaller expert body. At the same time, there should be an Advisory Council which is representative of the appropriate interests on a nation-wide basis. This Council should be common to the Reserve Bank and the Ministry of Food and Agriculture, including the National Co-operative Development and Warehousing Board.

## (2) *Central Government*

The Ministry of Food and Agriculture should utilize the National Agricultural Credit (Relief and Guarantee) Fund in order to give grants, by way of relief, to co-operative credit institutions, through the State Governments concerned, for the purpose of writing off irrecoverable arrears, where these have assumed a magnitude which threatens the stability of the structure and provided that the Ministry is satisfied that such arrears have arisen from causes, such as widespread or chronic famine, beyond the control of the co-operative institutions concerned. Relief from this Fund may be conditional on the State Government making a stipulated contribution, for the same purpose, from a corresponding Agricultural Credit (Relief and Guarantee) Fund maintained by it.

## (3) *State Governments*

(i) The State Governments will be responsible for the implementation of planned programmes of credit development which will be drawn up in consultation with the Reserve Bank.

(ii) *Taccavi* and similar agricultural loans from State Governments, and Central Government funds, if any, channelled through State Governments, should (subject to the following exceptions) be strictly limited to 'distress' finance, to meet contingencies such as famine, scarcity, etc. The exceptions are as follows :—

- (a) Where co-operative credit institutions are yet to be developed and purely as a transitional arrangement, *taccavi* may continue to be given for productive purposes. But in all such cases co-operative institutions should be sought to be promoted as early as possible.
- (b) Special credit arrangements may be made for certain areas or for certain classes of people. The former would include areas which are markedly undeveloped in the economic aspect (*e.g.*, regions of chronic famine) or in both social and economic aspects (*e.g.*, areas inhabited by backward tribes). The latter would comprise economically backward occupational classes for whose benefit special policies of rehabilitation are adopted.

#### (4) *The Co-operative movement*

##### (i) *Structure and personnel*

(a) A phased programme for the reorganization of co-operative credit institutions at all levels should be drawn up by the State Government in consultation with the Reserve Bank.

(b) The reorganization should be on the basis of major State partnership. Such State partnership should continue to be 'major' for an indefinite period at the apex and district levels. It will be so for a more limited period at the primary level. State participation will be direct at the apex level and indirect at the district and primary levels, *i.e.*, through the state co-operative bank in the case of central banks, and through the state and central co-operative banks in the case of larger-sized primary credit societies.

(c) Trained personnel for the key posts of credit institutions at the higher levels, and where feasible also of the larger-sized primary societies, should be 'deputed' to these institutions, wherever that is necessary and suitable, from cadres instituted either by the state co-operative bank (if sufficiently strong and developed) or by the State Government. (For marketing, etc., as distinguished from credit, this function of providing technical personnel will necessarily devolve on State Governments and not on state co-operative banks). The State Government's Co-operative Service may, in suitable cases, be reorganized in two broad divisions : (a) administrative and (b) technical. There would thus be a State Co-operative Administrative Service (Class I and Class II) and a Subordinate Co-operative Service (Administrative) ; as also a State Co-operative Technical Service (Class I and Class II) and a Subordinate Co-operative Service (Technical).

(d) There should be co-ordination of the maximum possible extent between the short-term and long-term parts of the credit structure. While remaining legally and financially distinct from each other, state co-operative banks and central land mortgage banks should have a common administrative staff and, if possible, a common board of directors ; where the latter is not feasible, there should at least be some directors common to the two boards.



(e) One of the main lines of future development of the primary credit structure should be in the direction of organizing larger-sized societies with limited liability.

(f) Complementary to the recommended establishment of a National Agricultural Credit (Stabilization) Fund in the Reserve Bank individual Agricultural Credit Stabilization Funds should be instituted by state co-operative banks and central co-operative banks and, wherever possible, also by larger-sized primary credit societies.

(ii) *Operations and supervision*

(a) The basis for short-term credit should be the system of 'crop loans'—a system which concentrates on loans for productive purposes ; provides short-term loans on the basis that a crop is anticipated, not that a title exists ; relates such loans in amount to the estimated outlay on raising the crop ; and, as and when the crop is sold, recovers the loans from the proceeds of the sale. It is proposed that the loans should, to the maximum extent possible, be disbursed in kind.

(b) The subsistence needs of the agricultural producer—as distinguished from specific 'consumption' needs—should be met, as part of normal agricultural credit requirements, by the primary credit society. For credit needs connected with specific items of consumption (such as marriages and illnesses), a 'chit fund' may be incorporated within the framework of the larger-sized primary credit society. The membership of the 'chit fund' may be wider than that of the society and may include, not only the cultivators, but also the agricultural labourers, and the handicraftsmen and artisans of the village.

(c) Medium-term loans (fifteen months to five years) should be provided by the short-term structure of co-operative credit ; in this context, special attention should be paid to loans for the purchase of livestock. The making of long-term loans should be the responsibility of land mortgage banks ; these should be established (or reorganized) in different States.

(d) At the district level, the central bank or the branch of the apex bank should have a 'section' for dealing with long-term credit on an agency basis. This 'section' may be converted into a branch of the central land mortgage bank in course of time. Eventually, primary land mortgage banks should be formed.

(e) Loans of land mortgage banks should be primarily for productive purposes. Different types of aid and accommodation from Government and the Reserve Bank are envisaged. The floatation of 'rural debentures' is among the various changes recommended in system and procedure.

(f) Supervision of societies should be a function of the apex and central banks; audit, along with general administration, should continue to be the responsibility of the State Government.

## II—DEVELOPMENT OF (1) CO-OPERATIVE ECONOMIC ACTIVITY, ESPECIALLY MARKETING AND PROCESSING AND (2) STORAGE, WAREHOUSING AND DISTRIBUTION

### (1) *Co-operative economic activity, especially marketing and processing*

(i) The National Co-operative Development and Warehousing Board should, from its National Co-operative Development Fund, make long-term loans, on

suitable terms, to State Governments to enable the latter to participate in the share capital of co-operative societies when undertaking such activities as processing, marketing, dairying, etc.

(ii) *The State Governments*

The responsibility for strengthening the administration, for providing the necessary technical services and generally for implementing a planned programme in respect of the development of co-operative processing, co-operative marketing, etc., will of course primarily vest in the State Government.

(iii) *The Co-operative movement*

(a) Co-operative societies for marketing, processing, dairying, etc., may be organized in conformity with a plan drawn up by the State Governments in conjunction with the National Co-operative Development and Warehousing Board. The organization of the societies should be on the basis of major State partnership. Trained technical personnel for these purposes should be provided by the State Government.

(b) Extension and development of co-operative marketing societies at the primary level and at the other levels to the extent necessary to support the primary structure, is envisaged. The programme should be vigorously pursued ; but, to start with, societies should be organized at selected places after adequate preliminary consideration and preparation, with a view to complete success being assured at the important initial stage of development. This also applies to societies for processing and other important economic activities.

(c) It is necessary to ensure by positive State supervision, that every marketing society at the primary level is so composed and organized and its affairs so conducted that the medium cultivator certainly, and the smaller cultivator wherever possible, is effectively represented in the organization and his interests adequately looked after by those in charge of it.

(d) Wherever a regulated market exists in the area of operations of a primary marketing society, the local marketing society (as also the local co-operative banking organization, if any), should have the right to nominate one or two of its members on the Market Committee ; where the regulated market happens to be managed by the All-India Warehousing Corporation or the State Warehousing Company, this right would be exercised in relation to the Advisory Committee formed to assist the officer of the Company or the Corporation.

(e) In regard to marketing societies (also processing and similar societies), there should be compulsory additional contributions to share capital, the amount of contribution being related to the turnover of a member's sales through that society or to the size of the loan taken by the member (from, for example, a credit society with which the operations of the marketing or processing society are co-ordinated).

(f) As a rule, there should be no compulsory acquisition of processing plants for the purpose of entrusting them to co-operatives but, where members of a co-

operative society or persons prepared to form themselves into a co-operative society offer to subscribe not less than 30 per cent of the share capital, the State Government may, after notification, compulsorily acquire the concern for this purpose.

(g) State Governments should take steps for licensing all plants, factories and mills (other than at the cottage industry level) engaged in the processing of agricultural commodities or in related activities and meanwhile promote, as soon as possible, such legislation as may be necessary for the purpose. Before issuing a new licence in any particular area Government should ascertain whether any existing co-operative society, or one likely to be formed, is both willing and in a position to take up the work. In that event, the licence should be issued to the society and not to the private party.

(2) *Storage, warehousing and distribution*

(i) The National Co-operative Development and Warehousing Board should be in charge of two distinct, but organizationally inter-related, lines of development concerned with storage and warehousing on the one hand, and distribution on the other, the distribution pertaining to the basic requirements of the cultivator (a) as producer and (b) as consumer. It should plan and finance such activities by granting loans, subsidies, etc., drawing for this purpose on the National Warehousing Development Fund. Another use for this Fund will be to enable the Board to subscribe to the share capital of the All-India Warehousing Corporation besides enabling the latter, as well as State Governments, in their turn, to subscribe to the share capital of State Warehousing Companies. Lastly, the State Warehousing Companies can themselves contribute to the share capital of co-operative marketing societies, etc., which take up the provision of storage or warehousing as one of their primary functions.

(ii) The All-India Warehousing Corporation should be in charge of the development of storage and warehousing at centres of all-India importance.

(iii) The State Warehousing Companies, formed by joint contribution to the share capital by the All-India Warehousing Corporation and the State Governments concerned, should be in charge of the development of storage and warehousing at centres of importance at the State or district levels.

(iv) The management of the regulated markets, if any, at centres to which the All-India Warehousing Corporation or the State Warehousing Company has extended its operations should be statutorily entrusted to that institution. A local Advisory Committee may be appointed to assist the officer of the institution at such places.

(v) The co-operative organization will be concerned with the development of storage and warehousing in the interior of the district, *e.g.*, in smaller towns, especially if such towns happen to be marketing centres. The picture will be complete if societies in the bigger villages will also each build their own godowns, seed stores and so on, in exercise of their multi-purpose functions.

(vi) At all the levels mentioned above, godowns and warehouses may also be used for the purpose of distribution of commodities such as fertilizers, etc., as

also articles of basic use to the cultivators such as sugar, kerosene and matches. Such distribution should be done on an "agency" basis, *i.e.*, without trading risk to the Corporation, Company or Society.

(vii) There will ordinarily be no compulsory acquisition of godowns and warehouses for the purpose of entrusting them to the All-India Warehousing Corporation or a State Warehousing Company or a co-operative society ; where, however, a godown or a warehouse is situated at a regulated market or other place notified in this context, the acquisition may be compulsory, but on payment of compensation etc.

### III—DEVELOPMENT OF RURAL AND CO-OPERATIVE BANKING FACILITIES

These facilities will be provided principally by the State Bank of India. The object of the Committee is the creation of one strong, integrated, State-sponsored, State-partnered commercial banking institution with an effective machinery of branches spread over the whole country, which, by further expansion can be put in a position to take over cash work from non-banking treasuries and sub-treasuries, provide vastly extended remittance facilities for co-operative and other banks, thus stimulating the further establishment of such banks, and, generally, follow a policy of advances—including advances for agricultural purposes—which, while not deviating from the canons of sound business, will be in effective consonance with national policies as expressed through the Central Government and the Reserve Bank.

(i) The State Bank of India should be formed by the statutory amalgamation of the Imperial Bank of India and the other State-associated banks, namely, the State Bank of Saurashtra, the Bank of Patiala, the Bank of Bikaner, the Bank of Jaipur, the Bank of Rajasthan, the Bank of Indore, the Bank of Baroda, the Bank of Mysore, the Hyderabad State Bank, and the Travancore Bank, (together with a few minor banks) ; the share capital of the new institution should be expanded, and the additional shares allotted (on the basis of non-transferability and restricted dividend) to the Government of India and the Reserve Bank ; in addition, the Government of India should also take over certain shares now held by State Governments ; together, the Central Government and the Reserve should hold a majority of votes in the State Bank. The Committee has suggested that the composition of the share capital of the new institution should be such that the Government of India and the Reserve Bank will together hold 52% of the share capital and of the votes.

(ii) A majority of the Directors of the Central Board of the State Bank should be nominated by the Central Government and the Reserve Bank. The Chairman should be appointed by Government after consultation with the Board. The appointment or removal of the Managing Director and the Deputy Managing Director should be subject to the approval of Government.

(iii) There should be six Local Committees, one each for six suitable areas into which the jurisdiction of the Bank should be divided. The Chairman and a majority of members of the Local Committees should be nominated by the Central Board.

(iv) The State Bank of India should pursue a large and expeditious programme of branch extension to and beyond the district headquarter places.

(v) The dividend on the shares held by Government and the Reserve Bank which should not exceed 5%, should be credited to an 'Integration and Development Fund' to be established within the State Bank itself. The losses, if any, beyond the agreed level, on the opening of new branches should be met out of this Fund, as also certain expenses consequent on the establishment of the Bank. It has been suggested that an initial contribution of Rs. 50 lakhs and subsequent *ad hoc* contributions (as and when necessary) should also be made to the Fund by Government and the Reserve Bank.

(vi) It will be expected of the State Bank of India to be responsive to the needs of co-operative institutions connected with credit, marketing and processing. The branch expansion of the State Bank of India should be co-ordinated and, wherever possible, positively associated with the development of co-operative credit. Particular attention to this aspect should be given at the 'sub-divisional' level.

#### IV—DEVELOPMENT OF FACILITIES FOR THE TRAINING OF PERSONNEL

(i) The Central Committee for Co-operative Training, which is already taking steps to organize co-operative training on a country-wide basis (a) by establishing regional centres for intermediate personnel (besides the All-India Centre at Poona for higher and intermediate personnel) and (b) by improving the training facilities for subordinate personnel in collaboration with State Governments, should (to the extent required) be placed in possession of larger funds by the Government of India and the Reserve Bank in order that it may further enlarge the scope and expand the coverage of its training facilities.

(ii) The training facilities should cover all levels of training, and all personnel whether departmental or institutional. In particular, attention should be paid to banking, marketing and industrial co-operatives, as also to administration, supervision and audit.

(iii) The training facilities should be co-ordinated with the needs of the personnel of community projects and extension blocks.

(iv) In organizing such training, the Central Committee should take full account of the need to train a new type of official who will be responsive to rural needs, besides possessing the necessary background of training.

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# INDEX

	Page
<b>A</b>	
Accounts and Balance sheet, exemption in respect of .. ..	25
Act	
Banking Companies (Amendment) ..	19
Industrial Disputes (Appellate Tribunal) .. ..	12
Reserve Bank of India (Amendment and Miscellaneous Provisions) ..	19
Advances	
analysis of	
—according to class of banks ..	18
—according to purpose ..	18
by the Reserve Bank	
—against Government securities ..	4, 7
—against usance bills ..	4, 7, 8
—to co-operative banks ..	8
—to scheduled banks ..	4, 7, 8
exchange banks ..	18
non-scheduled banks ..	18
outside India, of scheduled banks ..	10
ratio to deposits, of non-scheduled banks ..	18
scheduled banks ..	4, 17-18
surveys of ..	18
trend of, during 1954 ..	4, 6-7, 17-18
Agency arrangements with	
Bank of Mysore ..	11
Hyderabad State Bank ..	11
Agreements with Part 'B' States ..	11
All-India Rural Credit Survey	
Report ..	10, 28-30, 114-123
All-India Warehousing Corporation ..	28, 29
Amalgamations ..	23
Amendments to	
Banking Companies Rules, 1949 ..	19
form of weekly return of scheduled banks ..	19
Reserve Bank of India Scheduled Banks' Regulations ..	19, 99-100
Applications for opening new offices ..	9
Assets and liabilities of Indian banks	
abroad ..	10
Austria, reduction of Bank rate in ..	2
<b>B</b>	
Balance of payments .. ..	5
Bank Award Commission, terms of reference of .. ..	12
Bank	
credit, trends in ..	4, 6, 7, 17-18
use of the word ..	24
Bankers Training College ..	10-11
Banking	
companies	
—classification according to size of reserves and paid-up capital ..	13-14
indigenous ..	27-28, 109
legislation ..	19
money supply and ..	5
trends abroad ..	1-3

	Page
<b>Banking Companies Act, 1949</b>	
contravention of provisions of exemptions from	24-25
—section 11 .. ..	21
—section 17 .. ..	24-25
—section 24 .. ..	19
—section 24 (1) .. ..	16
—section 29 .. ..	25
—section 31 .. ..	25
extension to French Establishments in India ..	19
notifications issued under ..	87-91
Banking Companies Rules, 1949	
amendments to ..	19, 101-102
Bank rate, changes abroad ..	1-3
Bill Market Scheme ..	4, 7, 8, 27
Bills, Treasury ..	7, 17
Branch banking ..	8-9
Branches	
applications for opening of ..	9
Imperial Bank of India ..	9
Indian scheduled banks, foreign ..	10
non-scheduled banks ..	8, 9
scheduled banks ..	8, 9
<b>C</b>	
Capital and reserves	
by class of banks ..	13
classification of banking companies according to the size of ..	13, 14
issue of ..	14
minimum requirements of ..	14
ratio to deposits ..	13
Cash	
maintenance of statutory minimum by scheduled and non-scheduled banks ..	16
ratio ..	16
Ceylon, reduction of Bank rate in ..	2-3
Circulars issued to banks ..	94-104
Commission, Bank Award ..	12
Committee	
of Direction of All-India Rural Credit Survey ..	9, 28-30, 114-123
on Finance for the Private Sector (Shroff Committee) ..	26-28, 105-113
Rural Banking Enquiry ..	9, 26
Co-operative banks ..	8
Co-operative credit ..	29
Credit, bank—trends in ..	4, 6-7, 17-18
<b>D</b>	
Denmark, raising of Bank rate in ..	3
Deposits	
by class of banks ..	15
of clearing banks ..	1
of exchange banks ..	15
of scheduled banks ..	4, 15
of non-scheduled banks ..	15
outside India ..	10
ownership of ..	15
trend of, during 1954 ..	4, 15

	Page		Page
Directorates, interlocking of .. ..	24	Licences	
Discount rate, changes abroad .. ..	1-3	for opening of branches .. ..	9
<b>E</b>		inspection regarding grant of .. ..	20
Earnings and expenses of Indian scheduled		policy regarding grant of .. ..	21-22
banks .. ..	18	refusal of .. ..	21, 22
Employer-employee relations .. ..	11-12	Liquid assets, maintenance of minimum ..	16
Exchange banks		Liquidation of banking companies .. ..	23
advances of .. ..	18	Liquidity position of scheduled and non-	
deposits with .. ..	15	scheduled banks .. ..	16
offices .. ..	8	Loan, National Plan .. ..	16, 17
reserves .. ..	13	Loans (see under Advances) .. ..	
Exemptions from provisions of Banking		<b>M</b>	
Companies Act, 1949 .. 16, 19, 21, 24-25		Management of banking companies,	
<b>F</b>		restrictions on .. ..	24, 25
Finance for the Private Sector, Committee		Monetary and credit policies abroad ..	1-3
on .. ..	26-28, 105-113	Money supply and banking .. ..	5
France, lowering of Bank rate in .. ..	2	Moratorium to banking companies .. ..	24
<b>G</b>		<b>N</b>	
Greece, reduction of discount rate in ..	2	National Agricultural Credit (Long-term	
<b>H</b>		Operations) Fund .. ..	29
Hyderabad State Bank, agency arrange-		National Agricultural Credit (Stabilisa-	
ments with .. ..	11	tion) Fund .. ..	29
<b>I</b>		National Co-operative Development and	
Imperial Bank of India		Warehousing Board .. ..	23
expansion programme of .. ..	9	National Co-operative Development	
new offices opened during the year ..	9	Fund .. ..	28, 29
Indigenous banking .. ..	27-28, 109	National Plan Loan .. ..	16, 17
Industrial Credit and Investment Cor-		National Warehousing Development	
poration of India .. ..	5-6, 30	Fund .. ..	28
Industrial production .. ..	5	Netherlands, credit policy in .. ..	3
Inspections .. ..	19-21	New Zealand	
Investments		monetary and credit policy in .. ..	3
distribution pattern of .. ..	17	raising of the discount rate of the	
foreign, of Indian scheduled banks ..	17	Reserve Bank of .. ..	3
in Government securities .. ..	16, 17	<b>O</b>	
in Government securities, maturity		Non-scheduled banks	
distribution of .. ..	17	advances of .. ..	18
non-scheduled banks .. ..	16, 17	capital and reserves of .. ..	13, 14
ratio to deposits of .. ..	16	cash ratio of .. ..	16
scheduled banks .. ..	16, 17	deposits with .. ..	15
trends in, during 1954 .. ..	16	investments of .. ..	16, 17
<b>J</b>		offices of .. ..	8
Japan, credit policy in .. ..	1, 3	Notifications issued under the Banking	
<b>L</b>		Companies Act, 1949 .. ..	87-91
Labour Appellate Tribunal .. ..	11, 12	<b>P</b>	
Latin America, restrictive credit policies		Paid-up capital and reserves of banks ..	13, 14
in .. ..	1, 3	Pakistan	
Legislation, banking .. ..	19	investments of scheduled banks in ..	17
Liabilities		offices of Indian banks in .. ..	10
and assets of Indian banks abroad ..	10	Part 'B' States, agreements with .. ..	11
demand and time .. ..	4, 15, 16	Philippines, reduction of Bank rate in ..	3
of scheduled banks .. ..	13		

	Page
Press communiques .. .. .	92-94
Prices, wholesale .. .. .	4, 5
Production, industrial and agricultural ..	5
Profit and loss accounts of banks ..	18

## R

Report, All-India .. .. .	Rural .. .. .	Credit .. .. .	
Survey .. .. .	..10, 28-30, 114-123		
Reserve Bank of India .. .. .			
advances against Government securities ..	4, 7		
advances against usance bills ..	4, 7, 8		
advances to co-operative banks ..	8		
advances to scheduled banks ..	4, 7, 8		
agreements with Part 'B' States ..	11		
assistance to State Financial Corporations ..	30		
Reserves .. .. .			
cash .. .. .	16		
classification of banking companies according to size of reserves and paid-up capital ..	13-14		
in relation to paid-up capital ..	13		
transfer of net profits to ..	24		

## S

Sastry Award .. .. .	11, 12
Scheduled banks .. .. .	
advances of .. .. .	4, 17-18
—according to purpose .. .. .	18
capital and reserves of .. .. .	13-14
cash ratio of .. .. .	16
deposits with .. .. .	4, 15
earnings and expenses of eighteen larger Indian .. .. .	18
foreign liabilities and assets of .. .. .	10
investments of .. .. .	16, 17

## Page

liabilities, demand and time of ..	4, 15
offices of .. .. .	8, 9
ownership of deposits of .. .. .	15
Schemes of amalgamation .. .. .	23
Schemes of arrangement .. .. .	23
Sen Award .. .. .	12
Shroff Committee .. .. .	8, 26-28, 105-113
Spain, reduction of discount rate in ..	2
Staff Training College .. .. .	10-11
State Bank of India .. .. .	9, 28
State-owned and State-controlled banks ..	9, 10
State warehousing companies .. .. .	28, 29
Statutory reserves, maintenance of ..	16
Supervisory staff, training facilities for ..	10-11
Suspension of business by banking companies ..	24

## T

Training facilities for supervisory staff ..	10-11
Treasury bills .. .. .	7, 17
Trends in bank credit .. .. .	4, 6-7, 17-18

## U

United Kingdom .. .. .	
—Bank rate changes in .. .. .	1
—monetary and banking trends in .. .. .	1
United States of America .. .. .	
monetary and banking trends in .. .. .	1-2
reduction in discount rate in .. .. .	1-2

## W

Warehousing facilities .. .. .	28, 29
Western Germany, reduction of Bank rate in .. .. .	1, 2
Wholesale prices .. .. .	4, 5