

**RBI ANNUAL REPORT ON THE  
TREND AND PROGRESS OF  
BANKING IN INDIA**

**1957**

**TREND AND PROGRESS  
OF BANKING IN INDIA  
DURING THE YEAR 1957**



**ANNUAL REPORT UNDER SECTION 36(2)  
OF THE BANKING COMPANIES ACT, 1949**

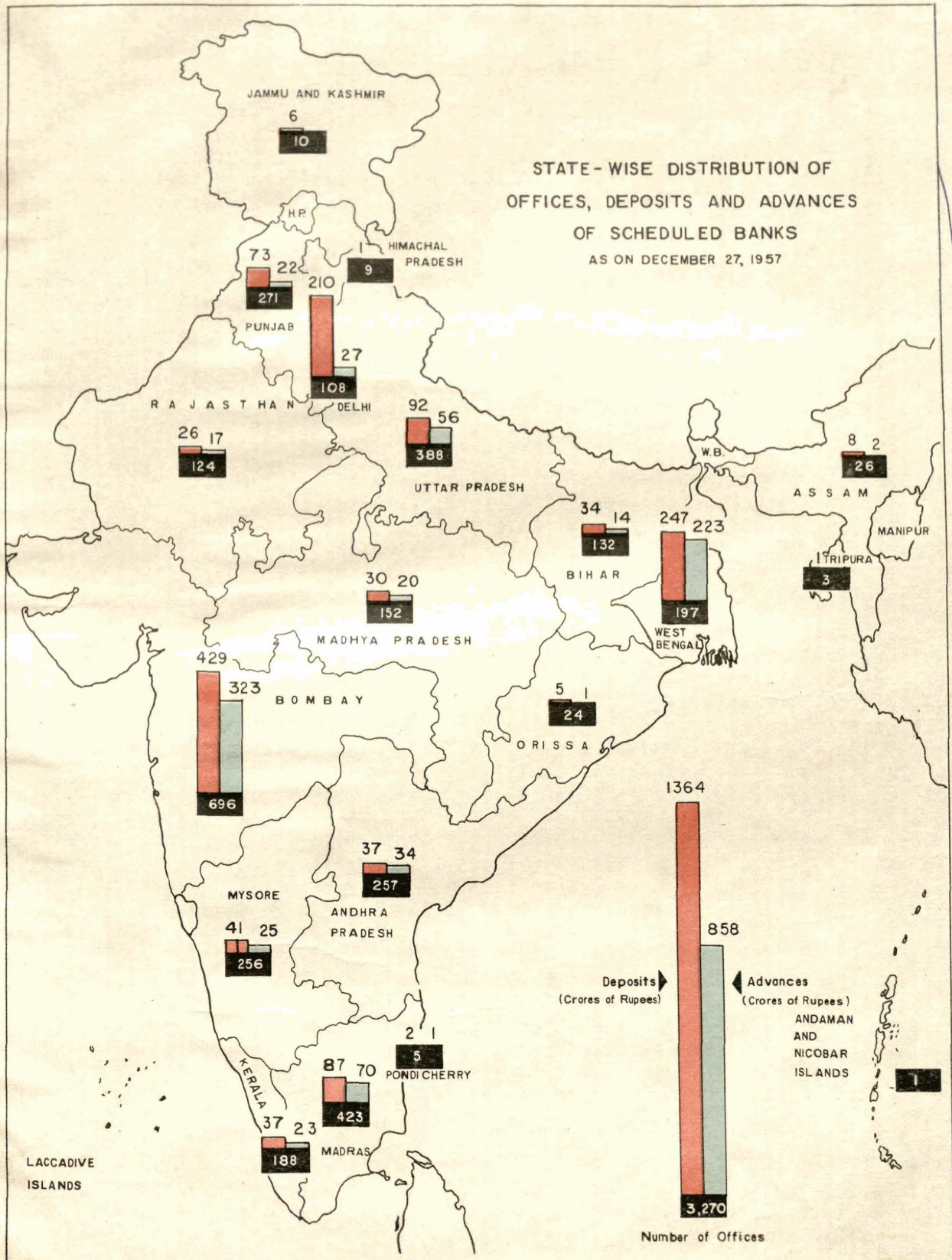
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# MAP

## STATE-WISE DISTRIBUTION OF OFFICES, DEPOSITS AND ADVANCES OF SCHEDULED BANKS AS ON DECEMBER 27, 1957



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## CHAPTER I

### BANKING DEVELOPMENTS IN 1957

The year 1957 opened with the Indian economy experiencing an intensification of the stresses and strains which had emerged in 1956 ; as the year progressed, however, there was a distinct improvement in the situation brought about, among other things, by the several corrective measures adopted by Government and the Reserve Bank. The heavy investment programme under the Plan and the growth in money incomes which was associated with it tended to raise aggregate demand in the economy at a greater rate than the increase in national output although the latter, with a rise in both agricultural and industrial production was, in itself, quite marked. This gap resulted in a rise in prices, the index of wholesale prices (base: 1952-53 = 100) going up from 105.1 at end of March 1957 to 113.1 early in August. The imbalance between the growth of demand and the supplies available for the market affected certain sectors in particular with consequent continuance of the rise in prices that had been witnessed during 1956 ; foodgrains were the outstanding instance of such strain which was reflected in an increase of 10 per cent in food prices between December 1956 and August 1957. The impact of the steep rise in investment was acutely felt at another sensitive point in the economy—its external payments ; the payments deficit increased sharply from Rs. 82 crores in the first quarter of 1957 to about Rs. 150 crores in each of the two subsequent quarters.\* The necessity to import more foodgrains and the higher level of imports of capital goods and industrial raw materials coinciding with some decline in exports were responsible for the mounting deficit. Heavier imports and the high level of private investment (including inventory investment) entailed an expansion of bank credit to a record figure in the earlier months of the year.

2. The situation called for effective and urgent corrective measures. On the fiscal side, the Budget of the Government of India imposed additional taxation to the extent of over Rs. 100 crores in a full year principally by stepping up excise duties on a number of articles ; the taxes on wealth and expenditure, respectively, were novel features of the Budget. In the field of foreign trade, there was a progressive and drastic tightening up of import restrictions, even capital goods imports being curtailed. To ease the food position, Government built up stocks of foodgrains both by importation and local procurement and released stocks of grains through an extensive network of fair price shops. Food zones were also created to control movement of grains while steps were taken by the Reserve Bank through selective controls to curtail the supply of credit to finance speculative stockpiling of foodgrains. Corrective measures were similarly initiated in the monetary sphere also ; in addition to the selective control measures just mentioned, the Bank followed a policy of restricting credit through an enforcement of higher lending rates and moral suasion.

3. The effect of these measures was seen in the abatement towards the latter part of the year of some of the inflationary pressures. Though investment in the public sector remained high, there was some slackening in private investment activity. There were indications of a decline in new issue activity while disinvestment in

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\* Excluding transactions relating to repatriation of lend-lease silver.



inventories was an important factor in bringing food prices under control ; in fact, between August and end-December 1957, the index of food prices declined to 102.9—about the same level as a year before. Similarly, the wholesale price index also moved downwards and at 106.3 in December 1957 it was lower than the level of December 1956. The drastic cuts in imports announced earlier in the year also began to take effect and, though the external deficit continued, it was reduced to about Rs. 72 crores in the last quarter. An easing of the inflationary stresses was accompanied by a slackening in the rate of increase in industrial production ; in 1957 the index of industrial production (base : 1951=100) rose by only 3.2 per cent as against 8.6 per cent in 1956. These trends in the economy were reflected in the level of bank credit; though it had risen sharply in the earlier months of the year, the contraction in the slack season and the late start of the 1957-58 busy season accounted for a relatively small increment in total credit over the year. On the other hand, the position of banks' deposits was comfortable almost throughout the year and, especially so, in the latter half with the result that there was little evidence in the latter part of the year of the severe monetary stringency witnessed in 1956 and early in 1957. To a detailed description of these trends in money and banking we now turn.

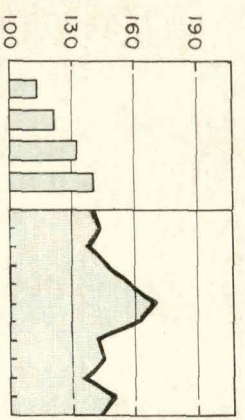
4. The monetary experience in 1957 was one of a smaller expansion of money volume than in the preceding two years. Money supply rose over the year by Rs. 96 crores whereas in 1956 and 1955 the expansion was of the order of Rs. 132 crores and Rs. 215 crores, respectively. The lower degree of expansion was no doubt due to the larger deficit on external account which tended to neutralise, in part, the impact of deficit financing. Credit extension also was on a more moderate scale than in 1956 and this too made for a smaller growth in monetary volume. The distribution of the increase in money supply was of interest in that its deposit component accounted for the larger share at Rs. 56 crores, as a result of which the proportion of currency to total money supply fell slightly by 1.1 per cent to 67.1 per cent. The behaviour of deposits assumes greater significance as time deposits, which are not reckoned as part of money supply, rose spectacularly by Rs. 201 crores.

5. Thus, the exceptionally large deposit expansion was the most striking feature of the banking year. Net deposits of scheduled banks rose by Rs. 245 crores or by 23.3 per cent as against Rs. 77 crores in 1956. The increase was the largest since 1953 when the fall in deposits was arrested and the phase of deposit expansion commenced. The sharp increase in deposits of scheduled banks may be explained, apart from the technical factor of the inclusion in the Second Schedule to the Reserve Bank of India Act of two non-scheduled banks with not insubstantial deposits, by certain special factors. Much the more important of these related to the placement by the U.S. authorities in India of funds representing the initial reimbursement by the Government of the cost of foodgrains imported into the country under Public Law 480. The tight import restrictions might also have induced business concerns and other bodies to seek temporary investment of their reserve and other surplus funds in the form of time deposits. As against the temporary nature of these two factors, which perhaps accounted for the bulk of the increase, must be set the longer-term causes for the deposit increase. One of these was the further hardening of interest rates in the year on fixed and savings deposits, which might have induced a switch

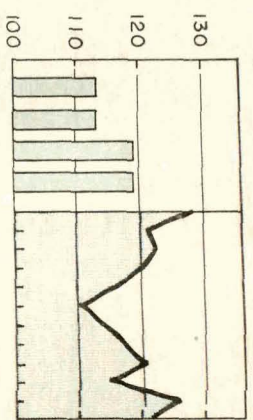
INDEX NUMBERS OF INDUSTRIAL PRODUCTION

BASE — 1951 = 100

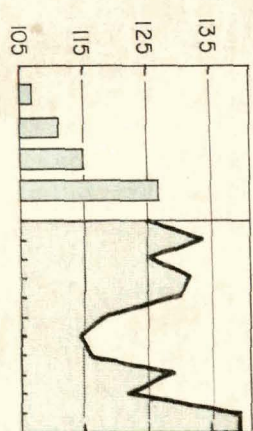
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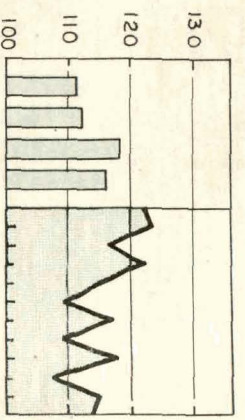
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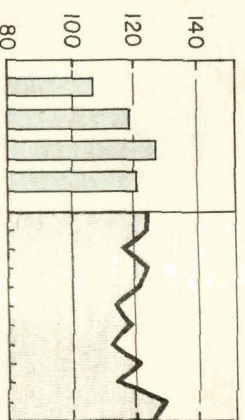
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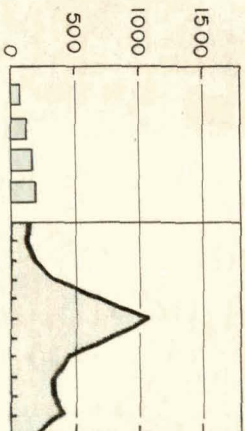
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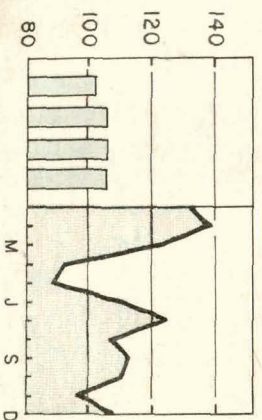
JUTE TEXTILES



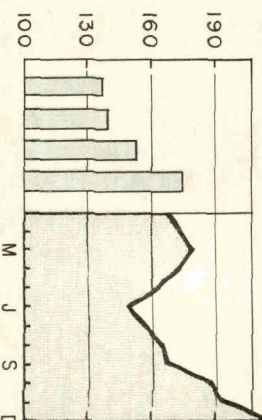
SUGAR



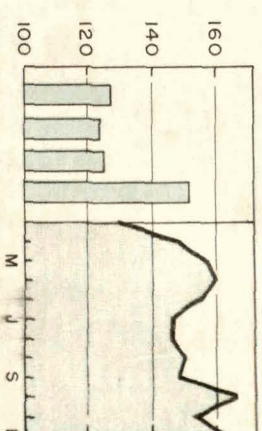
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CEMENT



NON-FERROUS METALS



from current to time deposit accounts and possibly also from non-banking to banking accounts. Again, there is reason to believe that some portion of the generated money incomes in the last year or two must have gone into bank accounts, albeit with some delay, while the branch expansion of banks, notably that of the State Bank of India, also contributed to the expansion of deposits.

6. Indian scheduled banks accounted for Rs. 224 crores or over 90 per cent of the total deposit increase. Non-scheduled banks' deposits were down by Rs. 24 crores owing to the fewer number of reporting banks and the inclusion of two banks in the Second Schedule to the Reserve Bank of India Act, 1934.

7. Whereas in 1956 the growth in deposits fell far short of the increase in credit, in the year under review, the reverse was the case. Deposits in 1957 rose by over thrice the increase in credit. Over the year, scheduled bank credit increased by Rs. 75 crores as against the 1956 figure of Rs. 151 crores. These figures, however, conceal marked variations in the trend during the year. As observed earlier, the early months of the year 1957 witnessed growing pressures in various sectors of the economy ; in banking, this took the form of an increase of Rs. 135 crores in bank credit, exclusive of money at call, in the first six months to Rs. 880 crores. The increase was in fact greater than in the corresponding period of the previous year and though seasonal in character was of significance in that the busy season of 1956-57 was itself superimposed on a high level of bank credit. Substantial as this increase was, the rise in credit against certain commodities like paddy and rice, wheat, gram and sugar was of particular concern. Speculative holding of some of these commodities financed by bank credit was tending to aggravate inflationary pressures and in order to stem them the Reserve Bank brought into play a wide range of credit controls. A general restriction on the quantity of credit was sought to be operated through raising the cost of borrowing by banks from the Reserve Bank. From February 1, 1957 the effective rate of borrowing under the Bill Market Scheme was raised to 4 per cent because of the increase in the stamp duty on usance bills.\* Simultaneously the Bank raised its lending rate against Government securities to 4 per cent. These were followed by the Bank rate being brought up to 4 per cent with effect from May 16, 1957 ; with a lowering of the stamp duty on usance bills to 0.2 per cent per annum the effective rate for advances under the Bill Market Scheme was further raised to 4.2 per cent. Though these measures had a general restraining effect on banks' borrowings from the Bank the underlying trend was still one of credit expansion in this period. Bank credit touched a peak level in the beginning of June 1957\*\* indicating the need for further restrictive measures. Accordingly, the Governor of the Bank addressed towards the end of June a circular letter to scheduled banks advising them to bring about a reduction in the total of bank credit during the ensuing slack season with a hint that if necessary, the arrangements regarding financial assistance from the Reserve Bank, which till then was freely given, might be reviewed. In the subsequent meetings with representative bankers at Bombay and Calcutta in July

Bank Credit  
Trends

—and Credit  
Policy

\* Announced in the supplementary Budget of November 1956.

\*\* On the basis of the weekly return under section 42(2) of the Reserve Bank of India Act, bank credit including foreign bills touched approximately Rs. 940 crores on June 7, 1957. The target of Rs. 800 crores mentioned later in this paragraph is also in relation to this return.



and August the Governor set a target of approximately Rs. 800 crores to which he wanted banks to bring down their credit levels by October 1957. The banks succeeded in bringing about a substantial reduction in outstanding credit but not to the full extent desired. In a later conference in November 1957 with the representatives of banks the Governor, while appreciating the efforts made by banks earlier in having curtailed credit, repeated his concern about the continued high level of prices and reiterated the imperative need for vigilance on the part of banks in their lending operations in the 1957-58 busy season, while avoiding any adverse impact on the genuine credit needs of the productive sectors of the economy. With this end in view, it was indicated to banks that the Reserve Bank's lending policy under the Bill Market Scheme would be one of general restraint and greater selectivity than previously.

8. The general measures of control and the use of moral suasion had primarily the object of bringing about a quantitative reduction of credit. Alongside these control instruments, further use was made during 1957 of selective restrictions on credit. Mention was made earlier of the difficult food position in the first half of the year and the role of bank credit in financing speculative stock holding. Advances against certain essential commodities, which were already high, continued to rise in the first six months of the year ; thus advances against paddy and rice were Rs. 16.89 crores, and against wheat, gram, etc. Rs. 20.80 crores, in June 1957, against Rs. 15.52 crores and Rs. 20.62 crores, respectively, in the same month during the previous year. Accordingly a new directive applicable to all foodgrains was issued to banks requiring them to raise margins by an additional 5 per cent subject to a minimum of 40 per cent. Further—and this was a new feature in the application of selective control—the aggregate level of advances was sought to be controlled by enjoining on banks individually to maintain credit against paddy and rice at not more than two-thirds and against other foodgrains at not more than three-fourths of the total of such credit in the corresponding week of the previous year. The response to this directive in the initial stages was somewhat inadequate perhaps because of banks' failure to take necessary organisational steps to implement it. The Governor was, therefore, constrained to draw the attention of defaulting banks at the end of July to this fact with a warning that failure to regulate advances on the lines indicated might invite corrective action. This had a salutary effect in the following months and banks took active steps to reduce advances to the level required by the directive. The directive thus partly helped to release stocks for consumption. In fact, in the second half of the year, despite higher production of both rice and wheat in 1956-57 than in 1955-56, the level of stocks against which bank advances were secured was lower than in the previous year. Together with Governmental measures mentioned earlier, the control of advances against foodgrains thus helped to arrest and subsequently to reverse the rising trend of food prices. In this connection the role of credit control in helping to release foodgrains stocks to the market, in the surplus States of Andhra Pradesh and Madhya Pradesh for rice and the Punjab and Uttar Pradesh for wheat, was of importance. To maintain this improvement in the food situation in the face of apprehensions regarding lower output in the ensuing season, a fresh directive was issued to banks on the eve of the 1957-58 busy season. This prescribed minimum margins of 40 per cent as before and bank-wise average aggregate limits for each month from January 1958 onwards at 75 per cent in respect of paddy and rice and 80 per cent in respect

of wheat and other foodgrains of the average of advances in the corresponding month of the three preceding years. Subject to this overall aggregate, banks were asked to maintain their advances in the States of Andhra Pradesh and Madhya Pradesh against paddy and rice during each month of 1958 at a level of not more than 60 per cent of the level in the corresponding month of 1957.

9. As a combined result of these and earlier measures of credit control and a delayed onset of the busy season of 1957-58 accompanied by a sharp reduction in the volume of imports, the level of advances at the end of December 1957 at Rs. 820 crores was barely 10 per cent higher than at the end of 1956 as against an increase of a little over 25 per cent in the preceding year. The moderate expansion in advances compared with a record deposit expansion in 1957 brought the advances-deposit ratio of banks down to 63.2 per cent at the year-end from 70.8 per cent in December 1956.

10. The emphasis on credit policy was, however, throughout still one of ensuring adequate flow of credit to industrial and other developmental activities; that this was broadly attained was evident in that the industrial sector claimed a greater proportion of scheduled bank credit in 1957 than in earlier years. Industrial credit at the end of October 1957 rose by Rs. 78 crores over the level that prevailed in December 1956 and increased from 38.5 per cent to 43.6 per cent of all bank advances in this period.\* This rise was mainly at the cost of commercial advances the share of which in total scheduled bank credit shrank from 47.5 to 42.7 per cent over the first ten months of the year to October 1957, whereas the share of other categories remained more or less steady. Groupwise, variations were particularly marked in respect of advances to iron and steel, cement and engineering industries which recorded a sizeable rise; even in regard to industries with an agricultural base like cotton and jute, bank credit, which should normally show some decline in October, displayed a rising trend. The main reason, which accounted for the substantially higher amounts advanced to textile, iron and steel and cement industries, was perhaps the need to carry larger stocks of finished goods owing to the operation of special factors, such as, the stalemate in trade which followed the imposition of higher excise duty on cotton textiles.

11. Much the greater portion of the increase in bank credit during the year was accounted for by the Indian scheduled banks; the advances of this class of banks rose by as much as Rs. 78.4 crores as against a decline of Rs. 3.8 crores shown by the foreign banks.

12. The slower growth of advances relative to the deposit increase also enabled scheduled banks to increase their investment portfolios. In 1956 these had been reduced by Rs. 18 crores, but in the year under review they rose by Rs. 89 crores, mostly in the latter half of the year, though in terms of proportion to deposits the change was but fractional. Indian banks, which were the recipients of the largest share of deposits, not unnaturally accounted for most of the increase. Of the Indian banks again, the largest part of the increase was in the investment portfolio of the State Bank of India, which accounted for a considerable part of the increase in deposits, other banks showing only a moderate increase in their investments.

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\* Based on Survey of Bank Advances.

13. Borrowings by scheduled banks from the Reserve Bank which had acquired some urgency last year were on a diminished scale in 1957. The total of outstanding borrowings under section 17(4)(a) and 17(4)(c) by scheduled banks declined by Rs. 41.6 crores over the year in contrast to a rise of Rs. 56.3 crores in 1956.

Borrowings by  
Scheduled Banks  
from the  
Reserve Bank

14. A mention may also be made at this stage of the movements of short-term funds between India and the U. K. The trends discerned as regards the transfer of funds to India in the 1955-56 busy season were reversed during the busy season of 1956-57, the repatriation of funds amounting to Rs. 5.5 crores. In the succeeding slack season too, there was a repatriation of Rs. 7.9 crores and it persisted even in the current busy season of 1957-58. Presumably, the prevalence of high interest rates in the U. K. was a contributory factor.

Movements of  
Foreign Funds

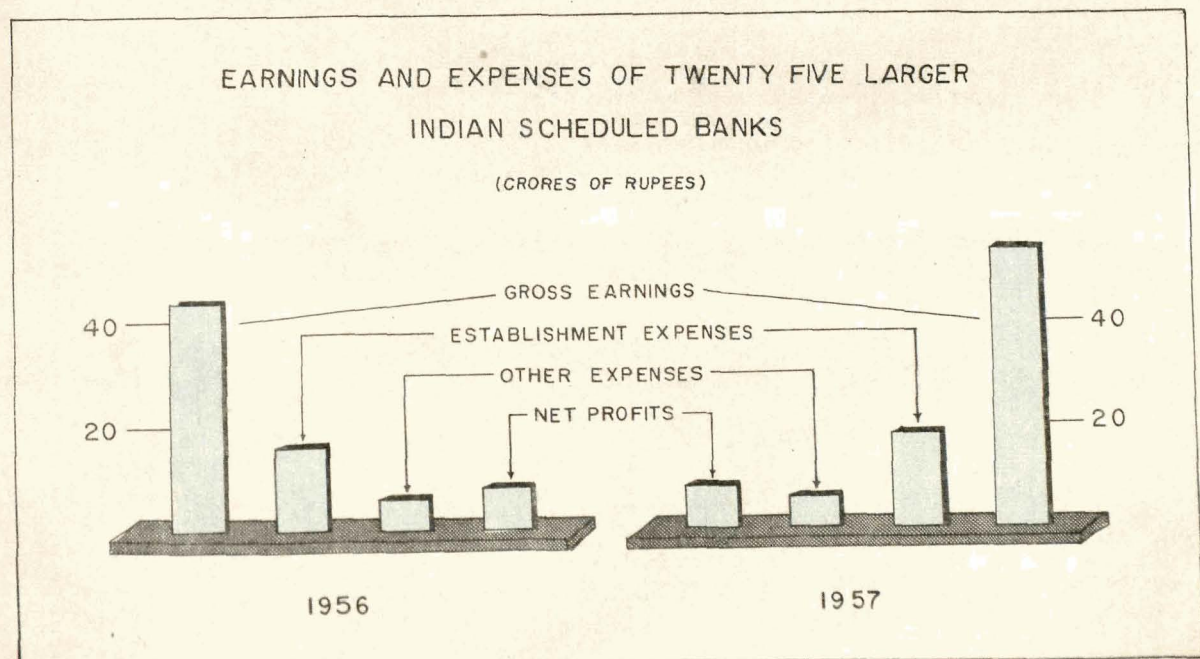
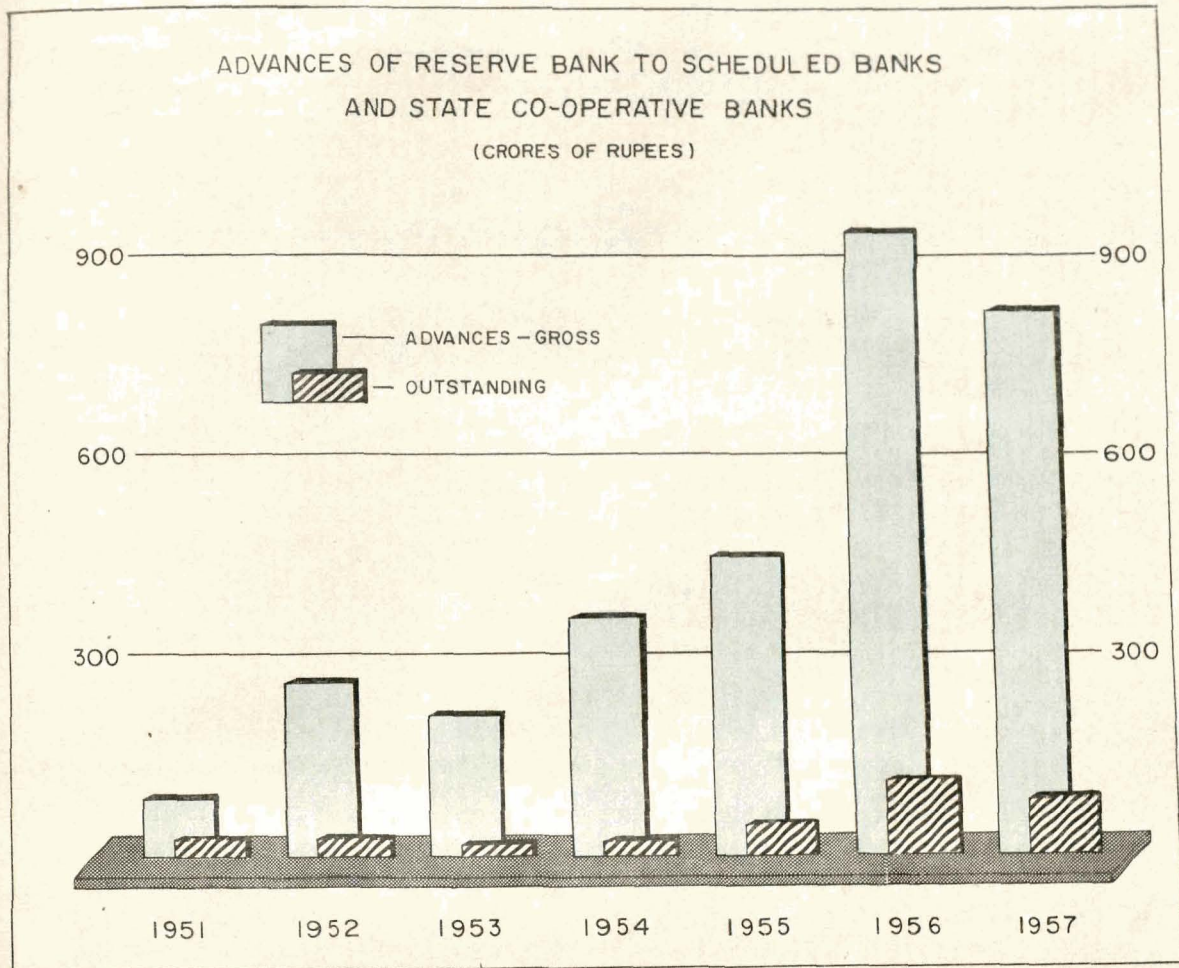
15. Over the year as a whole, the range within which the inter-bank call money rates varied showed a significant change as compared to last year, with the improvement in the resources position of banks. The highest call money rate in Bombay charged by larger banks, on inter-bank lendings, which mirror by and large the intensity of demand for funds, ranged between  $3\frac{1}{4}$  —  $3\frac{3}{4}$  per cent in the busy season of 1956-57 as against 3 —  $3\frac{1}{2}$  per cent in the 1955-56 busy season. The extreme financial stringency felt during this season was also brought out by the very narrow groove of  $3\frac{1}{4}$  —  $3\frac{1}{2}$  per cent within which the lowest rates fluctuated in contrast to the wider range of  $1\frac{1}{4}$  — 3 per cent witnessed in the preceding busy season. During the greater part of the slack season of 1957 the call money rate ruled at  $3\frac{1}{2}$  per cent as against the highest rate of  $3\frac{1}{4}$  per cent in the 1956 slack season. However, since September, when the somewhat delayed impact of the deposit increase began to be felt, money rates eased moderately, assisted particularly by the belated commencement of the busy season of 1957-58. Thus the highest rate ranged between 3 —  $3\frac{1}{2}$  per cent as against  $3\frac{1}{4}$  —  $3\frac{3}{4}$  per cent in 1956. In the Calcutta money market also, the trend of money rates brought out the relatively greater stringency which prevailed in the 1956-57 busy season than a year earlier. Thus, the highest call money rate moved between 4 —  $4\frac{1}{2}$  per cent as against  $3\frac{1}{4}$  —  $4\frac{1}{4}$  per cent in the preceding busy season. Similarly the lowest rates also moved at a higher level. The slack season trend of money rates in the Calcutta money market during 1957 also reflected a greater degree of tightness than in 1956, the highest rate of 4 per cent prevailing for a greater part of the former period than of the latter. The easing of money rates, which occurred towards the last quarter of the year in the Bombay money market, was felt in Calcutta, only a little later in November, though the fall was more pronounced, the highest and lowest rates closing at  $2\frac{3}{4}$  and  $2\frac{1}{2}$  per cent, respectively, as against 4 and  $3\frac{1}{4}$  per cent in 1956.

Trends in the  
Money Market

16. The weekly weighted average of call money rates brought out more clearly the trend in money rates. In Bombay, during 8 of the 17 weeks since the beginning of September, the call money rate (weighted average) remained below 3 per cent as against a rate of over  $3\frac{1}{2}$  per cent during 33 of the remaining 35 weeks. In Calcutta, the call money rate which was maintained steadily above  $3\frac{1}{4}$  per cent dropped below 3 per cent in December.



GRAPH 2 AND 3



17. However, the trends in deposit rates did not conform to those discerned in inter-bank call money rates, despite the fact that the pressure of credit demand on banks was less intense during the year. Whereas, the highest rate on three months' deposits in Bombay during 1956, when competition amongst banks was very much severe, was 4 per cent, the corresponding rate rose to  $4\frac{1}{4}$  per cent in the beginning of the year, stood at that level through the slack season, and then further increased to  $4\frac{1}{2}$  per cent in the last quarter of the year; similarly, the lowest rate was also higher at  $4\frac{3}{8}$  in December 1957. In the Calcutta market also, more or less similar trends obtained.

18. In contrast to last year, the difference between the call money rates both in Bombay and Calcutta and the long-term rate of interest as represented by the average flat yield on 3 per cent Conversion Loan 1946 widened in 1957. The average yield on long-term Government securities exceeded the highest call money rate of larger banks in Bombay by as much as 1.23 per cent in the last three months of the year as against only 0.56 per cent in the corresponding period last year; similarly it exceeded the highest corresponding rate in Calcutta by 1.48 per cent in December 1957 as against 0.11 per cent in December 1956. The gap between these two rates was an evidence of the abatement during the year of the financial stringency experienced in the previous year.

19. The profit and loss accounts of 25 larger Indian scheduled banks, each with deposits of Rs. 5 crores and above, reflected the impact of higher interest rates on the gross earnings and expenses of these banks. Gross earnings rose from Rs. 44.0 crores to Rs. 53.7 crores mainly due to an increase of Rs. 8.1 crores to Rs. 41.0 crores under interest and discount. Total expenses also increased by Rs. 8.9 crores to Rs. 45.2 crores. Interest paid on deposits and borrowings increased by Rs. 6.1 crores to Rs. 20.6 crores mainly due to higher interest paid on savings and fixed deposits and the shift from current to time deposits. Net profits rose from Rs. 7.7 crores to Rs. 8.5 crores.

#### Earnings and Expenses of Twenty-five Larger Indian Scheduled Banks

								(Amount in crores of rupees)	
								1956*	1957
1. Gross earnings	..	..	..	..	..	..	..	44.0	53.7
(i) Interest and discount	..	..	..	..	..	..	..	32.9	41.0
(ii) Other earnings	..	..	..	..	..	..	..	11.1	12.7
2. Total expenses	..	..	..	..	..	..	..	36.3	45.2
(i) Interest paid on deposits and borrowings	..	..	..	..	..	..	..	14.5	20.6
(ii) Establishment expenses	..	..	..	..	..	..	..	16.2	18.3
(iii) Other expenses	..	..	..	..	..	..	..	5.6	6.3
3. Net profits	..	..	..	..	..	..	..	7.7	8.5

\* The figures for the State Bank of Hyderabad relate to the period October 1, 1955 to December 31, 1956.

20. Though the rise of Rs. 5.0 crores in the paid-up capital and reserves of scheduled banks during the year was small in comparison with the deposit expansion, it was substantial in relation to the corresponding rise of Rs. 1.5 crores last year. Here again, the reason for this sharp rise was the inclusion of two banks—the Bank of Patiala and the State Bank of Saurashtra, which were non-scheduled banks hitherto—in the Second Schedule to the Reserve Bank of India Act. The ratio of paid-up capital and reserves to net deposits, however, declined from 6.2 per cent to 5.4 per cent, owing to the larger increase in their deposit resources. Much the larger portion of the expansion of paid-up capital and reserves was in respect of reserves which rose by Rs. 3.6 crores. Since two important non-scheduled banks were scheduled, there was naturally a fall in the paid-up capital and reserves of non-scheduled banks. However, paid-up capital and reserves as a proportion to net deposits of non-scheduled banks increased from 16.6 per cent to 18.4 per cent.

21. An increase of Rs. 2.6 crores in reserves raised the ratio of reserves to paid-up capital of Indian scheduled banks from 85 per cent to 89 per cent. On the other hand, the fall of Rs. 1.5 crores in the reserves of non-scheduled banks reduced the corresponding ratio from 57 per cent to 49 per cent. Taking the individual position of banks, it was observed that out of 392\* reporting banks 11 were without any reserves as against 15 out of 426 reporting banks in the preceding year; of these only 2 were scheduled banks. Ninety seven reporting banks had reserves either equal to or more than their paid-up capital as against 95 reporting banks last year. The following table gives information regarding the division of 'own' funds of banks and their deposits according to the size of their paid-up capital and reserves over the last three years.

#### Paid-up Capital, Reserves and Deposits of the Indian Banks

(Amount in crores of rupees)

Size of paid-up capital and reserves	Number of reporting banks			Total paid-up capital and reserves			Deposits		
	1955 Dec.	1956 Dec.	1957 Dec.	1955 Dec.	1956 Dec.	1957 Dec.	1955 Dec.	1956 Dec.	1957 Dec.
1. Below Rs. 50,000 ..	32	16	7	0.1	—	—	0.2	0.1	—
2. Rs. 50,000 to Rs. 1 lakh ..	102	99	82	0.7	0.7	0.6	2.4	2.5	2.0
3. Rs. 1 lakh to Rs. 5 lakhs ..	191	178	173	3.9	3.6	3.5	19.4	20.7	19.2
4. Rs. 5 lakhs to Rs. 50 lakhs ..	104	104	101	13.4	13.5	13.1	98.7	105.6	110.3
5. Rs. 50 lakhs and over ..	29	29	29	54.9	55.2	56.9	769.3	851.5	1,072.3
<b>Total .. ..</b>	<b>458</b>	<b>426</b>	<b>392</b>	<b>73.0</b>	<b>73.1</b>	<b>74.1</b>	<b>889.9</b>	<b>980.4</b>	<b>1,203.8</b>

\* The decline in the number of reporting banks is mainly due to liquidation of some non-scheduled banks and also to refusal of licence to carry on banking business in India to certain other non-scheduled banks.



GRAPH 4

SOURCES AND DISTRIBUTION OF FUNDS



## CHAPTER II

### BANKING LEGISLATION AND ORGANISATION

22. There were no significant developments during the year in the sphere of banking organisation except that the process of imparting flexibility to the banking system so as to make it more responsive to the requirements of a developing economy was taken a step further. Both the Reserve Bank of India Act and the State Bank of India Act were amended during the year. The amendment of the former was necessitated, among other things, by the steep and almost continuous draft on the foreign exchange assets of the Reserve Bank, while that of the latter was directed towards facilitating the State Bank's participation in the field of medium-term credit to industry in the private sector to which a reference was made in last year's Report.

23. The legislative changes of importance during the year related to two amendments of the Reserve Bank of India Act, 1934. The first amendment, which received the assent of the President on June 8, 1957 modified the provisions under sections 17, 34 and 42. Now, under the amended section 17, the Reserve Bank is permitted to contribute to the share capital of any financial institution notified by the Central Government and also to extend to such institutions loans and advances repayable on demand or on the expiry of fixed periods not exceeding 90 days against Government securities. Although Government has not so far notified any financial institution in terms of this provision, the purpose of the amendment is to enable the Reserve Bank, when the Refinance Corporation is registered, to contribute its quota of share capital of this financial institution. The newly amended section 34 extinguishes the liability of the Issue Department of the Reserve Bank in respect of the unencashed high denomination Bank notes covered by the High Denomination Bank Notes (Demonetisation) Ordinance, 1946 while the amendment to Section 42 empowers the Bank to direct the inclusion, in the Second Schedule to the Reserve Bank of India Act, of an institution notified by the Central Government for the purposes of that section. In terms of the amendment to section 42, the State Bank of Saurashtra and the Bank of Patiala were included in the Second Schedule. The inclusion of these two banks, the capital of which is owned by the Governments of Bombay and Punjab, respectively, was not otherwise possible because they could not comply with sub-clause (iii) of section 42(6) (a) of the Act which required that a bank to be eligible for inclusion in the Second Schedule should be either a company incorporated in India in terms of section 3 of the Companies Act, 1956 or a corporation or a company incorporated outside India.

24. On October 31, 1957, the Reserve Bank of India Act was further amended through the promulgation of the Reserve Bank of India (Amendment) Ordinance, 1957 which was later replaced by the Reserve Bank of India (Second Amendment) Act, 1957. Through this amendment, sections 33 and 37 relating to currency reserve requirements were modified. Under the revised arrangements, the aggregate value of gold coin, gold bullion and foreign securities held in the Issue Department of the Bank should not at any time be less than Rs. 200 crores, of which the value of gold coin and gold bullion should at no time be less than Rs. 115 crores. The proviso to section 37 stipulating a floor limit on the value of foreign securities to be held in the Issue Department at Rs. 300 crores was deleted.

25. The State Bank of India Act was also amended during the year enabling the State Bank to extend medium-term credit to industries in the private sector and to assist thereby the process of industrialisation of the country as envisaged in the Second Five Year Plan. Prior to the amendment, the State Bank of India was prohibited from purveying loans and advances for periods in excess of 6 months and against the primary security of immovable property. The latest amendment has removed these restrictions in certain cases and permits the State Bank to give loans and advances for periods in excess of 6 months but not exceeding 7 years; the necessity for this provision arose from the fact that loans eligible for rediscount with or advances from the proposed Refinance Corporation would normally be for periods between 3 and 7 years. The amendment also enables the State Bank, in consultation with the Reserve Bank and subject to the directions of its Central Board, to subscribe to and hold shares or debentures of any financial institution notified by the Central Government, the immediate purpose of this amendment being to authorise the subscription by the State Bank to the share capital of the proposed Refinance Corporation. The State Bank is also authorised under the amended Act to make advances to firms and companies engaged in the financing of hire purchase transactions on the security of book debts etc., subject however to such directions as might be issued by its Central Board from time to time. The latter provision is designed to ensure that the bank would make finance available for hire purchase transactions only in certain essential sectors. Furthermore, in terms of the new provisions, the State Bank is allowed to act as an agent of the Central Government or any State Government or any corporation in implementing schemes for financing the construction of dwelling houses and advancing or lending money in its capacity as an agent from out of the funds placed at its disposal by the Government or any corporation. The bank has also been authorised to lend money to co-operative housing societies formed by its officers or employees for a period in excess of six months. These loans may be granted even on the security of immovable property.

26. With a view to exercising a more effective control over the branches in the northern area and to extending banking facilities on a wider scale, the State Bank of India, with the approval of the Central Government, expanded its organisation with effect from January 1, 1958 by creating a new circle with a local head office at New Delhi over and above its three circles of Bombay, Bengal and Madras. The new circle comprises the States of Jammu and Kashmir, the Punjab, Rajasthan, Western Zone of Uttar Pradesh, and the Union territories of Delhi and Himachal Pradesh. Rajasthan had formerly been included in the Bombay circle, while the rest formed part of the Bengal circle.

27. The progress made by the State Bank of India during the year in extending its network of branches in pursuance of the statutory obligation imposed on it under section 16(5) of the State Bank of India Act was satisfactory. In terms of this section, the Central Government, in consultation with the Reserve Bank and the State Bank of India, has so far specified, for purposes of the branch expansion programme, 272 centres, (including Port Blair in Andamans) covering mostly places where district treasuries



and relatively important sub-treasuries are located. In addition to these, the State Bank of India had on hand 51 centres which it took over from the unfinished expansion programme of the former Imperial Bank of India. During the year, the State Bank opened branch offices at 91 centres, thereby bringing the total number of branches opened since July 1, 1955 to 157 ; of these, 113 were from the lists of 272 centres approved by the Government and 44 from the list of 51 centres left over from the unfinished programme of the former Imperial Bank.

28. Further progress was recorded in evolving a co-ordinated institutional framework for rendering financial assistance to small-scale and cottage industries to which attention was drawn in earlier Reports. The pilot scheme initiated by the State Bank of India, in collaboration with other institutional agencies in 9 selected centres was extended to 27 additional centres. Apart from this, the State Bank introduced a liberalised credit scheme under which lending procedures and practices were made less rigorous so as to induce small-scale industrial units to avail themselves increasingly of the facilities granted at the pilot centres. The State Bank is now willing to accommodate certain industrial units, provided it is convinced that they would be able to offer types of security acceptable to it after they put through certain technical and organisational changes. Under the scheme finalised by the State Bank in consultation with the National Small Industries Corporation (Private) Ltd., it is possible for a small-scale industrial unit, which has secured through the auspices of the Corporation, an order for supply of goods to a department of Government or a Government-owned company or other agencies, to obtain an advance for the full value of the raw materials to be pledged to the bank ; this is rendered possible because such portion of the loan to be provided by the bank as is in excess of what it would normally advance is to be guaranteed by the Corporation. Besides, it is proposed that the bank as an experimental measure, would act as the agent of the State Financial Corporations in their dealings with the small-scale industries at the pilot centres. In Bombay, for instance, an agreement for the purpose is being entered into by the bank with the Bombay State Financial Corporation.\* Since the introduction of the liberalised scheme of industrial advances, the number of loans sanctioned by the State Bank in the pilot centres has markedly increased and the pilot scheme has gained further momentum. Thus, at the end of December 1957, the Bank had sanctioned 189 loans for an aggregate limit of Rs. 80.28 lakhs as against 25 loans for an aggregate limit of Rs. 10.65 lakhs sanctioned as at the end of December 1956.

29. The State Bank also proposes to conduct a unit by unit survey of small industries at the pilot centres, with the assistance of the Director of Industries and the co-operation, wherever possible, of the Small Industries Service Institutes. It is hoped that these surveys would facilitate a more detailed study of capital and credit requirements, past credit experience and difficulties, etc. of small industries in meeting their credit requirements, which might assist in improving further the existing institutional arrangements.

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\* The agreement has since been concluded in January 1958.

30. The growing interest manifested by the State Bank in granting rural credit was referred to in detail in earlier Reports. The role of the State Bank of India in regard to agricultural finance was examined by an informal *ad hoc* Committee which was constituted by the Reserve Bank of India in 1957 to formulate, among other things, a programme of action for the State Bank of India vis-a-vis co-operative and agricultural finance. In its Report, the Committee recommended that the advisory, developmental and co-ordinating functions in relation to agricultural credit should continue, as hitherto, to be the responsibility of the Reserve Bank of India, while the State Bank should endeavour to meet the growing credit requirements of agricultural marketing and processing. The Central Government has agreed with the Committee's recommendations.

The State Bank of India and Co-operative and Agricultural finance

31. A reference was made in last year's Report to a proposal for the setting up of a Refinance Corporation for Industry, for the purpose of providing medium-term financial facilities through established banking channels to medium-sized industrial units in the private sector. Most of the preliminaries for the setting up of the Corporation as a private limited company under the Companies Act 1956 have since been completed and the Corporation is expected to be registered shortly.†

Refinance Corporation

32. It was, observed in last year's Report that the State Bank of Hyderabad was taken over by the Reserve Bank of India. In terms of section 10(i)(a) of the State Bank of Hyderabad Act, 1956, the capital of the bank has been fixed at Rs. 50 lakhs. According to section 27 (2) of the same Act, adjustments in the reserve fund account have been made by the bank with the approval of the Reserve Bank. After making provision for bad and doubtful debts, depreciation on assets, contingencies, etc. the reserve fund amounted to Rs. 20.71 lakhs (without taking into account the provision made out of the profits for the period October 1, 1955 to October 21, 1956). The paid-up capital and reserve fund of the bank thus aggregated Rs. 70.71 lakhs which is equal to the compensation paid to the shareholders of the Hyderabad State Bank. A sum of Rs. 1.35 lakhs was transferred to the reserve fund from the profits of the period October 1, 1955 to December 31, 1956 raising the reserve fund to Rs. 22.06 lakhs. This has been further augmented to Rs. 25 lakhs by the allocation of Rs. 2.94 lakhs from the profits for the year 1957. The reserve fund now forms 50 per cent of the issued capital.

The State Bank of Hyderabad

33. The Government of India issued notifications on January 9, 1957 declaring the State Bank of Hyderabad to be a 'notified bank' for certain purposes under the provisions of the Reserve Bank of India Act. As a result of one of these notifications, there would be now no bar to a Director of the Reserve Bank also being a Director of the State Bank of Hyderabad. Under another notification, scheduled banks have been permitted to exclude the borrowings from the State Bank of Hyderabad from their figures of demand and time liabilities on the basis of which the cash reserves required to be maintained by them with the Reserve Bank are worked out. Thus, the loans to other scheduled banks from the State Bank of Hyderabad are given the same treatment now extended to scheduled bank

† The Refinance Corporation for Industry (Private) Ltd. was registered on June 5, 1958.

borrowings from the State Bank of India. Similarly, under section 24(2) of the Banking Companies Act, 1949 the balances maintained by a banking company with the State Bank of Hyderabad will be deemed as cash for purposes of compliance with the provisions of section 24(1) of the Banking Companies Act, 1949 in terms of which every banking company is required to maintain in cash, gold or unencumbered approved securities an amount which shall not at the close of business on any day be less than 20 per cent of the total of its time and demand liabilities.

34. Since the State Bank of Hyderabad will be one of the members of the proposed Refinance Corporation, the State Bank of Hyderabad General Regulations framed under section 42 of the Act have been suitably amended by the Reserve Bank in consultation with the Board of Directors of the State Bank of Hyderabad and with the approval of the Central Government to enable the State Bank of Hyderabad to advance term credit.

Implementa- tion of the Recommendations of the Committee on Finance for the Private Sector	35. The scope of free remittance facilities available to state co-operative banks and co-operative banks affiliated to them has, in accordance with the implementation of the recommendation of the Committee on Finance for the Private Sector, been further extended from March 1, 1957 so as to cover remittance to the Head Office accounts maintained by these banks with the branches of the <i>agent</i> banks.
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Integration of some of the State-associated banks with the State Bank of India	36. The proposal for integration of certain major State-associated banks with the State Bank of India, as recommended by the All-India Rural Credit Survey Committee, is still under consideration of the Government. Similarly the suggestions for merger on a voluntary basis of a few minor State-associated banks with the State Bank are also under consideration. In one case, the scheme for the merger with the State Bank of India has been sanctioned by the Government of India in terms of section 35 of the State Bank of India Act, while in other cases the schemes are in various stages of progress.*
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Amalgamations	37. A reference may be made in this context to voluntary bank mergers also. Amalgamation of small banks on a regional basis offers a relatively expeditious method of strengthening the banking system. The Reserve Bank has, therefore, always evinced keen interest in offering help and guidance to bring about mergers. During the year the scheme of amalgamation of the Orient Central Bank Ltd. (Kottayam) with the Kottayam Bank Ltd. (Kottayam) was sanctioned on December 24, 1957 and came into effect on December 28, 1957. The scheme of amalgamation of the Corporation Bank Ltd. (Bijapur) with the Union Bank of Bijapur and Sholapur Ltd. (Bijapur) was sanctioned on December 26, 1957. The scheme was to come into effect after two calendar months from the date of the sanction.
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38. In regard to two other non-scheduled banks which sought the advice of the Reserve Bank on their proposal for amalgamation, certain modifications in the draft scheme submitted by them were suggested and they were advised of the procedure for amalgamation.

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\* The Government of India has since sanctioned the merger of one more State-associated bank with the State Bank of India.

39. The scheme of amalgamation providing for the absorption of the business of the Hind Bank Ltd. by the Bank of Baroda Ltd. deserves particular notice as it represents an attempt on the part of relatively big banks to form larger and stronger banking units. Under the draft scheme, one share of the Bank of Baroda Ltd., of the nominal value of Rs. 50 with Rs. 25 credited as paid-up, will be allotted for every share of the Hind Bank Ltd. of the value of Rs. 100 with Rs. 50 paid-up. The shares to be allotted to the shareholders of the Hind Bank Ltd., will rank *pari passu* in all respects with the shares of the Bank of Baroda Ltd., and will be entitled to share in all dividends declared by the Bank of Baroda Ltd., after the amalgamation takes effect. The scheme is awaiting approval by the requisite majority of shareholders.

40. Mention was made in last year's Report of the setting up of the National Agricultural Credit (Long-term Operations) Fund and National Agricultural Credit (Stabilisation) Fund by the Reserve Bank of India. Further contributions of Rs. 5 crores and Rs. 1 crore, respectively, were made to these funds, during the year, raising the amounts to their credit as on June 30, 1957 to Rs. 20 crores and Rs. 2 crores, respectively. Loans for Rs. 458.43 lakhs were sanctioned during the year out of the Long-term Operations Fund to twelve State Governments for enabling them to contribute to the share capital of co-operative credit institutions within their respective jurisdiction.

41. In pursuance of the relevant provisions of the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, the Central Warehousing Corporation started functioning with effect from March 1957. The Central Warehousing Corporation established 6 warehouses in 1957, one each at Gondia, Amravati, Gadag, Bargarh, Davangere and Sangli with a total storage capacity estimated at 12,000 tons. The Bank issued a circular to the commercial and co-operative banks at these centres drawing their attention to the facilities available at these warehouses for storage of commodities. In order to provide a general incentive for increasing use of these warehouses, the Bank has allowed, subject to certain safeguards, exemption from the provisions of its foodgrains directive in respect of advances granted by scheduled banks on the pledge of receipts issued by these warehouses for commodities stored in them.

42. The Bankers Training College which has been functioning since September 1954 imparting practical training in banking to the supervisory staff of commercial banks in India has so far completed 17 courses of training and trained 398 candidates.

43. During 1957 the pace of branch expansion was considerably speeded up, the total number of offices of banks rising by 183 to 4,376. The number of offices of scheduled banks increased by 310; however, the net increase in scheduled bank offices was only 201, the rest of the increase representing the offices of two non-scheduled banks which were included during the year in the Second Schedule to the Reserve Bank of India Act. In the case of non-scheduled banks, more offices were closed than were opened, the net decline in their offices during the year being 18. Among the scheduled banks, the State Bank of India accounted for an increase

of 84 offices.\* The number of offices of foreign banks remained unchanged. Of the total number of offices opened during the year, 67 were in Madras, 43 in Bombay, 23 in Mysore, 20 in Andhra Pradesh, 19 in Kerala, 16 in Uttar Pradesh, 13 in the Punjab, 12 in West Bengal, 11 in Madhya Pradesh, 9 in Orissa, 8 in Delhi, 4 each in Assam and Bihar, and 1 each in Jammu & Kashmir, Himachal Pradesh, Tripura and Andamans & Nicobar Islands. During the year 70 offices were closed, of which 28 were in Kerala, 11 in Madras, 8 in Bombay, 6 in Uttar Pradesh, 5 each in Andhra Pradesh and the Punjab, 2 each in Mysore, Rajasthan and Delhi and 1 in Madhya Pradesh.

**Variations in the Number of Offices of Scheduled and Non-Scheduled Banks**

		Scheduled Banks	Non-Scheduled Banks	All Banks
1. New Offices opened	.. .. .	+220 (+85)	+ 33	+253
2. Changes due to the inclusion in the Second Schedule to the Reserve Bank of India Act	..	+109	-109	—
3. Existing offices closed	.. .. .	- 19 (- 1)	- 51	- 70
4. Overall variation	.. .. .	+310 (+84)	-127	+183

(Figures in brackets relate to the State Bank of India)

44. Unlike in 1956 when the Indian banks' business abroad recorded some expansion, in 1957, their business remained generally stationary which may in part be ascribed to the restrictive credit policies enforced abroad. Over the year, the number of Indian banks operating abroad and their foreign offices declined by 2 each to 28 and 104, respectively. While the fall in offices was confined to Pakistan only—a continuation of the post-partition trend—two new offices were opened during the year, one each in the United Kingdom and Malaya. The Indian banks' business in the United Kingdom showed some improvement, while that in Pakistan, Burma and Ceylon suffered some set-back ; in other countries, it was generally steady. Their combined liabilities dropped from Rs. 94 crores at the end of 1956 to Rs. 92 crores at the close of 1957 ; deposits remained steady around Rs. 65 crores, of which demand/deposits constituted about Rs. 47 crores. On the assets side, credit extensions remained around Rs. 44 crores and accounted for nearly one-half of the total assets abroad. Investments, almost wholly held in Government securities, declined by Rs. 1.1 crores to Rs. 22 crores while liquid assets (comprising cash, balances with central banks and commercial banks and money at a call and short notice) improved by Rs. 2 crores to Rs. 18 crores.

\* This represents the net increase in offices. The figure of 91 relating to new branches opened by the State Bank of India, mentioned in para 27, includes the opening of new branch offices and the up-grading of pay offices, sub-offices etc. into branch offices but excludes new pay offices, sub-offices etc.

45. It was mentioned in last year's Report that in regard to the terms and conditions of service of the employees of the Award banks in the former Travancore-Cochin State, the Commission had recommended the withdrawal of the exemption in respect of Area IV granted by the Bank Award Commission to certain 'C' and 'D' class banks in the State. The Commission had also recommended that two of the 'C' class banks should implement the Labour Appellate Tribunal decision instead of the Labour Appellate Tribunal decision as modified by the Central Government. These recommendations were generally accepted by the Government and during the year the Industrial Disputes (Banking Companies) Decision Amendment Act, 1957 was enacted to give statutory effect to them. The Government also brought the Commission's recommendations relating to the emoluments of the clerical and subordinate staff of the non-Award banks in the State to the notice of the State Government for such action as they may consider necessary.

Implementa-  
tion of the  
Recommendations of the  
Travancore-Cochin Banking  
Enquiry Commission

46. The year witnessed a temporary phase of strained relations with bank employees, particularly in West Bengal, on account of the agitation for a compensatory allowance which culminated in a strike called out by the Bengal Provincial Bank Employees Union. It affected all banks except the branches of the Reserve Bank and the State Bank and lasted for a month from September 18, 1957, causing considerable inconvenience to the trade and commerce in the State of West Bengal. Although Government referred the demand of the employees for adjudication to Shri Salim M. Merchant, Member, Labour Appellate Tribunal and prohibited the continuance of the strike by an Order issued under the Industrial Disputes Act, 1947, the strike continued and came to an end only after the intervention of the Chief Minister of the Government of West Bengal. Subsequently the said Tribunal held that the demand of the employees for compensatory allowance was already covered by the directions of the Bank Award and was not, therefore, maintainable.

Employer—  
employee relations in banking  
industry

47. The Bank Award Commission had recommended that if the average of the all-India consumer price index number for each half-year ending June and December should rise or fall by more than 10 points as compared to 144 (1944=100), the dearness allowance payable by banks to the clerical and subordinate staff for the succeeding half-year should be raised or lowered by one-seventh and one-tenth, respectively, of the dearness allowance admissible at the index level of 144 for each variation of 10 points. As the relative index figures for July, August and September 1957 indicated that the average for the period July-December 1957 was likely to be more than 10 points over 144, the Indian Banks' Association and the Bombay and Calcutta Exchange Banks' Associations recommended to their member banks in January 1958 to announce to their employees that, as a gesture of goodwill, they had decided to raise, with effect from January 1, 1958, the dearness allowance payable to the clerical and subordinate staff by one-seventh and one tenth, respectively, as provided under the Award. The decision has since been implemented by all member banks of the three Associations.

Working of the  
Bank Award  
(1955)



48. Finally, as regards the administration of the Banking Companies Act, which has vested in the Bank wide powers to regulate the working of banks, particulars are given in the Annexure to the Report. It may, however, be mentioned here that in the exercise of the powers under the Act, the Bank has been guided by a desire to encourage banking development and to deal sympathetically with the genuine difficulties of banks, particularly the smaller ones.\* It has shown readiness to give every bank reasonable time to rectify defects noticed at the time of inspection and to recommend to the Government exemption for a reasonable period from the operation of particular provisions of the Act in respect of deserving banks. Similarly, in the matter of licensing of branches, the attitude of the Bank has been liberal. Out of 416 applications for opening of branches considered during the year as many as 400 were sanctioned and, in the case of those which were rejected, the main desire was to prevent undue concentration of bank offices in certain centres.

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\* In order to facilitate the opening of branches at places where at present there is no scheduled bank office, the Reserve Bank has on April 1, 1958, relaxed the provisions of the directive regarding restrictions on advances against foodgrains in favour of offices opened on or after January 1, 1958 in places within a radius of 20 miles of which there is no other scheduled bank office operating.

## CHAPTER III

### THE BANKING SYSTEM AND THE PLAN

49. The abatement of monetary stringency during the year was, as previous Chapters have indicated, primarily a result of the disparate rates of growth of bank advances and deposits. These were occasioned on the one hand by the impact of measures of credit restraint and import restrictions, and on the other by the expansionary influence on the trend of deposits of the greater resort to deficit financing by Government partly offset by a larger balance of payments deficit than in the previous year, and the placement with banks by U.S. authorities of counter-part funds representing the rupee proceeds of imports of foodgrains under U.S. Public Law 480. It seems probable that the rate of increase in deposits witnessed in the fiscal year 1957-58 will not be maintained in the coming year. Also, if investment in the private sector remains at a high level and internal production shows improvement, the higher liquidity, which characterised the commercial banking system in the latter half of 1957, might not continue.

50. The present seems to provide an opportunity for banks to take appropriate measures to develop banking so as to keep pace with the growth of the economy. The most important among these concerns the paramount need for banks to continue to seek more avenues to expand their deposit base. This would require a more intensive effort to spread the banking habit and to attract further deposits in centres where bank branches are already established and a programme of branch expansion in areas where banking is comparatively underdeveloped or not at all developed. In 1957, a part of the rise in deposits was perhaps due to the higher rates of interest offered by most banks on savings and other time deposits. Presumably, a significant part of the increase in the cost of obtaining funds was offset by the increase in the lending rates of banks. This was evidenced by the increase in the margin between the average deposit and lending rates of most banks which also reported higher net profits. But there were some banks whose position was far from comfortable as, notwithstanding a rise in the deposit rates, their deposits recorded a negligible rise while at the same time their loan portfolios declined. In the efforts that are made to augment deposits the use of interest rate as a means would thus call for considerable caution.

51. The programme of branch expansion is not without its problems. Banking potentiality is at a relatively low level in semi-urban and rural areas and in the initial years new branches in such areas might not prove profitable; there is also the difficulty of securing trained personnel to man them. A solution to the latter might partly lie in a rationalisation of existing procedures and organisation; in fact, some of the larger banks in the country appear to have reached a stage when, if they are to expand, this seems to be inescapable. The measurement of efficiency of performance is a difficult undertaking but banks may have increasingly to rely on new techniques of assessment of work and improvement in organisation.

## ANNEXURE TO THE REPORT

A system of regular inspections of banks was instituted in March 1950 and the first round of inspections of scheduled banks was completed by 1953 and that of reporting non-scheduled banks by 1955. The utility of these inspections is borne out by the progress, albeit gradual, made by the banking companies in eradicating several defects observed in their working on the one hand, and in developing sound banking practices on the other. However, some of the important defects revealed by earlier inspections still persist, particularly among the small-sized banks. Some of the more important defects are inadequacy of reserves and liquid assets, the high proportion of advances in relation to resources, the relatively large volume of unsecured advances and advances against immovable property, the concentration of advances in the hands of a few borrowers and the low level of investments in Government securities. While several of the banks have been able to rectify the procedural and organisational defects within a reasonable time, very few of them have been able to show appreciable progress in the correction of operational defects. In this context, it may be stated that the common argument put forth by the banks is that some of the defects like those relating to sticky advances, clean advances and advances against immovable property are, by their very nature, difficult of rectification within a short period.

The policy of the Bank in this matter has been to bring the defects in working to the notice of the concerned banks and call upon them to submit periodical reports showing the progress achieved by them in the elimination of the defects. At the end of 1957, 335 banks were submitting progress reports, 242 of them every month and the rest once a quarter. The need for more energetic steps was emphasised to banks whose progress was relatively slow, and wherever necessary, informal discussions with representatives of banks were held to impress upon them the need for speedy reform. It was considered necessary to impose suitable conditions on a few banks for improving their working and observers were deputed to some others for keeping a close watch over their affairs. The issue of directions to banks and the appointment of observers are now being effected under the powers conferred on the Reserve Bank by the amendments to the Banking Companies Act which came into force in January 1957. The refusal of licence to carry on banking business was resorted to only in regard to banks whose position was found to be beyond repair.

A purpose-wise analysis of the inspections completed during the years 1957 and 1956 is given in the following table.

Bank Inspections						
Purpose	Scheduled Banks		Non-Scheduled Banks		Total	
	1957	1956	1957	1956	1957	1956
1	2	3	4	5	6	7
1. For considering the eligibility for a licence to carry on banking business* ..	—	—	—	—	—	—
2. General purposes ** ..	37	26	140	179	177	205
3. With the consent of banks concerned ..	—	1	—	4	—	5

## Bank Inspections—(Contd.)

Purpose	Scheduled Banks		Non-Scheduled Banks		Total	
	1957	1956	1957	1956	1957	1956
1	2	3	4	5	6	7
4. Report to the Court on the affairs of the banking company in connection with its application for a moratorium ..	—	—	1	—	1	—
5. Issuing certificate in respect of schemes of arrangement .. .. .	—	—	—	1	—	1
6. Report to the Court on enquiry in relation to the affairs of the bank indicating whether it would be in a position to pay its dues in terms of the scheme of arrangement .. .. .	—	—	1	—	1	—
7. Report to the Court and the Central Government on the affairs of banks in liquidation .. .. .	—	—	1	—	1	—
Total ..	37	27	143	184	180†	211

\* Whenever banks are inspected for general purposes (vide item 2) their eligibility for a licence is also considered.

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

† Total number of banks inspected is 178 (Two banks were inspected more than once).

During the year 20 non-scheduled banks either went into liquidation or were ordered to be wound up. Of these, 15 banks went into voluntary liquidation, and as no licence under section 22 had been issued to any of them, they were not required to obtain certificates from the Reserve Bank of India under section 44 of the Banking Companies Act, before going into liquidation. The remaining 5 were ordered to be wound up by the Court; in respect of one of these banks the winding up petition was filed on behalf of the Reserve Bank under section 38(2) of the Banking Companies Act, 1949.

During the year, 601 returns under section 45R of the Banking Companies Act, were submitted by the liquidators of 112 banking companies. These were scrutinised with a view to ensuring that there were no irregularities in them and that the legal requirements were complied with. A watch was also kept, through replies received in response to the questionnaire issued to them, on the steps taken by the liquidators of banks to expedite the relative liquidation proceedings, especially in regard to the realisation of assets and certain other claims.

During the period under review, 4 non-scheduled banks suspended payment. An order directing the voluntary winding up of one of these banks was passed, subject to its control, by the High Court. Another bank was refused a licence under section 22 of the Banking Companies Act, 1949, while in respect of the third, the question of refusing licence was deferred till the end of 1957. As regards the remaining bank, the moratorium granted by the High Court was cancelled in view of the report submitted by the Reserve Bank under section 37 of the Banking Companies Act to the Court. A scheme of arrangement incorporating the suggestions made in this behalf by the Reserve Bank was, however, submitted to the Court and the Court had directed the Provisional Liquidator to convene a meeting of the creditors of the bank. The scheme has since been unanimously approved by the creditors and on the Reserve Bank furnishing a certificate to the Court under section 45(1) of the Banking Companies Act it has been sanctioned by the Court.

Of the 2 banks which had suspended payment during the year 1955, one went into voluntary liquidation during the year, while the petition for the winding up of the other, filed by some of its creditors, was still pending in the Court.

The following paragraphs contain details relating to the position of banking companies vis-a-vis several sections of the Banking Companies Act.

*Section 7 (use of the words 'bank', 'banker', 'banking')—*

Thirty three banks had contravened the provisions of this section at the end of 1956. Of these, one went into voluntary liquidation and the rest were taking steps to regularise their position.

*Section 9 (Disposal of non-banking assets)—*

Forty banks had contravened the provisions of this section at the end of 1956; to these 5 more were added during 1957. Of the 45 banks, 2 were refused licence, while 5 banks reported compliance with the section. The remaining 38 banks were granted further time to comply with the law.

*Section 10 (Prohibition of employment of managing agents and restrictions on certain forms of employment)—*

In addition to the 25 banks which had contravened the provisions of section 10 (1) (c) (i) and/or 10 (1) (c) (ii) as at the end of the previous year, 4 more banks were reported to have contravened the provisions. Six banks applied for exemption from the requirements of section 10 (1) (c) (i) in order to enable their chief executive officers to become directors of commercial bodies such as Chambers of Commerce or to work as members of their committees. One bank applied for exemption from section 10 (1) (c) (ii) on technical grounds. Of these 36 banks, 4 banks regularised their position and 7 were recommended exemption. The remaining 25 banks were taking steps to regularise their position.

*Section 11 (Requirement as to minimum paid-up capital and reserves)—*

During the year, 5 applications for permission to issue capital for the specific purpose of compliance with section 11 of the Banking Companies Act, 1949, 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 206. Four of these applications were recommended for acceptance and the remaining one for rejection.

In terms of section 53 of the Banking Companies Act 1949, 42 banks had been exempted from the provisions of section 11 of the Act upto March 31, 1957. Of these, 5 banks have since complied with the provisions of section 11, 8 were refused further exemption and one did not apply for further exemption as it was taking steps for voluntary liquidation. The remaining 28 banks were granted further exemption upto March 31, 1958. Out of these 28 banks, 2 banks have since complied with the provisions of the aforesaid section.

*Section 15 (Restrictions as to payment of dividend)—*

During the year 11 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 ensure compliance with the requirements of the section.

*Section 17 (Reserve fund)—*

Sixteen banks contravened the provisions of section 17 requiring the transfer of 20 per cent of the net profits to the reserve fund. The banks proposed to make up the deficiency from the surplus funds during the year or from the next year's profit.

*Section 19 (Restriction on nature of subsidiary companies)—*

Of the 2 banks which contravened the provisions of section 19 (2) relating to restriction on holding of shares of companies as at the end of the previous year, one was refused a licence to carry on banking business in India and the other regularised its position. During 1957, 4 more contravened the said provisions. Three of these banks have since regularised their position.

*Section 22 (Licensing of banking companies)—*

During the year, licences were issued to 3 Indian scheduled banks, bringing the total number of licences issued so far to 52. These 52 banks together with the State Bank of India and three other major State-associated banks, as at the end of 1957, accounted for deposit resources of about Rs. 1,300 crores or over 90 per cent of total deposits of all banks in the country. Thirty non-scheduled banks were refused licences as their affairs were being conducted in a manner detrimental to the interests of their depositors, thus bringing the total number of such banks to 107\*. The applications of 353 banks were pending at the end of the year. The slow progress in the licensing of banks is due to the fact that while the

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\* This figure does not include two banks whose licences had been cancelled earlier.



the Reserve Bank is anxious to give every bank reasonable time to qualify for a licence, banks have been rather tardy in taking steps to rectify the defects in their operations which alone would facilitate the grant of licence to them.

*Section 29( Accounts and balance sheet)—*

During the year, 12 banks 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

*Section 31 (Submission of returns)—*

In terms of the proviso to section 31 of the Banking Companies Act, a number of banks were allowed a further period of three months to submit their balance sheets and profit and loss accounts while some smaller banks, in whose cases it appeared that the cost of publication would be disproportionate to their resources, were exempted from the provisions of the section.

## APPENDIX I

### STATEMENTS

#### Introductory Note

The following statements 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 and to the State of Jammu and Kashmir on November 1, 1956) 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 erstwhile Part C States in April 1950, to one other merged State in January 1951 and to erstwhile Part B States in April 1951. However, the Banking Companies Rules became applicable to certain erstwhile Part B States only in November 1952 ; statements based on Form XIII, therefore, exclude data for banks working wholly in erstwhile 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		Section		Statement		Section	
1	..	..	53	5, 6, 8, 9, 11, 12, 13	..	..	27 (1)
2	..	..	17 and 18	10			26
3	..	..	42 (2)	14, 15, 16, 17, 18 19 20, 21	..	..	27 (2)
				24	..	..	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 not available.

— = Figure 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.

Foreign banks include banks registered in Pakistan.

**STATE**  
**LIABILITIES AND ASSETS OF**  
*(Issue and Banking)*

LIABILITIES											
		Deposits						National Agricultural Credit (Long-term Operations) Fund	National Agricultural Credit (Stabilization) Fund		
Capital and reserves	Notes in circulation@	Central Government	Other Governments	Banks	Others	Total					
1	2	3	4	5	6	7	8	9			
Average of Fridays											
1951	..	10.0	1205.7	173.4	10.2	60.5	68.6	318.7			
1952	..	10.0	1122.6	146.0	9.4	53.2	63.0	271.5			
1953	..	10.0	1121.8	121.0	18.7	47.5	59.7	246.9			
1954	..	10.0	1178.8	97.7	21.7	52.1	42.2	213.8			
1955	..	10.0	1299.0	59.6	20.0	53.4	21.4	154.4			
1956	..	10.0	1452.4	58.4	16.0	52.9	14.3	141.7	12.7(a)	1.0(b)	
1957	..	47.5	1518.0	54.7	8.4	76.6	92.3	232.0	17.5	1.5	
1957—Friday											
January	4	..	10.0	1481.5	54.3	13.9	48.3	13.4	130.0	15.0	1.0
	11	..	10.0	1495.2	54.0	4.9	56.3	13.1	128.3	15.0	1.0
	18	..	10.0	1490.9	50.7	7.0	53.0	13.3	124.0	15.0	1.0
	25	..	10.0	1485.5	51.5	13.3	51.8	12.7	129.2	15.0	1.0
February	1	..	10.0	1494.0	52.4	16.7	54.4	13.4	136.9	15.0	1.0
	8	..	10.0	1519.7	51.0	13.5	50.7	41.8	157.0	15.0	1.0
	15	..	10.0	1515.6	52.3	12.5	51.6	42.4	158.7	15.0	1.0
	22	..	10.0	1506.3	54.0	11.2	56.5	42.3	164.0	15.0	1.0
March	1	..	10.0	1511.0	55.1	3.7	53.3	42.1	154.2	15.0	1.0
	8	..	10.0	1525.9	51.9	2.8	52.2	41.8	148.7	15.0	1.0
	15	..	10.0	1524.7	54.9	22.8	52.0	74.4	204.1	15.0	1.0
	22	..	10.0	1517.8	53.6	35.2	51.1	74.6	214.5	15.0	1.0
	29	..	10.0	1526.1	64.6	32.0	57.8	74.3	228.6	15.0	1.0
April	5	..	10.0	1563.6	60.6	7.9	60.0	74.5	203.0	15.0	1.0
	12	..	10.0	1574.4	53.6	1.5	69.8	74.3	199.3	15.0	1.0
	19	..	10.0	1569.1	51.4	5.6	71.9	74.5	203.4	15.0	1.0
	26	..	10.0	1561.9	52.8	6.4	67.6	75.1	201.9	15.0	1.0
May	3	..	10.0	1577.1	51.8	4.3	64.1	76.0	196.2	15.0	1.0
	10	..	10.0	1595.4	54.9	2.1	59.7	84.7	201.4	15.0	1.0
	17	..	10.0	1590.2	49.9	3.1	62.5	85.3	200.8	15.0	1.0
	24	..	10.0	1578.4	54.2	5.7	62.4	85.4	207.7	15.0	1.0
	31	..	10.0	1570.0	53.6	6.8	68.2	86.2	214.9	15.0	1.0
June	7	..	10.0	1587.9	54.7	1.4	68.6	87.2	211.9	15.0	1.0
	14	..	10.0	1580.6	52.5	1.2	64.8	121.0	239.5	15.0	1.0
	21	..	10.0	1559.2	53.5	2.3	71.5	121.6	248.9	15.0	1.0
	28	..	10.0	1542.2	51.8	8.3	82.1	119.8	262.0	15.0	1.0

*Note:—Footnotes are given at the end of the statement.*

## MENT I

## THE RESERVE BANK OF INDIA, 1951-57

*Departments combined)*

(Amount in crores of rupees)

ASSETS										
Other liabilities	Total liabilities or assets	Gold Coin and bullion†	Foreign assets‡	Rupee coin¶	Notes	Rupee securities	Loans and advances to		Bills purchased and discounted	Other assets
							Government§	Others		
10	11	12	13	14	15	16	17	18	19	20
42.7	1577.1	40.0	838.4	61.1	24.7	583.1	5.2	9.5	6.7	8.4
51.5	1455.7	40.0	706.0	76.7	29.2	552.8	3.5	26.5	4.5	16.5
48.9	1427.6	40.0	712.4	90.2	23.6	525.8	2.4	16.4	9.3	7.3
46.1	1448.8	40.0	738.2	100.3	23.2	502.5	1.2	27.1	8.2	8.2
48.0	1511.4	40.0	721.5	106.7	17.4	570.1	1.4	29.4	9.2	15.7
73.3	1689.3	58.0	664.4	111.7	18.3	740.5	3.6	72.0	7.0	14.0
104.2	1920.7	117.8	430.7	128.3	23.1	1088.5	25.9	88.3	4.2	13.9
128.0	1765.5	117.8	528.4	124.0	7.6	862.8	7.8	100.0	3.0	14.4
133.6	1783.1	117.8	527.6	123.3	13.2	869.7	8.6	106.6	2.0	14.4
143.0	1784.0	117.8	523.6	123.4	17.7	874.9	8.4	102.6	0.9	14.7
150.2	1791.0	117.8	510.6	124.0	23.6	889.7	7.5	102.2	1.1	14.5
142.4	1799.3	117.8	506.4	123.5	14.6	906.5	6.3	108.5	1.4	14.6
134.8	1837.5	117.8	534.7	121.5	7.0	911.8	6.3	124.2	1.2	13.1
137.2	1837.5	117.8	526.0	121.8	11.3	919.1	6.7	120.3	1.6	13.0
145.9	1842.1	117.8	518.9	122.3	21.1	926.7	7.7	112.7	2.0	13.0
141.8	1832.9	117.8	515.4	121.5	15.6	931.3	7.6	108.1	2.6	13.1
136.2	1836.8	117.8	511.4	120.4	9.6	941.2	11.4	106.6	5.3	13.2
139.2	1894.0	117.8	542.8	121.0	11.4	965.8	9.6	108.9	3.2	13.5
151.1	1909.4	117.8	537.7	122.1	19.4	965.8	5.8	124.7	2.6	13.5
156.8	1937.5	117.8	526.8	122.8	11.8	1006.2	7.7	127.9	3.0	13.6
142.2	1934.7	117.8	525.3	126.3	7.9	1006.9	15.7	106.0	15.2	13.6
139.8	1939.6	117.8	516.7	125.9	6.6	1017.8	18.7	104.4	18.4	13.2
145.4	1943.9	117.8	512.3	126.5	12.4	1037.8	15.2	98.8	10.0	13.2
156.4	1946.2	117.8	504.9	127.5	20.6	1037.3	16.3	96.2	12.5	13.2
149.5	1948.7	117.8	496.4	126.1	9.0	1057.0	15.7	105.3	7.8	13.5
146.3	1969.1	117.8	486.6	125.2	9.9	1075.8	19.2	113.7	7.3	13.7
152.5	1969.5	117.8	477.6	125.4	15.2	1077.2	20.7	119.7	2.3	13.7
162.9	1975.0	117.8	469.4	126.0	27.6	1086.9	19.9	111.3	2.6	13.6
159.7	1970.6	117.8	455.1	126.0	26.0	1104.3	19.0	106.6	2.3	13.6
150.9	1976.7	117.8	446.5	124.2	16.3	1120.3	24.3	109.1	4.6	13.6
165.5	2011.5	117.8	473.7	124.5	23.9	1128.5	26.0	98.1	5.8	13.3
172.7	2006.8	117.8	464.4	125.7	36.4	1127.3	24.0	93.5	4.7	13.2
178.5	2008.6	117.8	453.3	126.7	39.5	1141.6	23.9	91.5	0.1	14.2

**STATE**  
**LIABILITIES AND ASSETS OF**  
*(Issue and Banking)*

LIABILITIES										
Deposits									National	National
Capital and reserves	Notes in circu- lation@	Central Govern- ment	Other Govern- ments	Banks	Others	Total	Agricul- tural Credit (Long- term Opera- tions) Fund	Agricul- tural Credit (Stabili- zation) Fund		
1	2	3	4	5	6	7	8	9		
1957—Friday										
July	5 ..	85.0*	1551.5	53.2	4.5	75.9	149.7	283.2	20.0	2.0
	12 ..	85.0	1542.9	53.5	1.4	78.7	148.9	282.5	20.0	2.0
	19 ..	85.0	1517.9	54.0	3.1	87.8	149.5	294.4	20.0	2.0
	26 ..	85.0	1498.8	53.9	2.2	103.8	149.0	309.0	20.0	2.0
August	2 ..	85.0	1499.5	52.0	3.2	108.3	139.1	302.6	20.0	2.0
	9 ..	85.0	1516.1	85.5	16.9	85.1	138.7	326.2	20.0	2.0
	16 ..	85.0	1508.4	70.2	2.8	75.9	139.6	288.5	20.0	2.0
	23 ..	85.0	1483.6	65.3	5.9	80.9	108.3	260.3	20.0	2.0
	30 ..	85.0	1470.6	54.4	8.2	102.8	108.6	273.9	20.0	2.0
September	6 ..	85.0	1485.9	52.0	6.9	104.2	110.0	273.1	20.0	2.0
	13 ..	85.0	1480.3	52.9	6.2	104.6	109.9	273.6	20.0	2.0
	20 ..	85.0	1473.4	49.0	11.3	97.8	111.3	269.4	20.0	2.0
	27 ..	85.0	1471.1	52.2	7.5	100.0	110.0	269.7	20.0	2.0
October	4 ..	85.0	1487.5	51.3	10.1	94.1	110.5	266.1	20.0	2.0
	11 ..	85.0	1493.5	53.8	3.6	90.6	111.3	259.3	20.0	2.0
	18 ..	85.0	1483.8	50.0	6.9	100.5	111.5	268.9	20.0	2.0
	25 ..	85.0	1486.2	52.5	11.0	106.9	111.7	282.2	20.0	2.0
November	1 ..	85.0	1470.4	53.8	9.6	108.8	111.4	283.5	20.0	2.0
	8 ..	85.0	1491.0	54.9	6.2	94.8	110.9	266.7	20.0	2.0
	15 ..	85.0	1487.0	51.6	8.2	102.1	111.0	273.0	20.0	2.0
	22 ..	85.0	1480.9	53.2	9.4	109.2	110.9	282.8	20.0	2.0
	29 ..	85.0	1478.7	50.9	11.3	109.0	110.3	281.6	20.0	2.0
December	6 ..	85.0	1509.3	56.6	6.7	78.5	116.1	257.9	20.0	2.0
	13 ..	85.0	1512.6	55.5	5.0	76.4	115.4	252.3	20.0	2.0
	20 ..	85.0	1504.6	64.9	8.2	74.4	115.1	262.6	20.0	2.0
	27 ..	85.0	1506.8	53.5	13.0	70.7	113.7	250.9	20.0	2.0

\* The increase represents the major portion of the profit, on the revaluation of the Bank's gold stocks effected on October 6, 1956 in terms of the Reserve Bank of India (Amendment) Act 1956, transferred to Reserve Fund on June 30, 1957.

@Including Rs. 43 crores of India notes retired from circulation in Pakistan and awaiting cancellation

(a) Average for 48 weeks.

(b) Average for 26 weeks.



**MENT I—(Concl'd.)****THE RESERVE BANK OF INDIA, 1951-57***Departments combined)*

(Amount in crores of rupees)

<b>ASSETS</b>										
Other liabilities	Total liabilities or assets	Gold coin and bullion†	Foreign assets‡	Rupee coin¶	Notes	Rupee securities	Loans and advances to		Bills purchased and discounted	Other assets
							Governments§	Others		
10	11	12	13	14	15	16	17	18	19	20
51.1	1992.8	117.8	449.9	125.7	29.3	1143.3	26.4	84.7	1.9	13.8
60.4	1992.8	117.8	441.1	126.4	38.4	1143.3	27.6	81.3	3.8	13.3
59.2	1978.5	117.8	431.7	128.2	35.2	1153.2	27.8	70.0	3.7	11.0
60.7	1975.5	117.8	420.2	130.3	36.4	1167.6	26.2	63.3	3.1	10.6
59.6	1968.7	117.8	401.8	130.4	35.9	1177.4	23.5	69.2	3.4	9.2
45.0	1994.3	117.8	393.0	129.8	18.7	1192.2	28.8	102.2	2.6	9.2
52.8	1956.8	117.8	392.1	130.4	26.9	1162.5	28.8	87.6	2.8	7.8
52.2	1903.1	117.8	385.4	132.4	28.9	1112.4	38.8	75.7	3.8	8.0
64.9	1916.5	117.8	379.9	133.7	43.2	1117.4	37.3	74.9	4.2	8.3
49.6	1915.6	117.8	377.4	132.5	26.8	1140.0	41.1	65.0	6.7	8.3
62.6	1923.5	117.8	373.8	133.3	33.0	1140.0	44.5	63.7	8.8	8.5
69.4	1919.1	117.8	359.9	134.7	41.5	1122.6	44.2	73.0	7.8	17.5
72.7	1920.5	117.8	352.5	135.3	44.3	1137.1	41.8	73.4	0.6	17.7
57.6	1918.2	117.8	345.3	134.3	27.0	1151.7	44.8	78.6	1.0	17.8
57.0	1916.8	117.8	342.2	133.8	20.4	1156.7	51.3	73.5	3.3	17.8
65.9	1925.6	117.8	330.5	134.2	30.5	1170.6	51.1	68.8	4.1	18.0
63.6	1939.0	117.8	327.1	133.8	27.8	1192.6	49.9	67.9	3.8	18.4
79.5	1940.4	117.8	327.8	134.5	44.1	1181.5	49.5	63.1	3.6	18.6
55.3	1920.1	117.8	321.2	133.3	22.4	1189.7	51.3	61.7	4.0	18.7
64.8	1931.8	117.8	316.2	133.9	27.0	1210.6	48.6	59.2	1.1	17.5
72.7	1943.4	117.8	312.9	134.9	34.1	1243.8	27.7	54.9	1.6	15.8
72.3	1939.6	117.8	309.5	135.3	36.7	1242.0	29.0	52.1	1.1	16.1
48.8	1923.0	117.8	308.5	132.7	13.6	1245.1	35.2	49.8	3.6	16.5
45.7	1917.6	117.8	304.6	132.4	10.0	1240.3	37.6	51.9	6.4	16.5
53.6	1927.8	117.8	302.6	133.1	18.6	1238.6	36.4	58.8	6.4	15.6
56.8	1921.5	117.8	297.6	133.2	16.5	1242.4	35.0	60.0	2.7	16.2

† Valued at the statutory rate of Rs. 21.24 per tola upto October 5, 1956 and revalued at Rs. 62.50 per tola thereafter.

‡ Include cash and short-term securities.

¶ Includes one rupee notes and subsidiary coin.

§ Including temporary overdrafts to State Governments from the week ended August 23, 1957.

# STATE ADVANCES OF THE RESERVE BANK TO SCHEDULED

Period	No. of loans	Section 17 (2) (a)		Section 17 (2) (b)		Section 17 (2)		Section 17 (4) (a)		Total (6+7)
		Scheduled banks	State co-operative banks	Scheduled banks	State co-operative banks	Total (3+4)	Scheduled banks	State co-operative banks		
1	2	3	4	5	6	7	8	9	10	11
1951	..	..	570	—	1,49 (1,37)	1,49 (1,37)	76,57 (19,95)	5,29 (3,27)	81,86 (23,22)	
1952	..	..	1,544	—	97 (38)	97 (38)	164,25 (14,87)	3,59 (2,42)	167,83 (17,29)	
1953	..	..	2,683	—	31 (30)	31 (30)	129,58 (5,49)	6,46 (3,98)	136,04 (9,47)	
1954	..	..	3,747	—	60 (55)	60 (55)	188,70 (6,73)	9,43 (5,96)	198,13 (12,69)	
1955	..	..	4,209	—	52 (46)	52 (46)	199,94 (11,16)	10,80 (2,70)	210,74 (13,86)	
1956	..	..	6,277	—	—	—	466,95 (21,43)	8,57 (4,14)	475,52 (25,57)	
1957	..	..	6,305	—	—	—	353,78 (17,34)	9,68 (2,31)	363,46 (19,65)	
1957—Monthly										
January	..	..	741	—	—	—	42,79 (19,09)	79 (4,04)	43,58 (23,13)	
February	..	..	614	—	—	—	43,21 (23,37)	34 (3,91)	43,55 (27,28)	
March	..	..	564	—	—	—	33,20 (31,62)	19 (3,84)	33,39 (35,46)	
April	..	..	512	—	—	—	22,12 (17,76)	15 (3,30)	22,27 (21,06)	
May	..	..	632	—	—	—	53,20 (22,63)	61 (3,56)	53,81 (26,19)	
June	..	..	591	—	—	—	35,39 (11,89)	72 (3,33)	36,11 (15,22)	
July	..	..	451	—	—	—	21,47 (1,74)	61 (3,41)	22,08 (5,15)	
August	..	..	491	—	—	—	36,48 (1,72)	1,15 (3,71)	37,63 (5,43)	
September	..	..	493	—	—	—	15,67 (7,14)	1,29 (4,05)	16,96 (11,19)	
October	..	..	366	—	—	—	15,19 (1,82)	1,44 (4,13)	16,63 (5,95)	
November	..	..	431	—	—	—	9,37 (2,01)	1,30 (3,74)	10,67 (5,75)	
December	..	..	419	—	—	—	25,69 (17,34)	1,09 (2,31)	26,78 (19,65)	

Note:—(1) Figures in brackets are outstanding amounts at the end of the period.

(2) The sections referred to above relate to the Reserve Bank of India Act, 1934.

## MENT 3

## SCHEDULED BANKS, 1951-57

(Amount in crores of rupees)

Cash in hand	Balances with the Reserve Bank	Excess of (14) over the statutory minimum	Total cash balances (13+14)	Percentage of 16 to 8	Balances with other banks in current account	Investments in Government securities (c)	Percentage of 19 to 8	Money at call and short notice	Inland bills purchased and discounted (d)	Foreign bills purchased and discounted	Advances (e)	Total scheduled bank credit (22+23+24)	Percentage of 25 to 8
13	14	15	16	17	18	19	20	21	22	23	24	25	26
37.4	59.0	22.9	96.4	11.1	12.7(h)	310.9(h)	35.8	11.6(h)	15.6	..	516.5	532.1	61.2
33.8	52.2	18.3	86.0	10.3	11.7	304.1	36.3	16.1	38.8	..	480.7	519.5	62.0
32.2	45.7	12.9	77.9	9.3	11.0	317.5	37.9	16.5	47.6	..	443.8	491.4	58.7
33.2	51.9	17.1	85.0	9.5	10.9	339.3	38.0	14.5	59.4	24.7(i)	487.8	551.9	61.8
34.0	52.3	14.4	86.2	8.8	10.6	365.2	37.2	18.0	66.0	39.9	498.0	603.9	61.6
36.8	50.9	10.1	87.7	8.2	10.7	364.0	34.1	12.0	100.7	47.8	595.5	744.0	69.6
38.8	73.2	26.5	112.0	9.0	10.7	364.8	29.2	27.3	116.2	55.1	702.4	873.7	69.9
37.4	48.1	6.6	85.5	7.8	11.3	364.5	33.2	9.0	113.8	52.4	636.7	802.9	73.2
35.1	50.7	8.9	85.9	7.8	10.2	362.5	32.8	6.9	110.2	52.4	646.3	808.9	73.2
36.6	48.3	5.8	85.0	7.6	10.3	362.1	32.4	8.8	113.0	53.0	649.8	815.9	73.1
32.8	50.1	7.3	82.9	7.4	9.9	361.6	32.2	11.4	115.3	53.6	657.6	826.5	73.6
34.4	51.6	8.3	86.0	7.6	9.7	361.3	31.8	10.0	118.5	53.2	669.4	841.1	74.1
36.0	48.8	5.7	84.8	7.5	9.7	360.7	31.9	9.8	114.4	53.5	688.1	856.0	75.7
36.9	48.8	5.4	85.7	7.5	9.5	355.7	31.2	10.2	107.4	56.3	697.8	861.5	75.7
36.8	52.0	8.0	88.8	7.7	9.9	351.4	30.5	13.7	104.9	57.1	694.8	856.8	74.4
38.0	50.2	5.9	88.2	7.7	9.5	350.3	30.4	12.7	106.1	57.6	698.8	862.5	74.8
36.8	50.6	6.0	87.4	7.5	10.6	349.2	30.1	14.9	105.9	58.9	700.7	865.6	74.7
35.6	51.6	6.9	87.2	7.5	9.5	348.9	30.0	16.6	108.3	57.8	708.8	874.9	75.3
36.9	52.4	8.0	89.3	7.7	9.7	348.1	30.1	12.6	113.8	57.4	711.6	882.8	76.3
34.0	54.3	9.2	88.3	7.5	11.3	347.2	29.5	11.6	117.5	58.9	723.6	900.0	76.6
42.2	61.3	15.4	103.5	8.7	11.2	347.2	29.0	12.6	124.4	58.7	716.5	899.6	75.2
38.8	64.1	18.0	102.9	8.6	10.9	345.9	28.7	12.8	126.7	59.2	716.3	902.2	75.0
38.2	69.8	23.3	108.0	8.9	10.6	345.1	28.4	15.7	122.0	59.2	720.3	901.5	74.1
38.0	65.3	18.8	103.3	8.5	10.3	344.5	28.2	16.9	126.2	57.4	725.5	909.1	74.5
39.0	64.5	18.2	103.5	8.5	10.5	344.5	28.4	18.0	126.5	58.5	739.3	924.3	76.1
38.1	61.4	15.1	99.5	8.1	9.9	344.1	28.2	18.9	127.4	58.4	749.6	935.4	76.6
40.2	58.5	12.3	98.7	8.1	9.8	344.0	28.2	18.5	131.5	58.4	747.5	937.4	76.8
39.9	54.9	8.1	94.7	7.7	10.3	343.3	27.9	20.5	131.0	59.3	742.8	933.1	75.7
39.3	59.4	12.4	98.6	8.0	10.1	340.7	27.5	22.4	131.5	58.2	743.2	932.9	75.3
39.8	63.2	16.8	103.0	8.3	9.9	339.9	27.5	19.5	132.7	56.9	748.7	938.3	75.8
41.1	59.8	13.2	100.9	8.1	10.5	334.9	26.9	19.7	129.1	57.6	742.8	929.6	74.8
40.9	68.1	21.5	109.0	8.7	10.1	332.6	26.6	18.4	122.8	55.9	741.5	920.2	73.7
43.7	78.7	31.4	122.5	9.7	14.7	332.7	26.4	18.7	128.5	53.9	735.4	917.8	72.7

# STATE CONSOLIDATED POSITION OF

1		2	3	4	5	Borrowings from banks(b)		8	Borrowings from the Reserve Bank			12
						Demand	Time		Against usage bills and/or promissory notes	Others	Total	
		No. of report- ing banks(a)	Demand liabili- ties*	Time liabili- ties*	Total liabili- ties* (3+4)			Net liabili- ties (5-6-7)				
1957—Friday												
July	5	..	89	717.2	558.8	1276.0	14.5	4.1	1257.4	46.7	9.1	4.6
	12	..	89	715.5	560.0	1275.5	13.1	4.1	1258.3	45.3	6.0	3.5
	19	..	89	724.8	563.6	1288.4	17.6	4.4	1266.3	37.3	2.3	3.3
	26	..	89	741.9	568.9	1310.8	18.2	4.6	1288.1	29.5	2.6	3.2
August	2	..	89	727.9	579.1	1307.0	19.4	4.7	1282.9	31.9	5.5	3.5
	9	..	89	705.8	577.0	1282.8	13.5	5.3	1264.0	54.4	14.5	4.6
	16	..	89	700.9	579.1	1280.0	13.2	5.3	1261.7	45.6	8.4	3.9
	23	..	89	712.8	580.7	1293.5	14.2	5.4	1273.9	37.0	5.0	3.1
	30	..	89	713.5	597.0	1310.5	16.4	6.2	1288.0	35.2	5.0	3.6
September	6	..	89	713.6	601.8	1315.4	16.9	7.5	1291.1	28.8	1.7	3.5
	13	..	89	718.7	612.2	1330.9	18.1	8.4	1304.4	26.8	1.5	3.5
	20	..	89	713.2	617.1	1330.3	19.2	7.5	1303.5	33.0	4.0	4.0
	27	..	89	713.3	630.6	1343.9	23.7	10.1	1310.0	30.9	6.3	4.2
October	4	..	89	715.4	625.6	1341.0	24.6	10.3	1306.0	32.4	9.7	6.4
	11	..	89	725.5	624.8	1350.3	23.5	10.6	1316.2	28.7	7.9	6.5
	18	..	89	730.4	627.1	1357.5	24.7	13.1	1319.8	26.8	4.4	5.9
	25	..	90	761.1	638.9	1400.0	23.0	13.4	1363.6	27.6	2.1	6.4
November	1	..	90	748.1	645.4	1393.5	20.7	14.0	1358.9	23.1	1.4	4.8
	8	..	91	738.3	652.5	1390.8	19.8	14.4	1356.7	21.0	1.9	5.5
	15	..	91	731.4	659.6	1391.0	17.5	14.6	1358.9	19.7	1.2	5.7
	22	..	91	726.3	670.8	1397.1	16.7	15.6	1364.8	15.1	1.8	5.8
	29	..	91	715.0	684.3	1399.3	14.5	17.9	1366.9	14.1	2.1	5.9
December	6	..	91	714.7	679.7	1394.4	17.7	16.1	1360.5	12.4	1.3	6.5
	13	..	91	721.1	681.8	1402.9	18.4	23.9	1360.6	14.3	1.3	5.9
	20	..	91	712.4	680.8	1393.2	17.9	22.2	1353.1	19.8	2.8	6.1
	27	..	91	719.5	686.5	1406.0	17.7	20.8	1367.5	21.1	2.6	6.8

\* Include inter-bank borrowings.

† Prior to July 1, 1955 the figures relate to the Imperial Bank of India.

(a) At the end of the period.

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

## MENT 3—(Concl.)

## SCHEDULED BANKS, 1951-57

(Amount in crores of rupees)

Cash Balances in hand	with the Reserve Bank	Excess of (14) over the statu- tory mi- nimum	Total cash balances (13+14)	Per- centage of 16 to 8	Balances with other banks in current account	Invest- ments in Govern- ment securi- ties (c)	Per- centage of 19 to 8	Money at call and short notice	Inland bills purcha- sed and discount- ed (d)	Foreign bills purcha- sed and discount- ed	Advan- ces (e)	Total sche- duled bank credit (22+23 + 24)	Per- centage of 25 to 8
13	14	15	16	17	18	19	20	21	22	23	24	25	26
40.6	73.3	26.3	114.0	9.1	10.2	332.7	26.5	23.2	129.4	55.0	730.6	915.0	72.8
41.4	74.8	27.8	116.2	9.2	10.2	332.2	26.4	22.2	122.5	55.1	726.4	903.9	71.8
39.0	83.4	35.9	122.4	9.7	9.9	332.3	26.2	25.8	123.0	54.8	713.8	891.6	70.4
37.3	90.2	41.7	127.5	9.9	10.1	332.5	25.8	31.1	119.9	57.2	709.1	886.1	68.8
36.3	107.2	59.3	143.6	11.2	9.7	332.8	25.9	33.6	120.8	55.8	707.1	883.7	68.9
40.9	83.7	36.9	124.6	9.9	12.5	339.0	26.8	23.1	120.0	56.4	704.9	881.3	69.7
39.4	74.5	27.9	113.9	9.0	10.5	339.8	26.9	23.0	120.3	54.8	699.1	874.2	69.3
39.0	74.7	27.4	113.6	8.9	10.4	370.4	29.1	27.0	118.2	55.7	687.2	861.1	67.6
38.7	100.1	52.4	138.7	10.8	10.2	369.6	28.7	31.0	115.4	54.8	682.3	852.5	66.2
37.7	101.0	53.3	138.6	10.7	9.9	366.6	28.4	33.2	112.7	53.8	680.1	846.6	65.6
37.6	99.2	51.1	136.9	10.5	10.5	375.6	28.8	38.8	111.0	52.5	678.5	842.0	64.6
37.2	94.3	46.3	131.5	10.1	11.1	386.8	29.7	39.4	109.4	52.6	683.2	845.2	64.8
37.4	92.9	44.6	130.3	9.9	11.4	386.3	29.5	47.1	112.1	52.2	682.3	846.6	64.6
45.6	94.6	46.3	140.2	10.7	11.1	386.0	29.6	46.8	114.4	52.7	688.1	855.2	65.5
43.1	84.6	35.8	127.7	9.7	11.5	385.8	29.3	45.9	113.6	54.2	688.7	856.5	65.1
42.0	96.8	47.8	138.9	10.5	11.4	385.1	29.2	47.9	113.2	56.5	690.0	859.7	65.1
47.8	95.8	44.9	143.5	10.5	11.8	394.2	28.9	49.8	114.3	58.8	694.1	867.2	63.6
39.5	105.0	54.7	144.5	10.6	12.0	403.8	29.7	52.5	115.2	56.2	683.6	855.0	62.9
38.9	94.7	44.8	133.7	9.9	11.4	407.3	30.0	52.0	110.5	55.9	687.9	854.3	63.0
39.2	99.3	49.5	138.4	10.2	11.8	407.6	30.0	47.4	105.8	52.9	688.2	846.9	62.3
38.5	106.2	56.5	144.7	10.6	11.3	408.3	29.9	47.8	106.7	50.8	684.2	841.7	61.7
38.2	106.4	56.9	144.6	10.6	11.5	408.5	29.9	46.3	104.6	49.8	685.6	840.0	61.5
39.3	77.7	28.4	117.1	8.6	10.0	427.7	31.4	49.9	102.3	49.6	691.0	842.9	62.0
39.3	73.5	23.8	112.7	8.3	11.0	432.0	31.8	51.1	99.5	48.9	694.5	842.9	62.0
37.0	70.4	21.1	107.4	7.9	11.1	431.5	31.9	49.8	99.1	49.0	700.4	848.5	62.7
39.6	67.9	18.2	107.5	7.9	13.0	433.4	31.7	52.0	98.4	46.4	712.2	857.1	62.7

(c) At book value; including Treasury bills and Treasury Deposit Receipts.

(d) Include inland bills purchased from November 1951 only.

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

(f) Average for 50 weeks.

(g) Average for 37 weeks.

(h) Average for 9 weeks.

(i) Average for 34 weeks.

# STATE MONEY RATES

State Bank of India*												Bazaar Bill	
												Calcutta	

\* Prior to July 1, 1955 the rates relate to the Imperial Bank of India.

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

‡ From May 16, 1957. ¶ From February 1, 1957.

(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 State Bank of India discounts first class three months' commercial bills.

(c) The general advance rate at which the State Bank of India grants advances to the public against Government Securities.

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

H=Highest

L=Lowest.

**MENT 4**  
**IN INDIA, 1951-57**

(Rate per cent per annum)

Rate(e)		Call Money Rate(f)								Long-term Govt. bond yield@
Bombay		Calcutta		Bombay				Madras		
				Larger Banks		Smaller Banks				
H	L	H	L	H	L	H	L	H	L	
14	15	16	17	18	19	20	21	22	23	24
9	8½		½	2½	½	2½	1½	2	½	3.29
9½	9	3	½	3	½	3½	1½	3½	1½	3.69
9½	8½	2½	1½	3	½	3	1½	3	1½	3.64
9½		3	1	3	½	3	1½	3	1½	3.65
9½		3½	2½	3	1½	3½	1½	3½	1½	3.72
10½	9	4½	3½	3½	2½	3½	2½	3½	3½	3.93
11½	9½	4½	2½	3½	2½	3½	2½	4½	3½	4.13
10½		4	3½	3½	3½	3½	3½		3½	4.10
11½	10½	4½	3½	3½	3½	3½	3½	4½	3½	4.06
11½		4½	3½		3½		3½	4	3½	4.02
11½		4	3½		3½		3½		3½	4.03
11½			3½		3½		3½	4	3½	4.06
11½		4	3½		3½		3½		4	4.11
11½	9½		3½		3½		3½	4	3½	4.12
10½	9½		3½		3½		3½	4	3½	4.21
10½	9½	4	3½	3½	2½	3½	2½	3½	3½	4.21
11½	9½	4	3½	3	2½	3	2½	3½	3½	4.23
11½	10½	4	2½	3	2½	3	2½	3½	3½	4.23
11½		2½	2½	3	2½	3	2½	3½	3½	4.23

(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. The rates for Bombay are based on daily quotations obtained from brokers, while those for Calcutta and Madras are based on weekly advices received from the Reserve Bank of India offices.

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



# STATE LIABILITIES AND ASSETS IN INDIA OF

As on the last Friday of	No. of report- ing bank- ing com- panies	Paid- up cap- ital†	Re- ser- ves	Demand deposits		Time deposits		Net depo- sits (6+8)	Due to other banks	Total liabili- ties	Cash in hand	Balan- ces with the Re- serve Bank	Total (12+13)
				From bank- ing com- panies	From others	From bank- ing com- panies	From others						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>A. INDIAN SCHEDULE</b>													
1951 ..	76	33.5	26.0	21.6	393.9	2.3	242.5	636.4	25.5	786.1	40.1	31.3	71.4
1952 ..	77	33.7	27.6	19.5	370.1	4.5	255.6	625.7	9.9	757.2	32.0	33.0	65.0
1953 ..	73	32.6	27.5	18.5	376.0	3.4	268.9	644.9	10.4	771.0	29.2	35.7	64.9
1954 ..	72	32.7	27.6	24.8	421.4	5.5	295.5	716.9	13.0	858.8	33.7	56.4	90.1
1955 ..	72	32.7	28.2	26.7	449.1	5.3	339.9	789.0	28.9	963.3	36.6	48.8	85.4
1956 ..	72	33.1	28.0	24.7	490.5	5.7	386.2	876.7	51.6	1075.3	36.2	40.7	76.9
1957 ..	74	34.5	30.6	30.6	538.3	22.9	562.9	1101.1	10.4	1285.8	36.8	53.5	90.3
January 1957 ..	68	32.8	28.2	22.4	514.0	5.8	385.4	899.4	53.1	1089.9	30.0	39.2	69.3
February ..	69	32.9	28.3	26.3	530.8	5.1	389.5	920.4	61.4	1124.9	33.8	41.7	75.6
March ..	71	33.0	28.5	27.1	550.9	5.9	397.4	948.2	72.7	1172.9	31.3	42.9	74.2
April ..	71	33.1	28.6	29.3	547.1	8.2	418.9	966.0	49.0	1182.5	34.7	51.1	85.9
May ..	69	32.8	28.6	32.0	538.5	7.3	439.5	978.0	56.1	1195.2	36.0	46.1	82.1
June ..	72	33.2	28.9	31.4	548.6	9.3	462.2	1010.8	30.9	1203.2	41.1	65.6	106.7
July ..	72	33.3	29.1	29.8	555.2	12.2	472.3	1027.5	8.1	1193.9	34.5	77.0	111.5
August ..	72	33.3	29.2	27.9	536.5	14.2	497.0	1033.5	12.9	1217.2	35.6	87.1	122.8
September ..	72	33.3	29.2	32.3	526.0	22.5	521.3	1047.3	12.7	1238.8	33.7	78.4	112.0
October ..	74	34.4	30.6	30.7	562.6	21.9	532.6	1095.2	13.9	1298.1	43.3	79.6	122.9
November ..	74	34.5	30.6	28.3	533.6	21.2	557.5	1091.1	9.1	1270.7	35.5	90.9	126.3
December ..	74	34.5	31.1	30.6	538.4	22.9	562.9	1101.2	10.4	1286.4	36.8	53.5	90.3
<b>B. FOREIGN</b>													
1951 ..	16		1.3	6.0	118.7	0.6	43.1	161.8	7.6	228.3	3.4	14.3	17.7
1952 ..	15		1.6	6.7	112.8	1.4	53.0	165.8	16.0	215.4	3.0	10.8	13.8
1953 ..	16		2.8	5.4	104.8	0.1	54.7	159.5	8.6	200.4	2.8	9.0	11.8
1954 ..	16		2.6	5.8	108.8	0.6	60.5	169.3	8.1	214.0	2.1	11.4	13.5
1955 ..	17		3.2	5.7	122.7	0.1	64.0	186.7	18.6	242.9	2.6	12.3	14.9
1956 ..	17		4.4	8.4	112.9	0.4	62.9	175.8	45.9	269.2	2.4	11.2	13.6
1957 ..	17		5.4	5.6	120.6	2.3	75.8	196.4	57.0	286.5	2.9	14.4	17.3
January 1957 ..	17		5.0	5.5	115.7	0.9	64.0	179.7	43.7	266.1	2.6	10.8	13.4
February ..	17		5.0	7.3	117.3	1.4	66.6	183.9	42.1	270.2	2.9	10.2	13.2
March ..	17		5.1	6.4	113.0	0.6	64.9	177.9	51.1	274.8	2.7	11.3	14.0
April ..	17		5.1	7.3	127.4	1.4	69.1	196.5	40.7	280.7	3.3	14.2	17.5
May ..	17		5.1	8.1	132.1	1.3	68.6	200.7	47.3	289.0	3.2	13.1	16.4
June ..	17		5.2	11.3	119.7	0.5	76.1	195.8	50.0	289.0	2.6	13.2	15.7
July ..	17		5.2	11.2	121.4	0.7	77.2	198.5	49.0	290.2	2.9	13.2	16.1
August ..	17		5.2	8.6	118.5	3.2	75.4	193.9	51.4	286.7	3.1	12.9	16.0
September ..	17		5.2	6.3	116.0	6.8	73.1	189.1	57.9	293.1	3.7	14.6	18.2
October ..	17		5.3	6.7	125.2	6.7	71.4	196.7	54.8	297.3	5.0	16.1	21.1
November ..	17		5.3	5.2	126.9	6.8	83.7	210.6	39.4	290.1	2.8	15.5	18.3
December ..	17		5.4	5.6	120.6	2.3	75.8	196.4	57.0	286.5	2.9	14.4	17.3
<b>C. ALL SCHEDULE</b>													
1951 ..	92	33.5	27.3	27.7	512.6	2.9	285.6	798.2	33.1	1014.3	43.5	45.6	89.1
1952 ..	92	33.7	29.1	26.1	482.9	5.9	308.5	791.5	25.9	972.5	35.0	43.8	78.8
1953 ..	89	32.6	30.3	23.9	480.7	3.5	323.6	804.4	19.0	971.4	31.9	44.7	76.6
1954 ..	88	32.7	30.3	30.6	530.2	6.0	356.0	886.2	21.1	1072.9	35.8	67.8	103.6
1955 ..	89	32.7	31.3	32.4	571.8	5.4	403.9	975.7	47.5	1206.2	39.1	61.1	100.2
1956 ..	89	33.1	32.4	33.0	603.4	6.1	449.1	1052.5	97.5	1344.5	38.6	51.9	90.5
1957 ..	91	34.5	36.0	36.3	658.9	25.1	638.7	1297.5	67.4	1572.3	39.7	67.9	107.6
January 1957 ..	85	32.8	33.2	27.9	629.6	6.6	449.4	1079.1	96.8	1355.8	32.6	50.0	82.6
February ..	86	32.9	33.3	33.6	648.1	6.5	456.1	1104.2	103.5	1395.1	36.8	52.0	88.8

Notes :—Footnotes are given at the end of the statement.

## MENT 5

## BANKING COMPANIES, 1951-57

(Amount in crores of rupees)

Per-centage of 14 to 9	Balances with the agent of the Reserve Bank and other banks	Money at call and short notice	Bills purchased and dis-counted††	Loans, advan-ces, cash credits and over-drafts	Due from banks	Total advan-ces (18+19)	Per-centage of 21 to 9	Invest-ments in Govern-ment securi-ties*	Other invest-ments	Total invest-ments (23+24)	Per-centage of 25 to 9	Total assets
15	16	17	18	19	20	21	22	23	24	25	26	27
<b>LED BANKS</b>												
11.2	11.0	3.7	32.9	336.2	24.7	369.1	58.0	259.1	21.0	280.1	44.0	784.4
10.4	9.3	5.0	27.7	302.2	13.2	329.9	52.7	278.5	23.0	301.5	48.2	746.8
10.1	8.6	6.5	43.7	292.2	10.9	335.9	52.1	287.5	22.0	309.5	48.0	756.7
12.6	12.0	9.1	41.2	338.7	5.7	377.9	52.7	299.3	23.7	323.0	45.1	846.9
10.8	13.0	4.5	68.1	371.6	9.7	439.7	55.7	335.6	26.7	362.3	45.9	940.4
8.8	11.3	7.2	105.2	451.5	10.8	556.7	63.5	323.7	28.1	351.8	40.1	1043.1
8.2	11.1	36.9	77.4	557.7	9.4	635.1	57.7	392.7	46.6	439.3	39.9	1257.2
7.7	8.3	7.6	108.8	477.9	18.5	586.7	65.2	320.2	27.6	347.8	38.7	1061.5
8.2	8.4	6.6	98.5	518.4	15.9	616.9	67.0	310.8	28.4	339.2	36.9	1085.8
7.8	10.0	5.4	109.6	544.5	16.3	654.1	69.0	307.2	27.7	334.9	35.3	1119.4
8.9	8.7	7.3	116.9	553.6	11.8	670.5	69.4	303.7	28.0	331.7	34.3	1156.3
8.4	8.6	6.5	116.0	566.9	13.7	682.9	69.8	298.6	27.6	326.2	33.4	1145.6
10.6	13.0	8.5	107.1	572.4	7.2	679.5	67.2	290.8	28.8	319.6	31.6	1159.2
10.8	9.3	19.0	96.9	552.4	7.1	649.2	63.2	290.5	31.5	322.0	31.3	1143.3
11.9	9.1	20.7	92.3	528.3	6.9	620.6	60.0	327.3	32.4	359.7	34.8	1166.4
10.7	10.1	33.4	87.5	527.9	7.2	615.4	58.8	346.3	39.2	385.5	36.8	1191.6
11.2	10.3	34.7	91.8	542.3	10.2	634.1	57.9	357.5	44.7	402.2	36.7	1248.5
11.6	9.6	29.6	81.6	537.3	8.4	618.9	56.7	367.9	46.2	414.1	38.0	1239.4
8.2	11.1	36.8	77.4	557.8	9.4	635.1	57.7	392.7	46.6	439.3	39.9	1257.3
<b>BANKS</b>												
10.9	2.4	7.4	5.0	141.6	0.8	146.6	90.6	46.9	1.1	48.0	29.7	232.6
8.3	1.5	11.6	3.9	120.7	1.9	124.6	75.2	44.8	0.9	45.7	27.6	205.6
7.3	1.7	6.2	6.0	109.5	1.6	115.5	72.4	47.3	0.8	48.1	30.2	191.3
8.0	1.7	6.1	12.8	121.0	1.1	133.8	79.0	47.7	0.6	48.3	28.5	210.4
8.0	2.0	5.0	16.7	137.3	0.8	154.0	82.5	47.2	3.5	50.7	27.2	234.1
7.7	1.6	5.2	25.4	162.8	1.1	168.2	107.1	40.5	2.5	43.0	24.5	261.8
8.8	1.9	13.9	35.5	148.9	0.7	184.4	93.9	40.2	4.2	44.4	22.6	273.7
7.4	1.5	3.9	25.9	162.3	0.1	188.1	104.7	40.5	2.6	43.2	24.0	257.9
7.2	1.5	7.0	26.3	163.1	0.2	189.3	103.0	40.1	2.0	42.0	22.9	261.0
7.9	1.5	5.5	29.2	165.7	0.1	194.9	109.5	40.2	2.5	42.6	24.0	266.2
8.9	1.6	9.4	29.6	163.5	0.3	193.0	98.3	40.3	2.7	42.9	21.8	272.4
8.2	1.5	15.7	30.8	164.7	0.4	195.6	97.4	41.2	3.0	44.2	22.0	281.1
8.0	1.6	10.3	41.5	159.3	0.3	200.8	102.5	41.5	3.0	44.5	22.7	280.7
8.1	1.3	12.1	44.4	153.2	0.2	197.6	99.5	41.8	3.0	44.8	22.6	280.0
8.3	1.2	9.3	43.7	150.8	0.2	194.5	100.3	42.9	2.9	45.8	23.6	276.6
9.6	1.4	9.9	43.1	155.8	0.2	198.9	105.2	39.7	3.1	42.8	22.6	280.3
10.7	1.6	9.8	42.9	153.5	0.2	196.4	99.9	39.9	3.2	43.1	21.9	284.1
8.7	1.8	12.3	39.1	146.6	1.6	185.7	88.2	40.1	4.2	44.3	21.0	275.3
8.8	1.9	13.9	35.5	148.9	0.7	184.4	93.9	40.2	4.2	44.4	22.6	273.7
<b>LED BANKS</b>												
11.2	13.4	11.1	37.9	477.8	25.6	515.7	64.6	305.9	22.1	328.0	41.1	1017.0
10.0	10.8	16.6	31.6	422.8	15.2	454.4	57.4	323.3	23.9	347.2	43.9	952.4
9.5	10.3	12.7	49.8	401.7	12.5	451.5	56.1	334.8	22.7	357.5	44.4	948.0
11.7	13.7	15.2	54.0	457.7	6.8	511.7	57.7	347.0	24.3	371.3	41.9	1057.3
10.3	14.9	9.5	84.7	508.9	10.5	593.6	60.8	382.8	30.2	413.0	42.3	1174.4
8.6	12.9	12.4	130.6	614.3	11.9	744.9	70.8	364.2	30.6	394.8	37.5	1304.9
8.3	13.0	50.8	113.0	706.5	10.1	819.5	63.2	432.9	50.8	483.7	37.3	1530.9
7.7	9.8	11.5	134.7	640.2	18.6	774.8	71.8	360.7	30.2	390.9	36.2	1319.4
8.0	9.8	13.7	124.8	681.4	16.0	806.2	73.0	350.8	30.4	381.2	34.5	1346.8

# STATE LIABILITIES AND ASSETS IN INDIA OF

As on the last Friday of	No. of reporting banking companies	Paid-up capital†	Reserves	Demand deposits		Time deposits		Net deposits (6+8)	Due to other banks	Total liabilities	Cash in hand	Balances with the Reserve Bank	Total (12+13)
				From banking companies	From others	From banking companies	From others						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>C. ALL SCHEDULE</b>													
March 1957..	88	33.0	33.6	33.5	663.8	6.5	462.3	1126.1	123.8	1447.6	34.0	54.2	88.2
April ..	88	33.1	33.7	36.6	674.4	9.6	488.0	1162.4	89.7	1463.2	38.0	65.3	103.3
May ..	86	32.8	33.7	40.1	670.6	8.6	508.1	1178.7	103.4	1484.2	39.2	59.3	98.4
June ..	89	33.2	34.1	42.7	668.3	9.8	538.3	1206.6	80.9	1492.1	43.7	78.7	122.4
July ..	89	33.3	34.3	40.9	676.6	12.9	549.5	1226.1	57.1	1484.1	37.4	90.2	127.5
August ..	89	33.3	34.4	36.5	655.0	17.4	572.4	1227.4	64.2	1503.9	38.7	100.1	138.8
September ..	89	33.3	34.4	38.6	642.0	29.3	594.4	1236.4	70.6	1531.9	37.3	92.9	130.2
October ..	91	34.4	35.8	37.4	687.8	28.6	604.1	1291.9	68.7	1595.4	48.3	95.7	144.0
November ..	91	34.5	35.8	33.5	660.6	28.0	641.2	1301.7	48.4	1560.9	38.2	106.4	144.6
December ..	91	34.5	36.0	36.3	658.9	25.1	638.7	1297.5	67.4	1572.3	39.7	67.9	107.6
<b>D. NON-SCHEDULE</b>													
1951 ..	306	5.8	2.2	0.2	11.4	0.2	24.1	35.5	2.4	47.9	3.1	—	3.1
1952 ..	425	8.9	4.0	0.5	19.8	0.2	39.1	58.9	3.7	78.4	4.7	—	4.7
1953 ..	415	8.5	3.9	0.2	19.6	0.3	39.8	59.4	1.6	76.3	4.5	—	4.6
1954 ..	401	8.3	4.1	0.6	23.1	0.3	40.8	63.9	1.0	80.8	5.9	0.1	5.9
1955 ..	387	7.9	4.2	0.4	25.2	0.4	42.9	68.1	1.7	85.8	6.2	—	6.2
1956 ..	354	7.7	4.4	0.4	26.0	0.3	46.7	72.7	1.7	90.9	6.0	—	6.0
1957 ..	318	6.0	2.9	0.3	15.0	0.3	33.5	48.5	1.8	62.1	3.8	—	3.8
January 1957..	322	7.0	4.2	0.3	24.5	0.3	44.0	68.5	3.0	86.8	4.3	—	4.3
February ..	327	7.3	4.4	0.3	25.6	0.3	44.4	70.0	3.6	88.9	4.6	—	4.6
March ..	324	7.2	4.4	0.3	26.3	0.3	45.0	71.3	3.7	90.3	4.7	—	4.7
April ..	324	7.3	4.5	0.3	26.9	0.3	45.8	72.7	3.6	91.5	5.0	—	5.0
May ..	321	7.2	4.5	0.3	26.8	0.3	45.6	72.4	3.8	91.3	5.0	—	5.0
June ..	323	7.2	4.5	0.5	28.4	0.3	46.6	75.1	2.8	93.7	5.3	—	5.3
July ..	318	7.1	4.5	0.3	24.2	0.3	46.0	70.2	2.5	87.8	4.3	—	4.3
August ..	316	7.1	4.5	0.2	23.2	0.4	46.8	70.1	2.4	87.5	4.5	—	4.5
September ..	318	7.1	4.5	0.3	25.2	0.3	47.9	73.1	2.2	90.5	4.6	—	4.6
October ..	315	6.1	3.1	0.3	15.3	0.3	34.3	49.7	2.0	63.8	3.8	—	3.8
November ..	316	6.1	3.1	0.3	15.2	0.3	34.2	49.4	1.8	63.4	3.5	—	3.5
December ..	318	6.0	2.9	0.3	15.0	0.3	33.5	48.5	1.8	62.1	3.8	—	3.8
<b>E. ALL</b>													
1951 ..	398	39.3	29.5	27.9	524.0	3.1	309.7	833.7	35.5	1062.2	46.5	45.6	92.2
1952 ..	517	42.6	33.1	26.6	502.7	6.2	347.6	850.3	29.6	1051.0	39.7	43.8	83.5
1953 ..	504	41.1	34.2	24.1	500.4	3.8	363.4	863.8	20.6	1047.7	36.5	44.7	81.2
1954 ..	489	41.0	34.4	31.2	553.3	6.3	396.8	950.1	22.1	1153.7	41.7	67.9	109.5
1955 ..	476	40.6	35.6	32.8	597.0	5.8	446.8	1043.8	49.2	1292.0	45.3	61.1	106.4
1956 ..	443	40.8	36.7	33.5	629.3	6.4	495.8	1125.1	99.2	1435.4	44.6	51.9	96.5
1957 ..	409	40.5	38.9	36.6	673.9	25.4	672.2	1346.0	69.2	1634.4	43.5	67.9	111.5
January 1957..	407	39.9	37.4	28.2	654.2	6.9	493.4	1147.6	99.8	1442.7	36.9	50.0	87.0
February ..	413	40.2	37.7	33.8	673.8	6.8	500.4	1174.2	107.1	1483.9	41.4	52.0	93.3
March ..	412	40.2	38.0	33.8	690.1	6.7	507.3	1197.4	127.5	1537.9	38.6	54.2	92.8
April ..	412	40.3	38.2	36.9	701.4	9.9	533.8	1235.1	93.3	1554.7	43.0	65.3	108.3
May ..	407	40.0	38.1	40.4	697.4	8.9	553.7	1251.1	107.2	1575.5	44.2	59.3	103.4
June ..	412	40.4	38.6	43.2	696.7	10.0	584.9	1281.6	83.7	1585.9	49.0	78.7	127.7
July ..	407	40.4	38.8	41.2	700.7	13.2	595.5	1296.2	59.6	1571.9	41.7	90.2	131.9
August ..	405	40.3	38.9	36.7	678.2	17.7	619.3	1297.5	66.6	1591.4	43.2	100.1	143.3
September ..	407	40.4	38.9	38.9	667.2	29.6	642.3	1309.5	72.8	1622.4	41.9	92.9	134.8
October ..	406	40.5	38.9	37.6	703.1	28.9	638.4	1341.5	70.7	1659.2	52.1	95.8	147.8
November ..	407	40.6	39.0	33.8	675.8	28.3	675.4	1351.1	50.3	1624.3	41.7	106.4	148.2
December ..	409	40.5	38.9	36.6	673.9	25.4	672.2	1346.0	69.2	1634.4	43.5	67.9	111.5

Note :—As the figures of liabilities and assets of banking companies relate only to areas to which the Banking Companies 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.

## MENT 5—(Concl'd.)

## BANKING COMPANIES, 1951-57

(Amount in crores of rupees)

Percent- age of 14 to 9	Balan- ces with the agent of the Reserve Bank and other banks	Money at call and short notice	Bills purcha- sed and dis- count- ed††	Loans, advan- ces, cash credits and over- drafts	Due from banks	Total advan- ces (18+19)	Percent- age of 21 to 9	Invest- ments in Govern- ment securi- ties*	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
<b>LED BANKS—(contd.)</b>												
7.8	11.6	10.9	138.8	710.2	16.4	848.9	75.4	347.4	30.1	377.5	33.5	1385.7
8.9	10.2	16.8	146.5	717.0	12.1	863.5	74.3	344.0	30.7	374.6	32.2	1428.7
8.3	10.1	22.3	146.9	731.6	14.1	878.4	74.5	339.7	30.7	370.4	31.4	1426.7
10.1	14.7	18.8	148.5	731.7	7.5	880.3	73.0	332.4	31.8	364.1	30.2	1439.9
10.4	10.6	31.0	141.2	705.5	7.2	846.7	69.1	332.3	34.4	366.7	29.9	1423.3
11.3	10.3	30.0	136.0	679.0	7.0	815.1	66.4	370.2	35.3	405.5	33.0	1443.0
10.5	11.4	43.3	130.6	683.7	7.4	814.3	65.9	386.1	42.3	428.3	34.6	1471.9
11.1	11.9	44.5	134.8	695.8	10.4	830.6	64.3	397.4	47.9	445.3	34.5	1532.5
11.1	11.4	41.9	120.7	683.9	9.9	804.6	61.8	408.0	50.4	458.5	35.2	1514.7
8.3	13.0	50.8	113.0	706.5	10.1	819.5	63.2	432.9	50.8	483.7	37.3	1530.9
<b>LED BANKS</b>												
8.7	1.7	0.2	1.4	27.1	—	28.5	80.3	9.0	2.5	11.5	32.4	47.8
8.0	3.0	0.2	2.1	39.4	0.1	41.5	70.5	20.6	3.9	24.6	41.8	78.3
7.7	2.5	0.7	2.0	37.8	0.2	39.8	67.0	20.1	4.2	24.2	40.7	76.2
9.2	3.9	1.9	1.6	36.5	0.1	38.1	59.6	21.3	5.0	26.3	41.2	80.7
9.1	3.5	2.7	2.2	35.8	0.1	38.0	55.8	24.9	5.7	30.5	44.8	85.7
8.3	3.2	1.9	3.2	39.4	—	42.6	58.6	25.5	6.6	32.1	44.2	90.7
7.9	2.8	1.0	1.9	31.3	0.1	33.2	68.5	13.3	4.3	17.6	36.3	62.3
6.3	2.3	0.9	3.1	39.7	—	42.9	62.5	24.9	7.1	31.9	46.6	86.7
6.6	2.3	1.1	3.2	41.4	—	44.6	63.7	25.0	6.7	31.7	45.3	88.7
6.5	2.2	1.9	3.4	41.8	—	45.2	63.4	24.5	7.0	31.5	44.2	89.9
6.9	2.5	2.0	3.5	41.8	0.3	45.3	62.3	24.2	7.3	31.5	43.4	91.1
6.9	2.4	2.6	4.1	42.6	—	46.7	64.5	23.6	6.4	30.1	41.5	91.0
7.1	2.9	3.6	3.5	42.8	—	46.3	61.6	24.0	6.7	30.7	40.9	93.4
6.2	2.4	1.3	3.0	41.0	—	44.0	62.7	23.5	7.6	31.1	44.3	87.7
6.5	2.1	1.7	2.6	39.6	—	42.2	60.2	23.5	8.8	32.3	46.1	87.4
6.3	2.4	3.8	2.6	38.9	—	41.5	56.7	24.1	9.4	33.6	45.9	90.4
7.7	2.5	1.2	2.1	32.4	—	34.5	69.5	13.8	4.0	17.8	35.8	63.8
7.1	2.6	1.4	1.9	32.1	—	34.0	68.9	13.6	4.1	17.6	35.7	63.3
7.9	2.8	1.0	1.9	31.3	0.1	33.2	68.5	13.3	4.3	17.6	36.3	62.3
<b>BANKS</b>												
11.1	15.1	11.2	39.3	505.0	25.6	544.3	65.3	315.0	24.6	339.6	40.7	1064.7
9.8	13.8	16.8	33.8	462.2	15.2	496.0	58.3	343.9	27.9	371.8	43.7	1030.7
9.4	12.8	13.4	51.8	439.5	12.6	491.3	56.9	354.8	26.9	381.7	44.2	1024.3
11.5	17.6	17.1	55.6	494.2	6.9	549.8	57.9	368.3	29.3	397.6	41.8	1138.0
10.2	18.4	12.1	86.9	544.7	10.6	631.6	60.5	407.7	35.9	443.6	42.5	1260.1
8.6	16.1	14.3	133.8	653.7	12.0	787.5	70.0	389.7	37.2	426.9	37.9	1395.5
8.3	15.7	51.8	114.9	737.9	10.2	852.8	63.3	446.2	55.1	501.3	37.2	1593.2
7.6	12.1	12.4	137.8	679.9	18.6	817.7	71.3	385.6	37.3	422.9	36.8	1406.1
7.9	12.1	14.7	127.9	722.8	16.1	850.7	72.5	375.9	37.1	412.9	35.2	1435.5
7.8	13.8	12.8	142.2	751.9	16.5	894.1	74.7	371.9	37.2	409.0	34.2	1475.6
8.8	12.7	18.8	150.0	758.9	12.4	908.9	73.6	368.2	38.0	406.1	32.9	1519.8
8.3	12.4	24.8	150.9	774.2	14.1	925.1	73.9	363.3	37.1	400.4	32.0	1517.8
10.0	17.6	22.4	152.0	774.5	7.5	926.5	72.3	356.4	38.4	394.8	30.8	1533.4
10.2	13.0	32.4	144.2	746.5	7.3	890.7	68.7	355.8	42.0	397.8	30.7	1511.0
11.0	12.4	31.6	138.6	718.6	7.1	857.2	66.1	393.7	44.1	437.8	33.7	1530.4
10.3	13.8	47.1	133.2	722.6	7.4	855.8	65.4	410.2	51.7	461.8	35.3	1562.3
11.0	14.4	45.7	136.9	728.2	10.4	865.1	64.5	411.2	51.9	463.1	34.5	1596.3
11.0	14.0	43.3	122.6	716.0	10.0	838.6	62.1	421.6	54.5	476.1	35.2	1578.0
8.3	15.7	51.8	114.9	737.9	10.2	852.8	63.3	446.2	55.1	501.3	37.2	1593.2

†† Relate to inland and such foreign import bills as are accounted through bills purchased and discounted account.

\* Include Treasury bills and Treasury Deposit Receipts.

**STATEMENT 6**  
**PRINCIPAL RATIOS OF BANKING COMPANIES, 1956 & 1957**  
*(As on the last Friday of the year)*

(Percentage)

Ratio of 1	Foreign Banks		Indian Sche- duled Banks		Non-Sche- duled Banks		All Banks	
	1956	1957	1956	1957	1956	1957	1956	1957
	2	3	4	5	6	7	8	9
1. Reserves to paid-up capital* .. ..			85	89	57	49	80	83
2. Net demand deposits to total net deposits	64	61	56	49	36	31	56	50
3. Net time deposits to total net deposits ..	36	39	44	51	64	69	44	50
4. Total paid-up capital and reserves to total net deposits@ .. ..			7	6	17	18	7	6
5. Borrowings from banks to total net de- posits .. ..	26	29	6	1	2	4	9	5
6. Cash in hand and balances with the Reserve Bank of India to total net deposits .. ..	8	9	9	8	8	8	9	8
7. Balances with the agent of the Reserve Bank of India and with other banks to total net deposits .. ..	1	1	1	1	4	6	1	1
8. Investments in Government securities to total net deposits .. ..	23	20	37	36	35	27	35	33
9. Total investments to total net deposits	24	23	40	40	44	36	38	37
10. Advances to total net deposits .. ..	107	94	63	58	59	69	70	63
11. Capitalised expenses to total paid-up capital and reserves .. ..			1	1	4	5	2	2

\* 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.

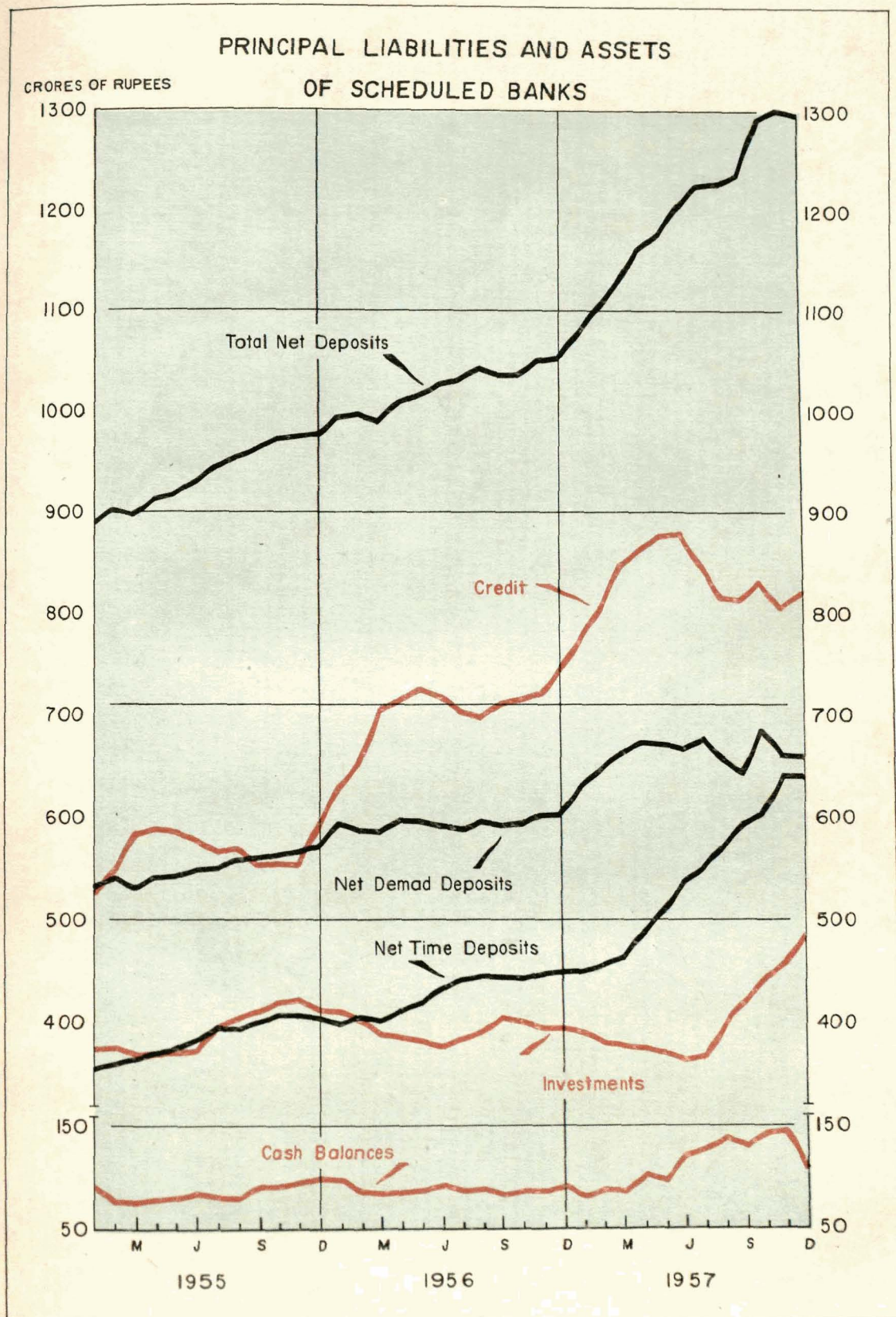
**STATEMENT 7**  
**RATIO OF PAID-UP CAPITAL AND RESERVES TO TOTAL  
DEPOSITS OF INDIAN JOINT-STOCK BANKS, 1939-57**

(Percentage)

End of	Scheduled banks	Non-Scheduled banks	All banks
1	2	3	4
1939 .. .. .	13	25	14
1945 .. .. .	6	11	7
1949 .. .. .	9	20	9
1950 .. .. .	9	21	9
1951 .. .. .	9	22	10
1952 .. .. .	9	22	11
1953 .. .. .	9	21	10
1954 .. .. .	8	19	9
1955 .. .. .	7	18	8
1956 .. .. .	7	16	7
1957 .. .. .	6	18	6

*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 banking companies under the Banking Companies Act.

GRAPH 5



**STATEMENT 8**  
**PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES**  
**CLASSIFIED ACCORDING TO THE SIZE OF THEIR PAID-UP**  
**CAPITAL AND RESERVES, 1957**  
*(As on the last Friday of the year)*

(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 of India	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. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	46	8.8 (10.6)	25.4 (30.6)	57.6 (69.4)	83.0	8.9 (10.7)	26.1 (31.4)	3.2 (3.9)	49.9 (60.1)
2. Rs. 50 lakhs and above.. ..	28	56.3 (5.3)	543.5 (50.7)	528.1 (49.3)	1,071.7	81.4 (7.6)	366.6 (34.2)	43.4 (4.0)	585.2 (54.6)
3. Total of 1 and 2 .. ..	74	65.1 (5.6)	568.9 (49.3)	585.7 (50.7)	1,154.6	90.3 (7.8)	392.7 (34.0)	46.6 (4.0)	635.1 (55.0)
<b>B. NON-SCHEDULED BANKS</b>									
4. Below Rs. 50,000 .. ..	7	—	—	—	—	—	—	—	—
5. Rs. 50,000 and above but less than Rs. 1 lakh .. ..	82	0.6 (30.0)	0.6 (30.0)	1.4 (70.0)	2.0	0.2 (10.0)	0.3 (15.0)	0.2 (10.0)	1.6 (80.0)
6. Rs. 1 lakh and above but less than Rs. 5 lakhs.. ..	173	3.5 (18.2)	5.1 (26.6)	14.1 (73.4)	19.2	1.5 (7.8)	5.2 (27.1)	2.1 (10.9)	12.9 (67.2)
7. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	55	4.3 (15.8)	9.4 (34.4)	17.9 (65.6)	27.3	2.1 (7.7)	7.6 (27.8)	1.9 (7.0)	17.9 (65.6)
8. Rs. 50 lakhs and above.. ..	1	0.6 (100.0)	0.2 (33.3)	0.4 (66.7)	0.6	—	0.2 (33.3)	0.1 (16.7)	0.9 (150.0)
9. Total of 4 to 8 .. ..	318	9.0 (18.3)	15.3 (31.2)	33.8 (68.8)	49.1	3.8 (7.7)	13.3 (27.1)	4.3 (8.8)	33.3 (67.8)
<b>C. ALL BANKS</b>									
10. Below Rs. 50,000 .. ..	7	—	—	—	—	—	—	—	—
11. Rs. 50,000 and above but less than Rs. 1 lakh .. ..	82	0.6 (30.0)	0.6 (30.0)	1.4 (70.0)	2.0	0.2 (10.0)	0.3 (15.0)	0.2 (10.0)	1.6 (80.0)
12. Rs. 1 lakh and above but less than 5 lakhs .. ..	173	3.5 (18.2)	5.1 (26.6)	14.1 (73.4)	19.2	1.5 (7.8)	5.2 (27.1)	2.1 (10.9)	12.9 (67.2)
13. Rs. 5 lakhs and above but less than Rs. 50 lakhs .. ..	101	13.1 (11.9)	34.8 (31.6)	75.5 (68.4)	110.3	11.0 (10.0)	33.7 (30.6)	5.1 (4.6)	67.8 (61.5)
14. Rs. 50 lakhs and above.. ..	29	56.9 (5.3)	543.7 (50.7)	528.5 (49.3)	1,072.3	81.4 (7.6)	366.8 (34.2)	43.5 (4.1)	586.1 (54.7)
15. Total of 10 to 14 .. ..	392	74.1 (6.2)	584.2 (48.5)	619.5 (51.5)	1,203.8	94.1 (7.8)	406.0 (33.7)	50.9 (4.2)	668.4 (55.5)

*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.



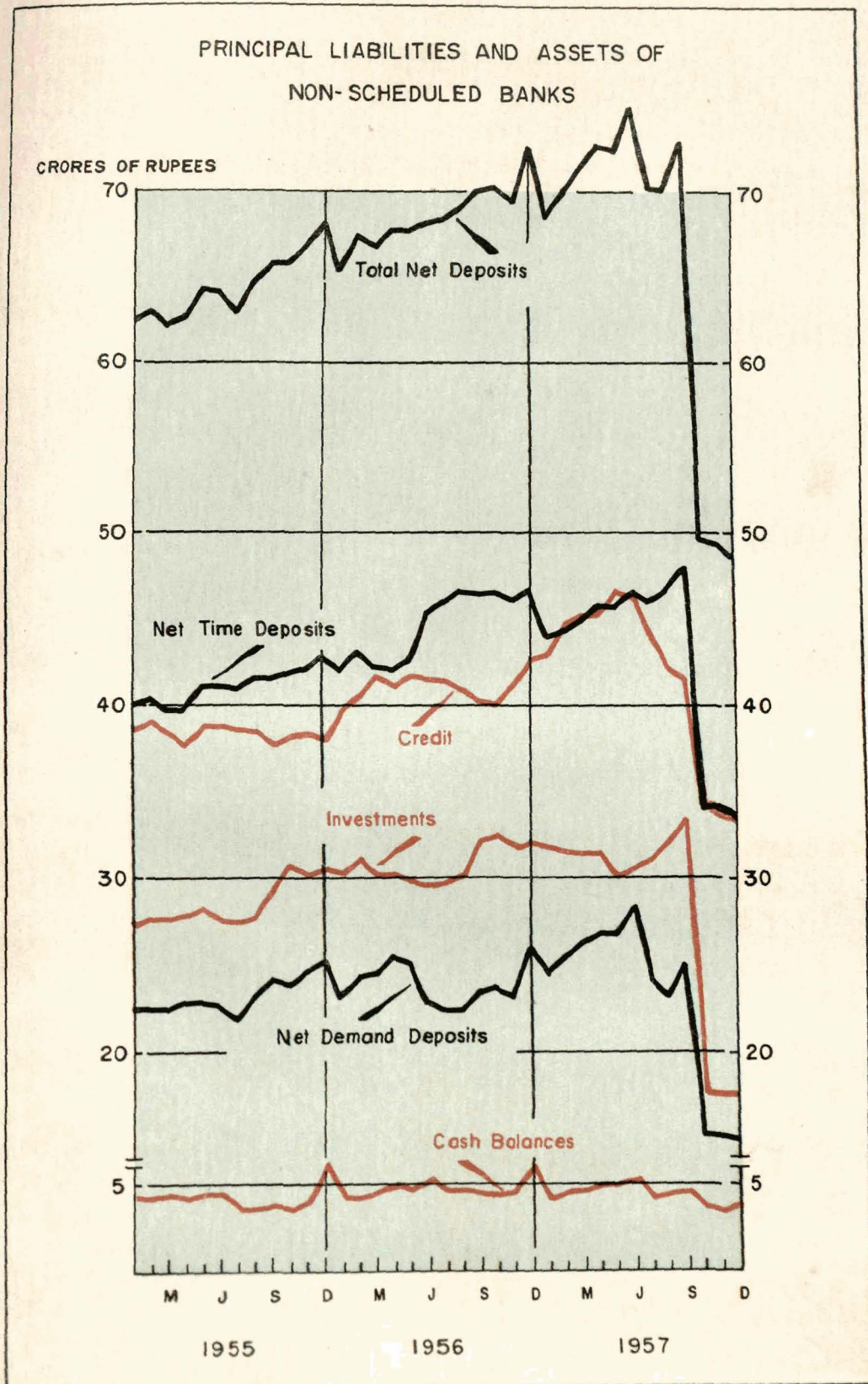
## STATEMENT 9

**CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE SIZE OF THEIR RESERVES IN RELATION  
TO THEIR PAID-UP CAPITAL, 1949-57**

Class of banking companies	Last Friday 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	Num- ber	Per- centage to total	Num- ber	Per- centage to total	Num- ber	Per- centage to total		
										Num- ber	
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	
	1955	2	3	32	44	16	22	22	31	72	
	1956	2	3	29	40	17	24	24	33	72	
1957	2	3	28	38	18	24	26	35	74		
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	
	1955	23	6	219	57	72	19	72	19	386	
	1956	13	4	189	53	81	23	71	20	354	
1957	9	3	165	52	73	23	71	22	318		
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	
	1955	25	5	251	55	88	19	94	21	458	
	1956	15	4	218	51	98	23	95	22	426	
1957	11	3	193	49	91	23	97	25	392		

*Note :—*The statement excludes banking companies incorporated outside India.

GRAPH 6



## STATEMENT 10

UNCLAIMED DEPOSITS HELD BY BANKING COMPANIES,  
1955 & 1956

(Amount in lakhs of rupees)

	December 31, 1955				December 31, 1956			
Number of reporting banking companies	488				451			
Number of banking companies showing unclaimed accounts	268				255			
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 .. ..	53,008	26	44	24	70,127	26	59	25
2. Savings .. ..	1,43,388	71	94	52	1,96,438	72	1,31	54
3. Fixed .. ..	943	—	37	20	1,209	—	43	18
4. Others .. ..	4,938	2	6	3	5,323	2	7	3
II. Interest credited ..			1	1			1	—
III. Incidental charges debited .. ..			*				*	
IV. Total .. ..	2,02,277	100	1,82	100	2,73,097	100	2,41	100

\* Less than Rs. 50,000.

**STATEMENT II**  
**OWNERSHIP OF DEPOSITS OF BANKS IN INDIA, 1956 AND 1957**  
*(By Types of Deposits)*

(Amount in lakhs of rupees)									
Number of reporting banks	Scheduled Banks				Non-Scheduled Banks*				
	Dec. 31, 1956		Dec. 31, 1957		Dec. 31, 1956		Dec. 31, 1957		
	87		86		155		154		
	Amount	Percentage to group total	Amount	Percentage to group total	Amount	Percentage to group total	Amount	Percentage to group total	
	2	3	4	5	6	7	8	9	
I. Demand deposits of :									
1. Manufacturing concerns:									
(a) Companies: .. .. .	63,57	12.2	61,95	10.9	57	3.8	44	4.6	
(i) Cotton textiles (ginning, pressing, spinning and weaving etc.) .. .. .	56,81	10.9	54,95	9.7	39	2.6	30	3.2	
(ii) Jute textiles .. .. .			8,96	1.6			8	0.8	
(iii) Rayon, nylon and silk textiles .. .. .	17,02	3.3	1,08	0.2	22	1.5	—	—	
(iv) Other textiles .. .. .			46	0.1			2	0.2	
(v) Iron and steel .. .. .			1,01	0.2			4	0.4	
(vi) Engineering: Heavy engineering .. .. .			5,66	1.0			—	—	
Light engineering:			4,15	0.7			—	—	
Automobiles and parts .. .. .	14,45	2.8	64	0.1	3	0.2	—	—	
Wire and wire products .. .. .			86	0.2			—	—	
Bicycles and parts .. .. .			30	0.1			1	0.1	
Others .. .. .			1,64	0.3			3	0.3	
(vii) Coal, other mining and quarrying .. .. .	3,72	0.7	3,80	0.7	2	0.1	2	0.2	
(viii) Sugar and gur .. .. .	2,22	0.4	2,70	0.5	1	0.1	3	0.3	
(ix) Vegetable oil crushing and refining (including vanaspati, soap, etc.) .. .. .	3,12	0.6	84	0.1	4	0.3	1	0.1	
(x) Chemicals, dyes, paints and pharmaceuticals .. .. .	4,56	0.9	4,96	0.9	1	0.1	1	0.1	
(xi) Cement .. .. .			1,78	0.3			—	—	
(xii) Paper and paper products .. .. .			1,11	0.2			—	—	
(xiii) Rubber and rubber products .. .. .			71	0.1			—	—	
(xiv) Leather and leather goods .. .. .	11,72	2.2	32	0.1	7	0.5	—	—	
(xv) Fuel oils .. .. .			3,23	0.6			—	—	
(xvi) Electrical goods and accessories .. .. .			3,08	0.5			—	—	
(xvii) Other manufacturing concerns .. .. .			7,66	1.3			5	0.5	
(b) Partnerships and others .. .. .	6,76	1.3	7,00	1.2	18	1.2	14	1.5	

2. Trading concerns	117,00	22.4	118,85	21.0	2,34	15.8	1,63	17.2
(a) Companies	39,33	7.5	36,45	6.3	31	2.1	43	4.5
(b) Others (individual proprietors and partnerships)	77,67	14.9	83,40	14.7	2,03	13.7	1,20	12.7
3. Public utilities (e.g., transport and communications, gas, electricity etc.)	12,74	2.4	10,45	1.8	36	2.4	7	0.7
4. Plantation	10,65	2.0	8,23	1.5	10	0.7	14	1.5
5. Financial	51,98	10.0	64,52	11.4	1,52	10.2	60	6.3
(a) Banks	34,48	6.6	42,20	7.5	1,17	7.9	40	4.2
(b) Co-operative banks and societies	9,09	1.7	10,12	1.8	24	1.6	13	1.4
(c) Insurance companies (other than Life Insurance Corporation of India) and other financial institutions	8,41	1.6	12,20	2.1	11	0.7	7	0.7
6. Personal	127,70	24.5	130,08	23.0	3,11	21.0	2,92	30.8
7. Government and quasi-Government bodies	60,72	11.6	70,95	12.5	4,62	31.1	2,24	23.7
(a) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc.	43,32	8.3	48,33	8.5	4,37	29.4	2,19	23.1
(b) Others	17,40	3.3	22,62	4.0	25	1.7	5	0.5
8. Others	66,47	12.7	89,49	15.8	1,40	9.4	73	7.7
9. Unclassified@	11,38	2.2	11,73	2.1	80	5.4	69	7.3
Total of I	522,21	100.0	566,25	100.0	14,84	100.0	9,47	100.0
II. Savings deposits of:								
10. Personal	158,40	86.3	173,00	85.6	10,08	77.5	4,92	70.9
11. Others	5,70	3.1	6,01	3.0	83	6.4	48	6.9
12. Unclassified@	19,55	10.6	22,97	11.4	2,10	16.1	1,54	22.2
Total of II	183,65	100.0	201,98	100.0	13,01	100.0	6,94	100.0
III. Time deposits of:								
13. Trading concerns	54,29	14.7	39,16	6.8	3,40	9.5	1,03	3.6
14. Financial concerns	14,63	4.0	46,58	8.0	89	2.5	38	1.3
15. Manufacturing concerns	23,80	4.1	23,80	4.1	73	2.6	73	2.6
16. Other business deposits	13,16	3.6	17,23	3.0	42	1.2	45	1.6
17. Personal	201,90	54.7	250,94	43.3	26,13	72.9	22,58	80.0
18. Government and quasi-Government bodies	50,78	13.8	153,99	26.6	1,81	5.0	86	3.0
(a) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc.	41,60	11.3	45,50	7.9	1,37	3.8	68	2.4
(b) Others	9,18	2.5	108,49	18.7	44	1.2	18	0.6
19. Others	32,28	8.7	45,50	7.9	2,19	6.1	1,14	4.0
20. Unclassified@	1,91	0.5	2,18	0.3	1,02	2.8	1,09	3.9
Total of III	368,95	100.0	579,38	100.0	35,86	100.0	28,26	100.0
Total of I to III	1074,81		1347,61		63,72		44,67	

@ Accounts of less than Rs. 500.

\* Each having total deposits of Rs. 5 lakhs and over.

Note: Detailed breakdown in respect of certain items under manufacturing concerns have been obtained for the December 1957 survey. Thus the item 'Textile Manufacturing Companies' shown last year has been further split up into (1) cotton textiles (2) jute textiles (3) rayon, nylon and silk textiles and (4) other textiles. Similarly the item 'Iron and steel, engineering, metal and metal product companies,' has been further split up into (1) Iron and steel and (2) Engineering, the latter being again split up into heavy engineering and light engineering. Items (xi) to (xvii) of group I (a)—Manufacturing concerns shown under "Other manufacturing concerns" in 1956, have been shown separately.

## STATEMENT 12

PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES  
CLASSIFIED ACCORDING TO THE SIZE OF THEIR DEPOSITS, 1957

[As on the last Friday of the year]

(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 of India	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 .. ..	3	0.2	—	—	—	—	—	—	0.2
2. Rs. 5 lakhs to Rs. 10 lakhs ..	3	0.2 (18.2)	0.3 (27.3)	0.8 (72.7)	1.1	0.1 (9.1)	0.4 (36.4)	—	0.6 (54.5)
3. Rs. 10 lakhs to Rs. 50 lakhs ..	6	1.3 (100.0)	0.6 (46.2)	0.7 (53.8)	1.3	0.1 (7.7)	0.6 (46.2)	0.3 (23.1)	1.3 (100.0)
4. Rs. 50 lakhs to Rs. 1 crore ..	15	2.1 (19.6)	4.7 (43.9)	6.0 (56.1)	10.7	1.3 (12.1)	3.7 (34.6)	0.5 (4.7)	16.0 (149.5)
5. Rs. 1 crore to Rs. 5 crores ..	29	8.3 (12.3)	29.1 (43.1)	38.4 (56.9)	67.5	7.8 (11.6)	18.2 (27.0)	4.8 (7.1)	45.3 (67.1)
6. Rs. 5 crores to Rs. 10 crores ..	11	6.4 (7.6)	31.4 (37.4)	52.6 (62.6)	84.0	7.5 (8.9)	27.3 (32.5)	4.2 (5.0)	52.0 (61.9)
7. Rs. 10 crores to Rs. 20 crores ..	10	9.8 (6.8)	75.3 (52.3)	68.8 (47.7)	144.1	12.1 (8.4)	37.1 (25.7)	8.0 (5.6)	77.5 (53.8)
8. Rs. 20 crores and above ..	14	42.3 (4.0)	553.7 (52.7)	496.4 (7.3)	1,050.1	78.8 (7.5)	345.6 (32.9)	33.0 (3.1)	626.6 (59.7)
9. Total of 1 to 8 .. ..	91	70.5 (5.2)	695.1 (51.2)	663.8 (48.8)	1,358.8	107.6 (7.9)	432.9 (31.9)	50.8 (3.7)	819.5 (60.3)
<b>B. NON-SCHEDULED BANKS</b>									
10. Below Rs. 5 lakhs .. ..	155	2.3 (79.3)	0.8 (27.6)	2.1 (72.4)	2.9	0.3 (10.3)	0.6 (20.7)	0.3 (10.3)	3.4 (117.3)
11. Rs. 5 lakhs to Rs. 10 lakhs ..	55	1.1 (27.5)	1.1 (27.5)	2.9 (72.5)	4.0	0.4 (10.0)	0.9 (22.5)	0.5 (12.5)	3.0 (75.0)
12. Rs. 10 lakhs to Rs. 50 lakhs ..	81	2.8 (17.1)	4.8 (29.3)	11.6 (70.7)	16.4	1.3 (7.9)	4.3 (26.2)	1.8 (11.0)	11.1 (67.7)
13. Rs. 50 lakhs to Rs. 1 crore ..	17	1.6 (14.8)	3.2 (29.6)	7.6 (70.4)	10.8	0.7 (6.5)	2.8 (25.9)	0.7 (6.5)	7.6 (70.4)
14. Rs. 1 crore to Rs. 5 crores ..	10	1.1 (7.3)	5.5 (36.7)	9.5 (63.3)	15.0	1.2 (8.0)	4.7 (31.3)	1.0 (6.7)	8.3 (55.3)
15. Total of 10 to 14 .. ..	318	9.0 (18.3)	15.3 (31.2)	33.8 (68.8)	49.1	3.8 (7.7)	13.3 (27.1)	4.3 (8.8)	33.3 (67.8)
<b>C. ALL BANKS</b>									
16. Below Rs. 5 lakhs .. ..	158	2.5 (86.2)	0.8 (27.6)	2.1 (72.4)	2.9	0.3 (10.3)	0.6 (20.7)	0.3 (10.3)	3.6 (124.1)
17. Rs. 5 lakhs to Rs. 10 lakhs ..	58	1.3 (25.5)	1.4 (27.5)	3.7 (72.5)	5.1	0.5 (9.8)	1.3 (25.5)	0.5 (9.8)	3.6 (70.6)
18. Rs. 10 lakhs to Rs. 50 lakhs ..	87	4.1 (23.2)	5.4 (30.5)	12.3 (69.5)	17.7	1.4 (7.9)	4.9 (27.7)	2.1 (11.9)	12.4 (70.1)
19. Rs. 50 lakhs to Rs. 1 crore ..	32	3.7 (17.2)	7.9 (36.7)	13.6 (63.3)	21.5	2.0 (9.3)	6.5 (30.2)	1.2 (5.6)	23.6 (109.8)
20. Rs. 1 crore to Rs. 5 crores ..	39	9.4 (11.4)	34.6 (41.9)	47.9 (58.1)	82.5	8.9 (10.8)	22.9 (27.8)	5.8 (7.0)	53.6 (65.0)
21. Rs. 5 crores to Rs. 10 crores ..	11	6.4 (7.6)	31.4 (37.4)	52.6 (62.6)	84.0	7.5 (8.9)	27.3 (32.5)	4.2 (5.0)	52.0 (61.9)
22. Rs. 10 crores to Rs. 20 crores ..	10	9.8 (6.8)	75.3 (52.3)	68.8 (47.7)	144.1	12.1 (8.4)	37.1 (25.7)	8.0 (5.6)	77.5 (53.8)
23. Rs. 20 crores and above ..	14	42.3 (4.0)	553.7 (52.7)	496.4 (7.3)	1,050.1	78.8 (7.5)	345.6 (32.9)	33.0 (3.1)	626.6 (59.7)
24. Total of 16 to 23 .. ..	409	79.5 (5.6)	710.4 (50.5)	697.5 (49.5)	1,407.9	111.5 (7.9)	446.2 (31.7)	55.1 (39.1)	852.8 (60.6)

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

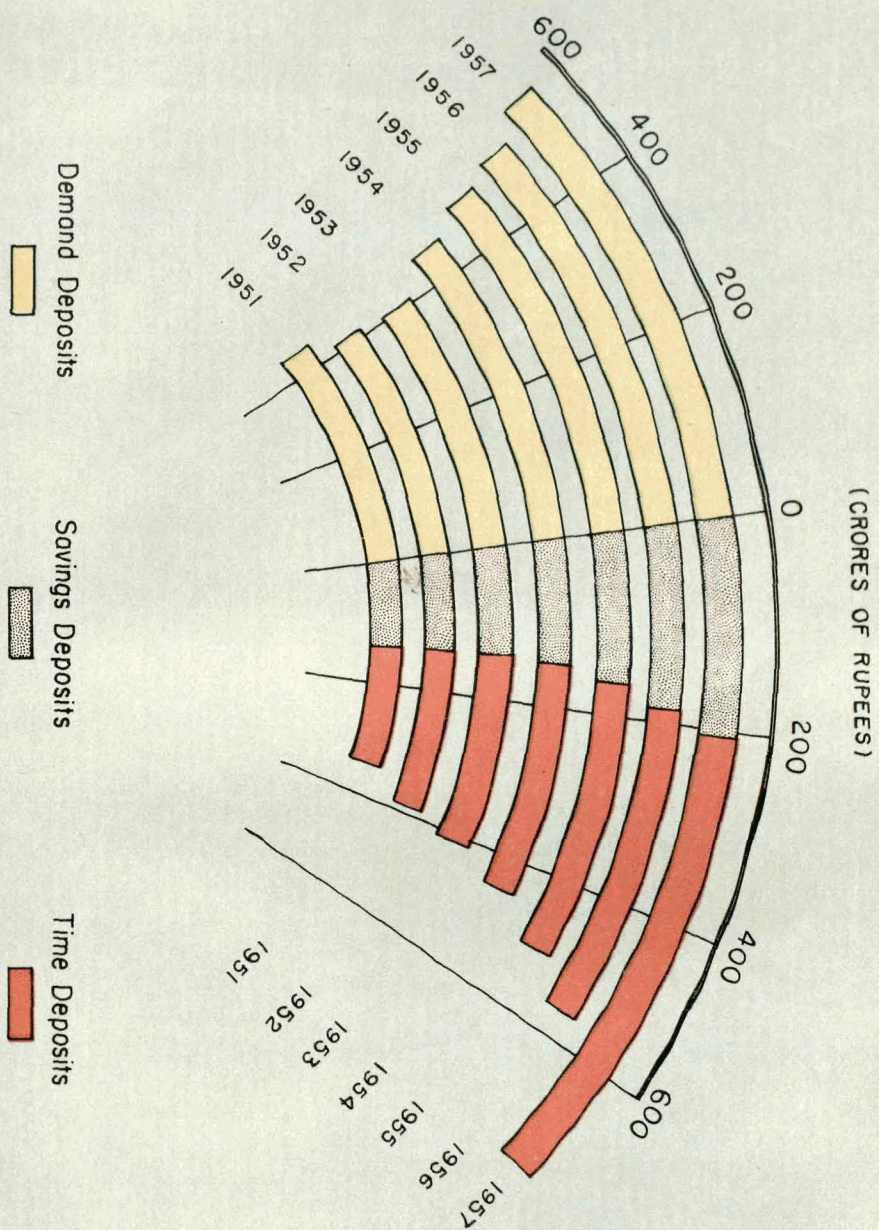
\* Exclude paid-up capital of banking companies incorporated outside India.

† Include Treasury bills.



GRAPH 7

# COMPOSITION OF DEPOSITS OF SCHEDULED BANKS IN INDIA 1951-1957





**STATEMENT 13**  
**OWNERSHIP OF DEPOSITS OF BANKS IN INDIA, 1956 AND 1957**  
*(By Types of Depositors)*

(Amount in lakhs of rupees)

Number of reporting banks	Scheduled Banks				Non-Scheduled Banks*			
	87		86		155		154	
	Dec. 31, 1956		Dec. 31, 1957		Dec. 31, 1956		Dec. 31, 1957	
	Amount	Per-centage to total deposits	Amount	Per-centage to total deposits	Amount	Per-centage to total deposits	Amount	Per-centage to total deposits
1	2	3	4	5	6	7	8	9

I. Business deposits of								
1. Manufacturing concerns	63,57	5.9	85,75@	6.4	57	0.9	1,17@	2.6
(a) Companies .. ..	56,81	5.2	54,95	4.1	39	0.6	30	0.7
(i) Cotton textiles (ginn- ing, pressing, spinning and weaving etc.) ..	17,02	1.6	8,96	0.7	22	0.3	8	0.2
(ii) Jute textiles ..			1,08	0.1			—	—
(iii) Rayon, nylon and silk textiles ..			46	—			2	—
(iv) Other textiles ..			1,01	0.1			4	0.1
(v) Iron and steel ..	14,45	1.3	5,66	0.4	3	0.1	—	—
(vi) Engineering:			4,15	0.3			—	—
Heavy engineering ..			—	—			—	—
Light engineering :			64	—			—	—
Automobiles and parts			—	—			—	—
Wire and wire pro- ducts .. ..			86	0.1			—	—
Bicycles and parts ..			30	—			1	—
Others .. ..			1,64	0.1			3	0.1
(vii) Coal, other mining and quarrying ..	3,72	0.3	3,80	0.3	2	—	2	—
(viii) Sugar and gur ..	2,22	0.2	2,70	0.2	1	—	3	0.1
(ix) Vegetable oil crushing and refining (includ- ing vanaspati, soap, etc.) .. ..	3,12	0.3	84	0.1	4	0.1	1	—
(x) Chemicals, dyes, paints and pharmaceuticals	4,56	0.4	4,96	0.4	1	—	1	—
(xi) Cement .. ..	11,72	1.1	1,78	0.1	7	0.1	—	—
(xii) Paper and paper pro- ducts .. ..			1,11	0.1			—	—
(xiii) Rubber and rubber products .. ..			71	0.1			—	—
(xiv) Leather and leather Goods .. ..			32	—			—	—
(xv) Fuel oils .. ..			3,23	0.2			—	—
(xvi) Electrical goods and accessories .. ..			3,08	0.2			—	—
(xvii) Other manufacturing concerns .. ..			7,66	0.6			5	0.1
(b) Partnerships and others ..	6,76	0.6	7,00	0.5	18	0.3	14	0.3

**STATEMENT 13—(Concd.)**  
**OWNERSHIP OF DEPOSITS OF BANKS IN INDIA, 1956 AND 1957**  
*(By Types of Depositors)*

1	Scheduled Banks				Non-Scheduled Banks*			
	87		86		155		154	
	Dec. 31, 1956		Dec. 31, 1957		Dec. 31, 1956		Dec. 31, 1957	
	Amount		Amount		Amount		Amount	
	Percentage to total deposits		Percentage to total deposits		Percentage to total deposits		Percentage to total deposits	
	2	3	4	5	6	7	8	9
2. Trading concerns ..	1,71,20†	15.9	1,58,01†	11.7	5,73†	9.0	2,66†	6.0
(a) Companies ..	30,33	3.7	35,45	2.6	31	0.5	43	1.0
(b) Others (Individual proprietors and partnerships) ..	77,66	7.2	83,40	6.2	2,03	3.2	1,20	2.7
3. Public utilities (e.g. transport and communications, gas, electricity, etc.) ..	12,74	1.2	10,45	0.8	36	0.6	7	0.2
4. Plantations ..	10,65	1.0	8,23	0.6	10	0.2	14	0.3
5. Financial: ..	66,61**	6.2	1,11,10**	8.2	2,42**	3.8	98**	2.2
(a) Banks ..	34,48	3.2	42,20	3.1	1,17	1.8	40	0.9
(b) Co-operative banks and societies ..	9,09	0.8	10,12	0.8	24	0.4	13	0.3
(c) Insurance companies (other than Life Insurance Corporation of India) and other financial institutions ..	8,41	0.8	12,20	0.9	11	0.2	7	0.2
6. Others ..	13,16	1.2	17,23	1.3	42	0.7	45	1.0
Total business deposits	3,38,02	31.4	3,90,77	29.0	9,61	15.1	5,47	12.2
II. Personal deposits ..	4,87,99	45.4	5,54,02	41.1	39,32	61.7	30,42	68.1
III. Government and quasi-Govt. bodies: ..	1,11,50	10.4	2,24,94	16.7	6,43	10.1	3,10	6.9
(a) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc. ..	84,91	7.9	93,83	7.0	5,74	9.0	2,87	6.4
(b) Others ..	26,59	2.5	1,31,11	9.7	69	1.1	23	0.5
IV. Others ..	1,04,45	9.7	1,41,00	10.5	4,43	7.0	2,35	5.3
V. Unclassified† ..	32,85	3.1	36,88	2.7	3,93	6.2	3,33	7.4
Total of I to V ..	10,74,81	100.0	13,47,61	100.0	63,72	100.0	44,67	100.0

*Note:* Detailed breakdown have been obtained for the December 1957 Survey in respect of certain items under group I (1) —Manufacturing concerns. Thus the item "Textile manufacturing Companies" shown last year has been further split up into (1) Cotton textiles, (2) Jute textiles, (3) Rayon, nylon and silk textiles and (4) Other textiles. Similarly the item, "Iron and steel, and engineering (heavy and light), metals and metal product companies" has been further split up into (1) Iron and Steel and (2) Engineering, the latter being again split up into "Heavy Engineering" and "Light Engineering". Items (xi) to (xvii) included under other manufacturing concerns in 1956 have been shown separately in 1957.

\* Each having total deposits of Rs. 5 lakhs and over.

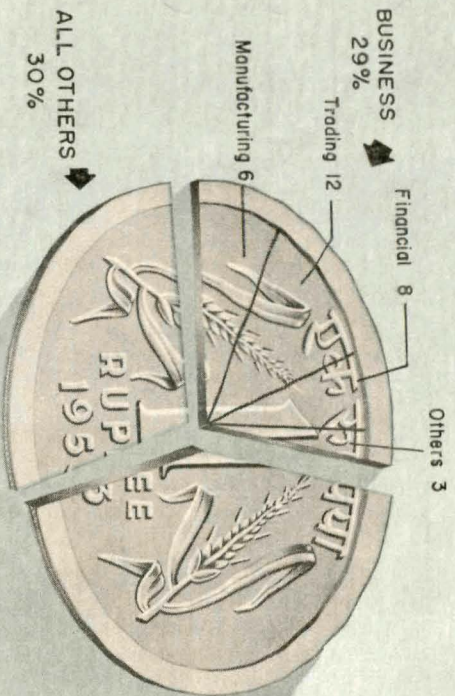
† Accounts of less than Rs. 500.

‡ Includes time deposits of trading concerns.

\*\* Includes time deposits of financial concerns.

@Includes time deposits of manufacturing concerns.

### SCHEDULED BANKS



### OWNERSHIP OF DEPOSITS OF BANKS

As at December 31, 1957  
(PERCENTAGES)

PERSONAL  
41

### NON-SCHEDULED BANKS



## STATEMENT 14

**CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE RATIO OF THEIR INVESTMENTS IN  
GOVERNMENT SECURITIES TO TOTAL DEPOSITS, 1956 & 1957**

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

Percentage of investments in Government securities to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1956		1957		1956		1957		1956		1957	
	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total
	2	3	4	5	6	7	8	9	10	11	12	13
Below 1 ..	2	2	1	1	47	13	29	9	49	11	30	7
From 1 to 10 ..	4	4	3	3	48	14	37	12	52	12	40	10
From 11 to 20 ..	17	19	20	22	93	26	109	34	110	25	129	32
From 21 to 30 ..	15	17	30	33	85	24	73	23	100	23	103	25
From 31 to 40 ..	29	33	22	24	32	9	32	10	61	14	54	13
From 41 to 50 ..	12	13	7	8	24	7	15	5	36	8	22	5
From 51 to 80 ..	6	7	4	4	19	5	17	5	25	6	21	5
81 and above ..	4	4	4	4	6	2	6	2	10	2	10	2
<b>Total ..</b>	<b>89</b>		<b>91</b>		<b>354</b>		<b>318</b>		<b>443</b>		<b>409</b>	

## STATEMENT 15

**CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES  
ACCORDING TO THE RATIO OF THEIR ADVANCES TO  
TOTAL DEPOSITS, 1956 & 1957**

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

Percentage of advances to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1956		1957		1956		1957		1956		1957	
	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total	Num- ber	Perce- ntage to total
	2	3	4	5	6	7	8	9	10	11	12	13
Less than 31 ..	1	1	3	3	13	4	13	4	14	3	16	4
From 31 to 50 ..	12	13	16	18	24	7	19	6	36	8	35	9
From 51 to 70 ..	39	44	45	49	85	24	79	25	124	28	124	30
From 71 to 100 ..	21	24	14	15	111	31	104	33	132	30	118	29
Above 100 ..	16	18	13	14	121	34	103	32	137	31	116	28
<b>Total ..</b>	<b>89</b>		<b>91</b>		<b>354</b>		<b>318</b>		<b>443</b>		<b>409</b>	

## STATE

## VELOCITY OF CIRCULATION OF

Classification	Average of current deposits			
	Of business and individuals		Total	
	1956 2	1957 3	1956 4	1957 5
1				
<b>I. All Scheduled Banks .. .. .</b>	<b>360.0</b>	<b>374.5</b>	<b>392.9</b>	<b>430.4</b>
(a) Major Indian* .. .. .	219.1	236.4	247.1	280.1
(b) Foreign .. .. .	97.1	95.3	98.7	102.8
(c) Others .. .. .	43.9	42.9	47.1	47.5
<b>II (a) States††</b>				
Andhra Pradesh .. .. .		5.9		6.3
Bihar .. .. .		6.9		8.3
Bombay .. .. .		146.1		169.9
Kerala .. .. .		5.8		7.6
Madhya Pradesh .. .. .		4.4		5.3
Madras .. .. .		21.3		23.4
Mysore .. .. .		7.1		9.2
Orissa .. .. .		1.1		1.5
Punjab .. .. .		5.5		6.8
Rajasthan .. .. .		3.3		3.8
Uttar Pradesh .. .. .		16.3		18.6
West Bengal .. .. .		100.5		108.9
Jammu and Kashmir .. .. .		0.9		1.6
<b>Total of States .. .. .</b>		<b>325.1</b>		<b>371.2</b>
<b>(b) Union Territories</b>				
Delhi .. .. .		49.5		59.3
<b>Total of States and Union Territories .. .. .</b>		<b>374.5</b>		<b>430.4</b>
<b>III. Population Groups</b>				
Ten lakhs and over .. .. .	267.1	287.4	287.7	328.7
Five lakhs to ten lakhs .. .. .	27.4	22.9	29.9	26.0
Two lakhs to five lakhs .. .. .	36.4	35.7	42.6	42.5
One lakh to two lakhs .. .. .	29.1	28.5	32.7	33.2
<b>Total of III .. .. .</b>	<b>360.0</b>	<b>374.5</b>	<b>392.9</b>	<b>430.4</b>
<b>IV. Major Cities</b>				
Bombay .. .. .	126.0	122.8	133.7	144.2
Calcutta .. .. .	101.1	99.2	107.1	107.5
Delhi .. .. .	22.7	49.5	28.0	59.3
Madras .. .. .	17.4	15.9	18.9	17.8
<b>Total of IV .. .. .</b>	<b>267.1</b>	<b>287.4</b>	<b>287.7</b>	<b>328.7</b>

*Note:* Figures for 1957 are provisional and cover the period January to November 1957; while the average of current deposits is based on the month end figures for the first 11 months, debits to such accounts refer to the total of first 11 months of the year. The rate of turnover of current deposits is, however, calculated on an annual basis.

\* Banks each with deposits of Rs. 25 crores and over.

†† State-wise data for 1956 are not available on the basis of reorganised States.

## MENT 16

## DEPOSIT MONEY,† 1956 AND 1957

(Amount in crores of rupees)

Total of debits to current deposit accounts				Rate of turnover of current deposits@			
Of business and individuals		Total		Of business and individuals		Overall rate	
1956 8	1957 7	1956 8	1957 9	1956 10	1957 11	1956 12	1957 13
17,281.1	16,343.9	17,951.7	17,179.2	48.0	47.6	45.7	43.5
9,089.7	8,997.9	9,687.7	9,767.0	41.5	41.5	39.2	38.0
4,921.8	4,638.4	4,934.1	4,653.3	50.7	53.1	50.0	49.3
3,269.6	2,707.6	3,329.9	2,758.9	74.5	68.8	70.7	63.3
	277.6		281.5		51.3		48.7
	168.8		172.6		26.7		22.7
	6,536.9		6,868.8		48.8		44.1
	241.7		251.4		45.4		36.0
	219.0		233.7		54.3		48.1
	1,073.2		1,119.9		54.9		52.2
	273.3		317.5		42.0		37.6
	14.8		16.3		14.6		11.7
	190.1		199.8		37.7		32.0
	103.1		167.6		34.1		48.1
	611.6		639.0		40.9		37.4
	5,653.2		5,816.2		61.3		58.2
	15.0		22.0		18.2		15.0
	15,378.4		16,106.3		51.6		47.3
	965.5		1,072.8		21.3		19.7
	16,343.9		17,179.2		47.6		43.5
13,368.8	12,782.8	13,780.4	13,382.4	50.0	48.5	47.9	44.4
1,436.6	1,199.1	1,500.4	1,261.7	52.4	57.1	50.2	52.9
1,379.4	1,293.7	1,527.3	1,424.1	37.9	39.5	35.9	36.5
1,096.2	1,068.4	1,143.5	1,110.9	37.7	40.9	35.0	36.5
17,281.1	16,343.9	17,951.7	17,179.2	48.0	47.6	45.7	43.5
5,636.9	5,404.5	5,817.6	5,689.5	44.7	48.0	43.5	43.0
5,904.7	5,628.5	6,039.0	5,790.7	58.4	61.8	56.4	58.7
987.2	9.65.5	1,009.4	1,072.8	41.3	21.3	36.0	19.7
890.0	784.2	914.2	8,29.4	51.2	53.8	48.4	50.8
13,368.8	12,782.8	13,780.4	13,382.5	50.0	48.5	47.9	44.4

† Relates to scheduled banks' offices operating in towns with a population of one lakh and over.

@ Total of debits to current accounts for 12 months divided by the monthly average of current deposits for the year.

**STATE**  
**DEBITS TO DEPOSIT ACCOUNTS**  
Bank-wise

As at the close of	Number of reporting		Current deposits	
	Banks	Offices	Of business and individuals	Total
	1	2	3	4
<b>A. MAJOR INDIAN**</b>				
1956 .. .. .	9	596	220.8	250.6
1957 .. .. .	9	605	218.7	260.4
1957—(Monthly)				
January .. ..	9	597	238.8	278.3
February .. ..	9	599	250.6	290.7
March .. .. .	9	596	245.9	297.6
April .. .. .	9	595	247.0	286.9
May .. .. .	9	596	244.4	286.1
June .. .. .	9	594	243.5	287.9
July .. .. .	9	593	228.4	275.1
August .. .. .	9	592	220.7	265.6
September .. ..	9	593	233.4	277.0
October .. .. .	9	596	229.0	276.2
November .. ..	9	605	218.7	260.4
<b>B. FOREIGN</b>				
1956 .. .. .	17	63	92.0	94.8
1957 .. .. .	17	64	96.1	105.3
1957—(Monthly)				
January .. ..	17	64	96.3	99.0
February .. ..	17	64	96.4	99.1
March .. .. .	17	64	93.2	94.7
April .. .. .	17	64	100.5	107.5
May .. .. .	17	64	101.4	111.6
June .. .. .	17	64	90.8	101.2
July .. .. .	17	64	91.8	102.0
August .. .. .	17	64	91.0	100.6
September .. ..	17	64	89.5	98.9
October .. .. .	17	64	101.4	111.0
November .. ..	17	64	96.1	105.3

*Note:*—Footnotes are given at the end of the statement.



**MENT 17****WITH SCHEDULED BANKS,\* 1956 AND 1957****Classification**

(Amount in crores of rupees)

Debits to current deposit accounts		Total of approved cash credit and/or overdraft limits	Total credit outstanding	Rate of turnover of current deposits†	
Of business and individuals	Total			Of business and individuals	Overall rate
5	6	7	8	9	10
<b>BANKS</b>					
9,089.7	<b>9,687.7</b>	389.5	362.5	41.5	39.2
8,997.9	<b>9,767.0</b>	456.8	370.2	41.5	38.0
914.4	<b>977.8</b>	409.0	378.8	46.0	42.2
836.6	<b>887.2</b>	421.9	389.3	40.1	36.6
892.1	<b>972.9</b>	429.3	405.2	43.5	39.2
899.8	<b>978.1</b>	441.3	416.7	43.7	40.9
910.1	<b>976.1</b>	437.0	408.3	44.7	40.9
798.1	<b>859.1</b>	447.4	411.0	39.3	35.8
837.3	<b>904.1</b>	446.1	391.5	44.0	39.4
722.6	<b>806.2</b>	438.9	381.1	39.3	36.4
688.5	<b>757.6</b>	426.9	363.3	35.4	32.8
675.2	<b>737.6</b>	433.4	377.2	35.4	32.1
823.2	<b>910.2</b>	456.8	370.2	45.2	41.9
<b>BANKS</b>					
4,921.8	<b>4,934.1</b>	226.6	201.9	50.7	50.0
4,638.4	<b>4,653.3</b>	220.4	194.4	53.1	49.3
458.0	<b>461.1</b>	225.2	203.9	57.1	55.9
405.2	<b>407.8</b>	225.7	205.6	50.4	49.4
464.5	<b>466.0</b>	225.3	208.1	59.8	59.0
429.6	<b>430.3</b>	225.4	204.9	51.3	48.0
420.6	<b>421.5</b>	227.7	205.6	49.8	45.3
421.4	<b>422.2</b>	226.3	208.1	55.7	50.1
405.3	<b>406.5</b>	227.3	205.2	53.0	47.8
379.9	<b>381.5</b>	225.5	200.6	50.1	45.5
386.5	<b>387.3</b>	221.8	206.7	51.8	47.0
404.4	<b>405.1</b>	222.3	205.6	47.9	43.8
463.2	<b>464.2</b>	220.4	194.4	57.8	52.9

**STATE**

**DEBITS TO DEPOSIT ACCOUNTS**

Bank-wise

As at the close of	Number of reporting		Current deposits	
	Banks	Offices	Of business and individuals	Total
	1	2	3	4
<b>C. OTHER</b>				
1956 .. ..	55	457	45.6	49.3
1957 .. ..	56	471	44.9	51.0
1957—(Monthly)				
January .. ..	54	445	38.8	42.6
February .. ..	54	444	39.9	43.9
March .. ..	54	442	40.0	44.6
April .. ..	54	442	43.9	48.7
May .. ..	54	443	44.3	48.6
June .. ..	54	443	47.3	51.7
July .. ..	54	437	45.5	49.9
August .. ..	54	436	41.3	45.3
September .. ..	54	437	40.6	45.3
October .. ..	56	443	44.9	50.5
November .. ..	56	471	44.9	51.0
<b>D. ALL</b>				
1956 .. ..	81	1,116	358.4	394.7
1957 .. ..	82	1,140	359.7	416.8
1957—(Monthly)				
January .. ..	80	1,106	373.9	419.9
February .. ..	80	1,107	387.0	433.7
March .. ..	80	1,102	379.1	436.8
April .. ..	80	1,101	391.4	443.0
May .. ..	80	1,103	390.1	446.3
June .. ..	80	1,101	381.6	440.8
July .. ..	80	1,094	365.6	427.0
August .. ..	80	1,092	353.1	411.5
September .. ..	80	1,094	363.5	421.2
October .. ..	82	1,103	375.2	437.6
November .. ..	82	1,140	359.7	416.8

*Note:*—Figures for 1957 are provisional and cover the period January to November; while the current deposit figures are as at the close of November 1957, debits to these accounts relate to the total of the first eleven months of the year.

**MENT 17—(Concl'd.)****WITH SCHEDULED BANKS,\* 1956 AND 1957****Classification**

(Amount in crores of rupees)

Debits to current deposit accounts		Total of approved cash credit and/or overdraft limits	Total credit outstanding	Rate of turnover of current deposits†	
Of business and individuals	Total			Of business and individuals	Overall rate
5	6	7	8	9	10
<b>BANKS</b>					
3,269.6	<b>3,329.9</b>	76.2	88.1	74.5	70.7
2,707.6	<b>2,758.9</b>	81.7	96.5	68.8	63.3
293.8	<b>298.4</b>	75.4	84.4	90.9	84.1
251.6	<b>255.3</b>	72.1	85.6	75.7	69.8
255.0	<b>261.2</b>	73.0	87.5	76.5	70.3
271.5	<b>275.9</b>	73.8	88.5	74.2	68.0
260.9	<b>265.6</b>	73.8	86.5	70.7	65.6
229.1	<b>231.8</b>	71.7	86.0	58.1	53.8
254.1	<b>258.4</b>	69.9	84.1	67.0	62.1
201.2	<b>204.9</b>	71.3	85.1	58.5	54.3
203.7	<b>208.1</b>	70.4	83.6	60.2	55.1
213.6	<b>218.8</b>	74.5	89.8	57.1	52.0
273.3	<b>280.6</b>	81.7	96.5	73.0	66.0
<b>BANKS</b>					
17,281.1	<b>17,951.7</b>	692.3	652.5	48.0	45.7
16,343.9	<b>17,179.2</b>	758.9	661.1	47.6	43.5
1,666.1	<b>1,737.3</b>	709.5	667.1	53.5	49.6
1,493.4	<b>1,550.2</b>	719.7	680.5	46.3	42.9
1,611.6	<b>1,700.1</b>	727.6	700.8	51.0	46.7
1,600.9	<b>1,684.3</b>	740.5	710.0	49.1	45.6
1,591.6	<b>1,663.2</b>	738.6	700.4	49.0	44.7
1,448.5	<b>1,513.0</b>	745.4	705.1	45.6	41.2
1,496.7	<b>1,569.1</b>	743.2	680.8	49.1	44.1
1,303.7	<b>1,392.6</b>	735.7	666.8	44.3	40.6
1,278.7	<b>1,353.0</b>	719.0	653.6	42.2	38.5
1,293.1	<b>1,361.4</b>	730.2	672.5	41.4	37.3
1,559.6	<b>1,655.1</b>	758.9	661.1	52.0	47.7

\* Relates to offices operating in towns with a population of one lakh and over.

† Total of debits to current accounts for twelve months divided by the monthly average of current deposits for 1956; for 1957 the estimated total of debits for twelve months divided by the average of current deposits for 11 months. Monthly rates of turnover are calculated on an annual basis.

\*\* Banks each with deposits of Rs. 25 crores and over.

**STATE**

**ADVANCES OF SCHEDULED BANKS AGAINST**

						INDIAN SCHEDULE				
Last Friday of						Jan.	Feb.	Mar.	Apr.	May
Number of reporting offices						2739	2739	2739	2739	2739
						1	2	3	4	5
<b>I. Food Articles</b>										
1. Paddy and rice	..	..	..	..	..	16,02	23,06	22,68	22,00	21,39
(a) To rice mills	..	..	..	..	..	..	..	..	..	..
(b) To others	..	..	..	..	..	..	..	..	..	..
2. Wheat	..	..	..	..	..	1,93	1,28	1,06	1,39	4,30
(a) To flour mills	..	..	..	..	..	..	..	..	..	..
(b) To others	..	..	..	..	..	..	..	..	..	..
3. Jowar	..	..	..	..	..	43	48	55	86	92
4. Bajra	..	..	..	..	..	46	41	35	34	28
5. Maize	..	..	..	..	..	59	51	34	38	29
6. Gram	..	..	..	..	..	1,33	1,00	1,05	1,84	4,24
7. Other grains and pulses	..	..	..	..	..	3,26	3,55	3,55	4,75	8,65
<b>Total of 2 to 7</b>	..	..	..	..	..	<b>8,00</b>	<b>7,23</b>	<b>6,90</b>	<b>9,56</b>	<b>18,68</b>
<b>TOTAL OF I</b>	..	..	..	..	..	<b>24,02</b>	<b>30,29</b>	<b>29,58</b>	<b>31,56</b>	<b>40,07</b>
<b>II. Industrial Raw Materials</b>										
8. Groundnuts	..	..	..	..	..	10,62	12,80	12,03	10,74	9,08
9. Other oilseeds	..	..	..	..	..	8,48	8,66	8,73	13,64	18,93
10. Cotton and kapas	..	..	..	..	..	35,83	37,04	42,76	47,34	47,15
(a) To cotton textile mills	..	..	..	..	..	..	..	..	..	..
(b) To ginning factories	..	..	..	..	..	..	..	..	..	..
(c) To others	..	..	..	..	..	..	..	..	..	..
11. Raw jute	..	..	..	..	..	15,80	15,85	15,61	13,55	14,84
12. Hides and skins	..	..	..	..	..	2,61	2,40	2,99	2,69	2,71
<b>TOTAL OF II</b>	..	..	..	..	..	<b>73,34</b>	<b>76,75</b>	<b>82,12</b>	<b>87,96</b>	<b>92,71</b>
<b>III. Plantation Products</b>										
13. Pepper and other spices	..	..	..	..	..	76†	1,44	1,22	1,38	1,36
14. Cashewnuts	..	..	..	..	..	92	1,52	2,73	3,68	5,15
15. Tea	..	..	..	..	..	10,91@	8,01	7,93	8,23	9,10
16. Coffee	..	..	..	..	..	..	4,42	4,74	4,59	3,43
<b>TOTAL OF III</b>	..	..	..	..	..	<b>12,59</b>	<b>15,39</b>	<b>16,62</b>	<b>17,88</b>	<b>19,04</b>
<b>V. Manufactures and Minerals</b>										
17. Sugar and gur	..	..	..	..	..	35,08	44,07	53,82	57,48	58,20
(a) To sugar factories	..	..	..	..	..	..	..	..	..	..
(b) To others	..	..	..	..	..	..	..	..	..	..
18. Rubber and rubber products	..	..	..	..	..	..	81	86	89	96

Note : Footnotes are given at the end of the statement.

## MENT 18

## PRINCIPAL TYPES OF SECURITIES, 1957

(Amount in lakhs of rupees)

LED BANKS*							FOREIGN BANKS					
June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
2739	2739	2739	2739	2934	2934	2934	66	66	66	66	66	66
6	7	8	9	10	11	12	13	14	15	16	17	18
16,82	11,03	6,41	3,93	4,17	4,82	6,12	11	12	11	12	9	7
..	..	..	..	1,82	2,28	3,26	..	..	..	..	..	..
..	..	..	..	2,35	2,54	2,86	..	..	..	..	..	..
5,89	4,69	3,59	2,58	2,69	2,32	2,08	8	7	7	4	11	16
..	..	..	..	86	66	72	..	..	..	..	..	..
..	..	..	..	1,33	1,66	1,36	..	..	..	..	..	..
76	49	27	15	16	13	16	—	—	—	—	—	—
26	22	11	4	8	33	35	1	1	1	—	—	—
20	11	3	3	18	58	79	—	—	2	1	—	—
5,20	4,08	2,97	2,07	2,36	2,07	1,66	—	—	—	—	—	—
8,32	6,60	5,30	3,80	4,04	3,84	3,34	3	3	1	2	1	1
20,63	16,19	12,27	8,67	9,51	9,27	8,38	12	11	11	7	12	17
37,45	27,22	18,68	12,60	13,68	14,09	14,50	23	23	22	19	21	24
6,52	4,66	2,51	1,39	1,87	5,23	8,45	15	10	9	7	5	6
18,54	16,64	14,55	11,55	10,67	10,04	9,86	25	25	21	31	26	20
44,44	40,74	35,81	32,48	30,09	32,56	37,46	18,20	19,63	19,96	21,70	22,36	21,63
..	..	..	..	17,08	15,59	14,86	..	..	..	..	..	..
..	..	..	..	1,77	5,23	6,85	..	..	..	..	..	..
..	..	..	..	11,24	11,74	15,75	..	..	..	..	..	..
12,72	11,33	8,46	9,65	12,53	12,70	13,25	2,16	1,65	1,80	2,97	2,49	2,32
2,54	2,28	2,53	2,67	2,64	2,38	2,64	2,50	2,03	2,95	3,10	2,82	2,94
84,76	75,65	63,86	57,74	57,80	62,91	71,66	23,26	23,66	25,01	28,15	27,98	27,15
1,18	1,07	98	99	1,01	99	1,26	26†	31	42	40	32	27
5,06	4,27	3,30	3,14	2,88	1,99	1,62	8	7	12	24	32	24
9,34	9,64	8,96	8,80	9,93	8,53	8,43	15,58@	14,77	15,99	15,42	13,46	15,06
2,81	2,91	2,38	2,06	1,54	1,63	1,61	..	5	7	7	14	6
18,39	17,89	15,62	14,99	15,36	13,14	12,92	15,92	15,20	16,60	16,13	14,24	15,63
57,91	50,38	42,88	32,55	27,96	21,24	25,88	31	32	37	40	39	39
..	..	..	..	23,21	17,82	22,18	..	..	..	..	..	..
..	..	..	..	4,75	3,42	3,70	..	..	..	..	..	..
89	80	85	1,04	1,12	95	1,03	..	1,75	1,37	91	99	1,08

**STATE**

**ADVANCES OF SCHEDULED BANKS AGAINST**

Last Friday of Number of reporting offices						FOREIGN BANKS (contd.)				
						July	Aug.	Sept.	Oct.	Nov.
						66	66	66	66	66
						19	20	21	22	23
<b>I. Food Articles</b>										
1. Paddy and rice	..	..	..	..	..	6	3	2	4	4
(a) To rice mills	..	..	..	..	..	..	..	..	—	1
(b) To others	..	..	..	..	..	..	..	..	4	3
2. Wheat	..	..	..	..	..	13	13	17	17	12
(a) To flour mills	..	..	..	..	..	..	..	..	17	12
(b) To others	..	..	..	..	..	..	..	..	—	—
3. Jowar	..	..	..	..	..	—	—	—	—	—
4. Bajra	..	..	..	..	..	—	—	—	—	—
5. Maize	..	..	..	..	..	—	—	—	—	—
6. Gram	..	..	..	..	..	1	—	—	5	—
7. Other grains and pulses	..	..	..	..	..	2	2	2	6	4
<b>Total of 2 to 7</b>	..	..	..	..	..	<b>16</b>	<b>15</b>	<b>19</b>	<b>28</b>	<b>16</b>
<b>TOTAL OF I</b>	..	..	..	..	..	<b>22</b>	<b>18</b>	<b>21</b>	<b>32</b>	<b>20</b>
<b>II. Industrial Raw Materials</b>										
8. Groundnuts	..	..	..	..	..	4	3	3	9	5
9. Other oilseeds	..	..	..	..	..	26	31	25	12	4
10. Cotton and kapas	..	..	..	..	..	19,13	18,33	16,41	14,14	12,93
(a) To cotton textile mills	..	..	..	..	..	..	..	..	5,61	5,60
(b) To spinning factories	..	..	..	..	..	..	..	..	1	2
(c) To others	..	..	..	..	..	..	..	..	8,52	7,31
11. Raw jute	..	..	..	..	..	3,10	2,54	2,84	2,80	2,63
12. Hides and skins	..	..	..	..	..	2,91	2,81	2,85	2,96	2,61
<b>TOTAL OF II</b>	..	..	..	..	..	<b>25,44</b>	<b>24,02</b>	<b>22,38</b>	<b>20,11</b>	<b>18,26</b>
<b>III. Plantation Products</b>										
13. Pepper and other spices	..	..	..	..	..	23	28	21	32	34
14. Cashewnuts	..	..	..	..	..	17	22	25	27	49
15. Tea	..	..	..	..	..	15,95	15,84	17,46	18,86	17,74
16. Coffee	..	..	..	..	..	7	7	13	21	32
<b>TOTAL OF III</b>	..	..	..	..	..	<b>16,42</b>	<b>16,41</b>	<b>18,05</b>	<b>19,66</b>	<b>18,89</b>
<b>IV. Manufactures and Minerals</b>										
17. Sugar and gur	..	..	..	..	..	13	12	12	18	72
(a) To sugar factories	..	..	..	..	..	..	..	..	—	—
(b) To others	..	..	..	..	..	..	..	..	18	72
18. Rubber and rubber products	..	..	..	..	..	43	96	69	99	85

## MENT 18—(Contd.)

## PRINCIPAL TYPES OF SECURITIES, 1957

(Amount in lakhs of rupees)

ALL SCHEDULED BANKS*												
Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
66	2805	2805	2805	2805	2805	2805	2805	2805	2805	3000	3000	3000
24	25	26	27	28	29	30	31	32	33	34	35	36
6	16,13	23,18	22,79	22,12	21,48	16,89	11,09	6,44	3,95	4,21	4,86	6,18
1	..	..	..	..	..	..	..	..	..	1,83	2,29	3,27
5	..	..	..	..	..	..	..	..	..	2,38	2,57	2,91
11	2,01	1,35	1,13	1,43	4,41	6,05	4,82	3,72	2,76	2,87	2,44	2,10
11	..	..	..	..	..	..	..	..	..	1,04	78	83
—	..	..	..	..	..	..	..	..	..	1,83	1,66	1,36
—	43	48	55	86	92	76	49	27	15	16	14	16
—	47	42	36	34	28	26	22	11	4	8	33	35
—	59	51	36	39	29	20	11	3	3	18	58	79
2	1,33	1,00	1,05	1,84	4,24	5,20	4,09	2,97	2,07	2,41	2,07	1,68
4	3,29	3,58	3,56	4,77	8,66	8,33	6,62	5,32	3,82	4,10	3,88	3,38
17	8,12	7,34	7,01	9,63	18,80	20,80	16,35	12,42	8,86	9,80	9,44	8,55
23	24,25	30,52	29,80	31,75	40,28	37,69	27,44	18,86	12,81	14,01	14,30	14,73
6	10,77	12,90	12,12	10,81	9,13	6,58	4,70	2,54	1,42	1,97	5,27	8,51
3	8,73	8,91	8,94	13,95	19,19	18,74	16,90	14,86	11,80	10,78	10,08	9,89
15,40	54,04	56,67	62,71	69,04	69,51	66,07	59,87	54,14	48,89	44,24	45,49	52,86
6,56	..	..	..	..	..	..	..	..	..	22,69	21,19	21,42
2	..	..	..	..	..	..	..	..	..	1,77	5,25	6,87
8,82	..	..	..	..	..	..	..	..	..	19,77	19,65	24,57
2,88	17,96	17,50	17,42	16,52	17,33	15,04	14,43	11,00	12,49	15,33	15,33	16,13
2,39	5,11	4,43	5,94	5,79	5,53	5,48	5,19	5,34	5,52	5,61	4,99	5,03
20,76	96,61	100,41	107,13	116,11	120,69	111,91	101,09	87,88	80,12	77,93	81,16	92,42
44	1,02†	1,75	1,64	1,78	1,68	1,45	1,30	1,26	1,20	1,34	1,33	1,70
48	1,00	1,59	2,86	3,92	5,47	5,30	4,44	3,52	3,39	3,15	2,48	2,10
17,82	26,48@	22,78	23,92	23,65	22,56	24,40	25,59	24,80	26,26	28,79	26,28	26,25
26	..	4,47	4,81	4,66	3,57	2,87	2,98	2,45	2,19	1,75	1,96	1,87
19,00	28,50	30,59	33,23	34,01	33,28	34,02	34,31	32,03	33,04	35,03	32,05	31,92
52	35,39	44,39	54,19	57,88	58,59	58,30	50,51	43,00	32,67	28,14	21,95	26,40
—	..	..	..	..	..	..	..	..	..	23,22	17,82	22,18
52	..	..	..	..	..	..	..	..	..	4,92	4,13	4,22
1,07	..	2,56	2,23	1,80	1,95	1,97	1,29	1,81	1,73	2,11	1,80	2,10

**STATE**

**ADVANCES OF SCHEDULED BANKS AGAINST**

Last Friday of Number of reporting offices				INDIAN SCHE				
				Jan.	Feb.	Mar.	Apr.	May
				2739	2739	2739	2739	2739
				1	2	3	4	5
10. Vegetable oils including vanaspati .. ..	..	..	..	..	3,97	5,07	5,42	6,86
20. Cotton textiles (including yarn) .. ..	..	..	..	71,04	72,17	74,05	75,75	71,22
(a) To mills .. ..	..	..	..	..	..	..	..	..
(b) To others .. ..	..	..	..	..	..	..	..	..
21. Jute textiles .. ..	..	..	..	9,85	10,26	10,63	9,87	9,20
22. Other textiles (silk, art silk, woollen, etc.) ..	..	..	..	9,80	10,74	11,29	11,21	11,29
23. Iron, steel and engineering products .. ..	..	..	..	52,52	56,02	60,40	58,70	59,94
24. Other metals and metal products .. ..	..	..	..	10,39	8,68	8,47	8,18	8,17
25. Coal, manganese, mica and other minerals ..	..	..	..	5,76	6,04	5,68	5,83	6,19
26. Chemicals, dyes and pharmaceuticals .. ..	..	..	..	5,32	5,51	7,60	7,66	6,86
27. Glass and glassware, pottery and ceramic products ..	..	..	..	..	42	56	47	50
28. Electrical goods .. ..	..	..	..	..	2,01	2,17	1,96	1,95
29. Cement .. ..	..	..	..	..	38	22	42	1,42
<b>TOTAL OF IV</b> .. ..	..	..	..	<b>199,76</b>	<b>221,08</b>	<b>240,82</b>	<b>243,84</b>	<b>242,76</b>
<b>V. Other Securities</b>								
30. Real estate .. ..	..	..	..	..	10,77	12,04	11,65	12,28
31. Gold and silver bullion (other than to banks) ..	..	..	..	2,03	2,48	1,99	1,91	1,36
32. Fixed deposits .. ..	..	..	..	..	9,43	9,73	10,03	9,19
33. Government and other trustee securities .. ..	..	..	..	53,45	49,30	48,37	43,23	44,27
34. Shares and debentures of joint stock companies ..	..	..	..	57,23	57,74	60,88	61,37	59,00
(a) To stock and share brokers and dealers .. ..	..	..	..	12,54	11,18	10,82	12,52	11,76
(b) To others .. ..	..	..	..	44,69	46,56	50,06	48,85	47,24
35. Assets of industrial concerns—fixed or floating (other than those specified under above categories) .. ..	..	..	..	22,32	19,69	21,16	22,79	21,08
36. Other secured advances not mentioned above ..	..	..	..	..	29,01	36,92	35,87	37,69
37. Composite advances .. ..	..	..	..	21,32	17,05	16,41	16,12	15,09
<b>TOTAL OF V</b> .. ..	..	..	..	<b>156,35</b>	<b>195,47</b>	<b>207,50</b>	<b>202,97</b>	<b>199,96</b>
<b>GRAND TOTAL (I to V)</b> .. ..	..	..	..	<b>466,06</b>	<b>538,98</b>	<b>576,64</b>	<b>584,20</b>	<b>594,54</b>



## MENT 18—(Contd.)

## PRINCIPAL TYPES OF SECURITIES, 1957

(Amount in lakhs of rupees)

DUED BANKS*							FOREIGN BANKS					
June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
2739	2739	2739	2739	2934	2934	2934	66	66	66	66	66	66
6	7	8	9	10	11	12	13	14	15	16	17	18
6,04	5,43	5,50	4,37	4,30	4,71	5,24	..	74	58	37	61	69
76,39	76,12	78,87	82,39	88,71	83,55	86,31	13,79	13,19	13,84	13,16	11,99	12,53
..	..	..	..	60,61	57,85	61,46	..	..	..	..	..	..
..	..	..	..	28,10	25,70	24,85	..	..	..	..	..	..
8,87	10,02	10,10	11,18	11,35	11,47	10,69	10,54	10,77	10,57	8,65	7,62	7,16
11,85	12,16	12,86	12,32	12,85	11,55	10,91	3,26	3,12	3,44	3,46	3,49	3,39
62,90	64,51	65,93	70,41	73,25	70,34	68,86	28,18	28,01	25,88	25,05	26,42	26,50
8,49	9,21	8,94	8,82	9,05	7,91	7,93	4,67	4,21	4,33	4,32	4,18	4,54
5,84	6,07	6,26	5,70	5,99	5,68	5,90	4,52	4,29	4,27	4,63	4,50	4,51
7,51	7,40	6,98	7,03	7,34	7,65	8,40	8,02	8,94	9,26	8,60	8,95	9,25
57	59	56	70	70	67	64	..	10	11	13	39	40
2,00	2,19	2,25	2,33	2,65	2,88	3,22	..	1,80	1,92	1,87	1,93	2,11
73	98	1,41	1,51	1,98	1,55	1,78	..	1,04	11	1	—	—
249,99	245,92	243,39	240,35	247,25	230,15	236,79	73,29	78,28	76,05	71,56	71,46	72,55
12,80	13,08	13,56	13,35	14,69	14,37	14,30	..	1,19	74	1,28	1,20	1,26
1,35	1,54	2,38	2,61	2,79	2,70	2,79	12	10	11	9	8	7
9,42	9,37	9,59	10,46	11,58	11,46	11,19	..	45	64	56	62	63
37,56	36,95	37,50	38,93	40,96	36,47	38,31	1,61	2,14	2,03	1,72	2,15	1,93
58,28	60,67	58,33	60,92	61,19	62,03	60,60	12,68	12,71	12,23	13,13	12,66	12,94
10,81	10,80	9,61	12,23	9,58	9,99	9,18	72	44	65	62	61	55
47,47	49,87	48,72	48,69	51,61	52,04	51,42	11,96	12,27	11,58	12,51	12,05	12,39
21,18	22,12	22,29	23,79	25,77	26,74	26,60	8,86	6,80	7,31	6,71	6,50	6,46
38,91	39,51	42,04	42,39	44,33	45,36	44,91	..	11,34	13,15	13,07	13,47	13,67
14,82	14,55	12,89	15,85	14,28	12,25	13,10	6,86	5,52	6,93	5,76	5,58	6,37
194,32	197,79	198,58	208,30	215,59	211,38	211,80	30,13	40,25	43,14	42,32	42,26	43,33
584,91	564,47	540,13	533,98	549,69	531,67	547,67	142,84	157,62	161,02	158,35	156,15	158,90

**STATE**

**ADVANCES OF SCHEDULED BANKS AGAINST**

							<b>FOREIGN</b>				
Last Friday of							July	Aug.	Sept.	Oct.	Nov.
Number of reporting offices							66	66	66	66	66
							19	20	21	22	23
19.	Vegetable oils including vanaspati	..	..	..	..	..	43	61	75	51	55
20.	Cotton textiles (including yarn)	..	..	..	..	..	12,02	11,73	12,31	11,79	12,36
	(a) To mills	..	..	..	..	..	..	..	..	6,12	6,92
	(b) To others	..	..	..	..	..	..	..	..	5,67	5,44
21.	Jute textiles	..	..	..	..	..	6,44	5,55	6,60	7,91	7,22
22.	Other textiles (silk, art silk, woollen, etc.)	..	..	..	..	..	3,76	4,11	3,92	2,86	2,88
23.	Iron, steel and engineering products	..	..	..	..	..	28,36	26,29	26,09	27,42	25,06
24.	Other metals and metal products	..	..	..	..	..	4,59	4,51	4,27	4,49	4,04
25.	Coal, manganese, mica and other minerals	..	..	..	..	..	4,18	3,90	4,07	4,16	4,08
26.	Chemicals, dyes and pharmaceuticals	..	..	..	..	..	9,24	9,35	9,14	8,89	9,18
27.	Glass and glassware, pottery and ceramic products	..	..	..	..	..	45	48	48	49	56
28.	Electrical Goods	..	..	..	..	..	2,11	2,03	2,17	2,21	2,07
29.	Cement	..	..	..	..	..	—	—	—	1	1
<b>TOTAL of IV</b>							<b>72,14</b>	<b>69,64</b>	<b>70,61</b>	<b>71,91</b>	<b>69,58</b>
<b>V. Other Securities</b>											
30.	Real estate	..	..	..	..	..	1,28	1,33	1,35	1,44	1,40
31.	Gold and silver bullion (other than to banks)	..	..	..	..	..	9	7	8	11	10
32.	Fixed deposits	..	..	..	..	..	61	60	62	58	64
33.	Government and other trustee securities	..	..	..	..	..	2,51	2,24	2,49	1,54	1,59
34.	Shares and debentures of joint stock companies	..	..	..	..	..	12,90	12,70	12,92	13,34	12,37
	(a) To stock and share brokers and dealers	..	..	..	..	..	58	55	53	60	56
	(b) To others	..	..	..	..	..	12,32	12,15	12,39	12,73	11,81
35.	Assets of industrial concerns—fixed or floating (other than those specified under above categories)	..	..	..	..	..	6,74	6,64	7,34	6,26	6,12
36.	Other secured advances not mentioned above	..	..	..	..	..	14,30	13,67	14,12	13,98	13,21
37.	Composite advances	..	..	..	..	..	5,25	5,42	5,86	6,03	5,65
<b>TOTAL of V</b>							<b>43,68</b>	<b>42,67</b>	<b>44,78</b>	<b>43,27</b>	<b>41,08</b>
<b>GRAND TOTAL (I to V)</b>							<b>157,90</b>	<b>152,92</b>	<b>156,03</b>	<b>155,28</b>	<b>148,01</b>

## MENT 18—(Concl'd.)

## PRINCIPAL TYPES OF SECURITIES, 1957

(Amount in lakhs of rupees)

BANKS (Contd.)							ALL SCHEDULED BANKS*					
Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
66	2805	2805	2805	2805	2805	2805	2805	2805	2805	3000	3000	3000
24	25	26	27	28	29	30	31	32	33	34	35	36
80	..	4,71	5,65	5,79	7,47	6,73	5,86	6,11	5,12	4,81	5,26	6,04
12,77	84,82	85,36	87,89	88,91	83,21	88,92	88,14	90,60	94,70	100,50	95,90	99,08
7,59	..	..	..	..	..	..	..	..	..	66,73	64,77	69,05
5,18	..	..	..	..	..	..	..	..	..	33,77	31,13	30,03
6,09	20,39	21,03	21,20	18,52	16,82	16,03	16,46	15,65	17,78	19,26	18,69	16,78
2,54	13,07	13,86	14,73	14,67	14,78	15,24	15,92	16,97	16,24	15,71	14,43	13,45
22,05	80,70	84,03	86,29	83,75	86,36	89,40	92,87	92,22	96,50	100,67	95,40	90,91
3,62	15,06	12,89	12,80	12,50	12,35	13,03	13,80	13,45	13,09	13,53	11,95	11,55
4,34	10,28	10,33	9,95	10,46	10,69	10,35	10,25	10,16	9,77	10,16	9,76	10,24
8,89	13,34	14,45	16,86	16,26	15,81	16,76	16,64	16,33	16,17	16,22	16,84	17,29
55	..	52	67	60	89	97	1,04	1,04	1,18	1,19	1,23	1,19
1,93	..	3,81	4,09	3,83	3,88	4,11	4,30	4,28	4,50	4,87	4,94	5,15
—	..	1,42	33	43	1,42	73	98	1,41	1,51	1,99	1,56	1,78
65,17	273,05	299,36	316,88	315,40	314,22	322,54	318,06	313,03	310,96	319,16	299,71	301,96
1,35	..	11,96	12,78	12,93	13,48	14,06	14,36	14,89	14,70	16,13	15,76	15,65
8	2,15	2,58	2,11	2,00	1,44	1,42	1,63	2,45	2,69	2,90	2,81	2,87
61	..	9,88	10,37	10,59	9,81	10,05	9,98	10,19	11,08	12,15	12,09	11,80
2,03	55,06	51,44	50,39	44,95	46,42	39,49	39,46	39,74	41,42	42,50	38,06	40,34
12,65	69,91	70,45	73,10	74,50	71,66	71,22	73,57	71,03	73,84	74,52	74,39	73,25
57	13,26	11,62	11,46	13,14	12,37	11,36	11,38	10,16	12,76	10,18	10,55	9,75
12,08	56,65	58,83	61,64	61,36	59,29	59,86	62,19	60,87	61,08	64,34	63,84	63,50
6,29	31,18	26,49	28,47	29,50	27,58	27,64	28,86	28,93	31,13	32,02	32,87	32,89
13,09	..	40,35	50,07	48,94	51,16	52,58	53,81	55,71	56,51	58,32	58,57	58,00
5,79	28,18	22,57	23,35	21,88	20,67	21,19	19,80	18,31	21,71	20,32	17,90	18,89
41,89	186,48	235,72	250,64	245,29	242,22	237,65	241,47	241,25	253,08	258,86	252,45	253,69
147,05	608,86	696,60	737,68	742,56	750,69	743,81	722,37	693,05	690,01	704,99	679,67	694,73

\* From October 1957 onwards, the figures include advances of two former non-scheduled banks viz. (1) the Bank of Patiala and (2) the State Bank of Saurashtra, which, as from October 12, 1957 have been scheduled.

† Relates to 'Pepper' only; @ Relates to 'Tea, Coffee and Rubber'.

# STATE ANALYSIS OF ADVANCES OF

		SCHEDULED					
		December 31, 1956			June 30, 1957		
Number of reporting banks		86			87		
1		Amount	Percentage to group total	Percentage to total advances	Amount	Percentage to group total	Percentage to total advances
		2	3	4	5	6	7
<b>I. Industry :</b>							
1.	Cotton (ginning, pressing, weaving, etc.) ..	81.5	26.7	10.3	106.8	27.4	11.5
2.	Jute .. .. .	26.5	8.7	3.3	28.7	7.4	3.1
3.	Other textiles .. .. .	21.0	6.9	2.6	27.1	6.9	2.9
4.	Iron and steel .. .. .	7.7	2.5	1.0	9.3	2.4	1.0
5.	Coal, other mining and quarrying ..	7.9	2.6	1.0	9.0	2.3	1.0
6.	Engineering .. .. .	58.4	19.1	7.4	63.1	16.2	6.8
	(i) Heavy engineering and structurals ..	19.8	6.5	2.5	21.8	5.6	2.4
	(ii) Light engineering .. .. .	38.6	12.6	4.9	41.3	10.6	4.5
7.	Sugar and gur .. .. .	32.5	10.6	4.1	53.9	13.8	5.8
8.	Vegetable oil crushing and refining (including vanaspati, soap, etc.) ..	10.6	3.5	1.3	13.0	3.3	1.4
9.	Chemicals, dyes, paints and pharmaceuticals ..	14.6	4.8	1.8	16.1	4.1	1.7
10.	Cement .. .. .	2.8	0.9	0.4	6.6	1.7	0.7
11.	Public utilities (e.g. transport and communications, gas, electricity, etc.) ..	6.0	1.9	0.8	6.0	1.5	0.6
12.	Others .. .. .	36.2	11.8	4.6	50.9	13.0	5.5
	<b>Total of I</b> .. .. .	<b>3,05.5</b>	<b>100.0</b>	<b>38.5</b>	<b>3,90.4</b>	<b>100.0</b>	<b>42.2</b>
<b>II. Commerce :</b>							
13.	Wholesale trade .. .. .	270.8	71.9	34.1	304.1	73.4	32.9
	(i) Agricultural commodities .. .. .	104.9	27.8	13.2	136.3	32.9	14.7
	(a) Foodgrains .. .. .	19.4	5.1	2.4	39.0	9.4	4.2
	(1) Paddy and rice .. .. .	9.2	2.4	1.2	15.8	3.8	1.7
	(2) Wheat .. .. .	1.8	0.5	0.2	5.3	1.3	0.6
	(3) Other foodgrains, gram & pulses ..	8.3	2.2	1.0	17.9	4.3	1.9
	(b) Cotton .. .. .	34.9	9.3	4.4	39.0	9.4	4.2
	(c) Jute .. .. .	10.3	2.7	1.3	9.1	2.2	1.0
	(d) Oilseeds .. .. .	7.1	1.9	0.9	18.6	4.5	2.0
	(e) Tea .. .. .	14.7	3.9	1.9	7.3	1.8	0.8
	(f) Sugar and gur .. .. .	3.9	1.0	0.5	7.5	1.8	0.8
	(g) Other agricultural commodities ..	14.6	3.9	1.8	15.7	3.8	1.7
	(ii) Non-agricultural commodities ..	165.9	44.0	20.9	167.8	40.5	18.1
	(a) Wholesalers in textiles (cotton, jute, wool, silk, etc.) ..	50.1	13.3	6.3	49.2	11.9	5.3
	(b) Hardware, machinery, engineering products and metal products ..	48.5	12.9	6.1	50.9	12.3	5.5
	(c) Chemicals, dyes, paints & pharmaceuticals ..	6.3	1.7	0.8	6.5	1.6	0.7
	(d) All others .. .. .	61.0	16.2	7.7	61.1	14.7	6.6
14.	Retail trade .. .. .	14.2	3.8	1.8	13.7	3.3	1.5
15.	Dealers in government securities, stocks, shares, etc.	21.0	5.6	2.6	18.1	4.4	2.0
16.	Dealers in bullion .. .. .	2.7	0.7	0.3	1.5	0.4	0.2
17.	Shroffs .. .. .	12.2	3.2	1.5	13.0	3.1	1.4
18.	Joint stock banks .. .. .	14.1	3.7	1.8	19.0	4.6	2.1
19.	Co-operative banks .. .. .	2.2	0.6	0.3	2.0	0.5	0.2
20.	Other financial institutions .. .. .	6.7	1.8	0.8	8.1	2.0	0.9
21.	Others .. .. .	32.9	8.7	4.1	34.9	8.4	3.8
	<b>Total of II</b> .. .. .	<b>376.8</b>	<b>100.0</b>	<b>47.5</b>	<b>414.3</b>	<b>100.0</b>	<b>44.8</b>
<b>III. Agriculture :</b>							
22.	Food crops (wheat, rice, other cereals, pulses, etc.) ..	0.6	4.3	0.1	1.1	4.8	0.1
23.	Other agricultural produce (jute, cotton, tobacco, oilseeds, tea, coffee, etc.) ..	12.5	90.6	1.6	21.0	91.7	2.3
24.	Others .. .. .	0.7	5.1	0.1	0.8	3.5	0.1
	<b>Total of III</b> .. .. .	<b>13.8</b>	<b>100.0</b>	<b>1.7</b>	<b>22.9</b>	<b>100.0</b>	<b>2.5</b>
<b>IV. 25. Personal</b> .. .. .							
<b>V. 26. Professional</b> .. .. .							
<b>VI. 27. All others</b> .. .. .							
	<b>TOTAL OF I to VI</b> .. .. .	<b>793.6</b>		<b>100.0</b>	<b>925.0</b>		<b>100.0</b>

## MENT 19

## BANKS ACCORDING TO PURPOSE, 1956 AND 1957

(Amount in crores of rupees)

BANKS			NON-SCHEDULED BANKS					
October 25, 1957			December 31, 1956			October 25, 1957		
89			320			289		
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
111.2	29.0	12.6	2.16	26.3	5.5	1.34	30.6	4.0
28.2	7.3	3.2	0.10	1.2	0.3	0.07	1.6	0.2
26.1	6.8	3.0	0.17	2.1	0.4	0.19	4.3	0.6
16.9	4.4	1.9	0.26	3.2	0.7	0.03	0.7	0.1
9.2	2.4	1.0	0.26	3.2	0.7	0.18	4.1	0.5
67.9	17.7	7.7	0.17	2.1	0.4	0.30	6.9	0.9
32.3	8.4	3.7	0.02	0.2	0.1	0.06	1.4	0.2
35.6	9.3	4.0	0.15	1.8	0.4	0.24	5.5	0.7
27.8	7.2	3.2	0.20	2.4	0.5	0.06	1.4	0.2
10.3	2.7	1.2	1.45	17.6	3.7	0.24	5.5	0.7
14.9	3.9	1.7	0.04	0.5	0.1	0.03	0.7	0.1
9.7	2.5	1.1	0.57	6.9	1.4	—	—	—
7.7	2.0	0.9	0.56	6.8	1.4	0.71	16.2	2.1
54.0	14.1	6.1	2.28	27.7	5.8	1.23	28.1	3.7
383.7	100.0	43.6	8.22	100.0	20.8	4.38	100.0	13.1
254.1	67.6	28.9	7.75	47.6	19.6	6.06	44.5	18.1
80.0	21.3	9.1	4.73	29.1	12.0	3.01	22.1	9.0
15.1	4.0	1.7	1.69	10.4	4.3	1.10	8.1	3.3
4.5	1.2	0.5	0.48	2.9	1.2	0.59	4.3	1.8
2.1	0.6	0.2	0.19	1.2	0.5	0.02	0.1	0.1
8.5	2.3	1.0	1.02	6.3	2.6	0.49	3.6	1.5
20.9	5.6	2.4	0.39	2.4	1.0	0.06	0.4	0.2
9.3	2.5	1.1	0.04	0.2	0.1	0.04	0.3	0.1
9.0	2.4	1.0	0.67	4.1	1.7	0.15	1.1	0.4
9.6	2.6	1.1	0.13	0.8	0.3	0.14	1.0	0.4
4.1	1.1	0.5	0.27	1.7	0.7	0.17	1.2	0.5
12.1	3.2	1.4	1.54	9.5	3.9	1.35	9.9	4.0
174.1	46.3	19.8	3.02	18.6	7.6	3.05	22.4	9.1
57.3	15.2	6.5	0.41	2.5	1.0	0.69	5.1	2.1
54.8	14.6	6.2	0.67	4.1	1.7	0.61	4.5	1.8
6.6	1.8	0.7	0.06	0.4	0.2	0.11	0.8	0.3
55.4	14.7	6.3	1.88	11.5	4.8	1.65	12.1	4.9
14.7	3.9	1.7	3.30	20.3	8.4	3.67	26.9	11.0
15.9	4.2	1.8	0.85	5.2	2.2	0.72	5.3	2.2
2.6	0.7	0.3	0.20	1.2	0.5	0.17	1.2	0.5
13.6	3.6	1.5	0.34	2.1	0.9	0.38	2.8	1.1
24.3	6.5	2.8	1.06	6.5	2.7	0.02	0.1	0.1
3.8	1.0	0.4	0.01	0.1	—	—	—	—
8.9	2.4	1.0	0.26	1.6	0.7	0.29	2.1	0.9
38.0	10.1	4.3	2.53	15.5	6.4	2.32	17.0	6.9
375.9	100.0	42.7	16.28	100.0	41.2	13.63	100.0	40.8
0.7	2.9	0.1	0.75	34.4	1.9	0.75	33.1	2.2
22.6	93.4	2.6	0.62	28.4	1.6	0.64	28.2	1.9
0.9	3.7	0.1	0.81	37.2	2.1	0.88	38.7	2.6
24.2	100.0	2.7	2.18	100.0	5.5	2.28	100.0	6.8
55.6		6.3	9.27		23.5	9.64		28.8
5.8		0.7	0.84		2.1	1.22		3.6
35.4		4.0	2.73		6.9	2.28		6.8
880.6		100.0	39.51		100.0	33.43		100.0

# STATE ANALYSIS OF INVEST.

Number of reporting banks	SCHEDULED		
	88		
	December 31, 1958		
	Amount 1	Percentage to group total 2	Percentage to total investments 3
<b>I. Investments by offices in India :</b>			
<b>A. Indian Government securities* :</b>			
1. Central Government .. .. .	311,73	82.5	70.5
2. State Governments .. .. .	65,87	17.4	14.9
3. Others, mainly postal† .. .. .	17	—	—
<b>Total of A .. .. .</b>	<b>377,77</b>	<b>100.0</b>	<b>85.4</b>
<b>B. Other Investments :</b>			
1. Other trustee securities .. .. .	15,50	41.9	3.5
2. Fixed deposits .. .. .	3,29	8.9	0.7
3. Shares of joint stock companies .. .. .	7,34	19.9	1.7
4. Debentures of joint stock companies .. .. .	3,89	10.5	0.9
5. Real estate .. .. .	6,79	18.4	1.5
6. Bullion .. .. .	2	0.1	—
7. Others .. .. .	14	0.4	—
<b>Total of B .. .. .</b>	<b>36,96</b>	<b>100.0</b>	<b>8.4</b>
<b>C. Investments in :</b>			
1. Pakistan securities .. .. .	51	13.3	0.1
2. United Kingdom securities .. .. .	2,93	76.1	0.7
3. Securities of other countries .. .. .	41	10.6	0.1
<b>Total of C .. .. .</b>	<b>3,85</b>	<b>100.0</b>	<b>0.9</b>
<b>Total of I .. .. .</b>	<b>418,58</b>		<b>94.6</b>
<b>II. Investments by Foreign offices of Indian Banks:</b>			
1. Indian securities .. .. .	1,22	5.1	0.8
2. Pakistan „ .. .. .	8,48	35.6	1.9
3. Burmese „ .. .. .	6,92	29.1	1.6
4. Ceylon „ .. .. .	4,27	17.9	1.0
5. U.K. „ .. .. .	2,33	9.8	0.5
6. Other „ .. .. .	60	2.5	0.1
<b>Total of II .. .. .</b>	<b>23,81</b>	<b>100.0</b>	<b>5.4</b>
<b>Total of I and II .. .. .</b>	<b>442,39</b>		<b>100.0</b>

\* Face value.

† Include Treasury Savings Deposit Certificates and Postal obligations.

## MENT 20

## MENTS OF BANKS, 1956 AND 1957

(Amount in lakhs of rupees)

BANKS			NON-SCHEDULED BANKS					
86			319			274		
December 31, 1957			December 31, 1956			December 31, 1957		
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
4	5	6	7	8	9	10	11	12
375.52	84.0	73.1	14.61	58.2	45.3	6.08	40.4	33.4
71.61	16.0	13.9	9.72	38.7	30.2	6.21	47.4	34.1
18	—	—	76	3.0	2.4	80	6.1	4.3
447.31	100.0	87.1	25.09	100.0	77.9	13.09	100.0	71.8
21.20	50.4	4.1	2.89	41.1	9.0	1.02	20.0	5.6
2.89	6.9	0.6	1.79	25.4	5.6	2.27	44.6	12.6
7.15	17.0	1.4	72	10.2	2.2	44	8.6	2.4
4.04	9.6	0.3	37	5.3	1.1	26	5.1	1.4
6.48	15.4	1.3	1.05	14.9	3.3	78	15.3	4.3
2	—	—	8	1.1	0.2	3	0.6	0.2
27	0.6	0.1	14	2.0	0.4	29	5.7	1.6
42.06	100.0	8.2	7.04	100.0	21.8	5.09	100.0	27.9
73	19.4	0.1	8	88.9	0.2	4	100.0	0.2
2.64	70.0	0.5	1	11.1	—	—	—	—
40	10.6	0.1	—	—	—	—	—	—
3.77	100.0	0.7	9	100.0	0.3	4	100.0	0.2
493.14		96.0	32.22		100.0	18.22		100.0
1.17	5.8	0.2	—	—	—	—	—	—
5.67	27.9	1.1	—	—	—	—	—	—
7.21	35.4	1.4	—	—	—	—	—	—
3.24	15.9	0.6	—	—	—	—	—	—
2.22	10.9	0.4	—	—	—	—	—	—
84	4.1	0.2	—	—	—	—	—	—
20.35	100.0	4.0	—	—	—	—	—	—
513.49		100.0	32.22		100.0	18.22		100.0

## STATEMENT 21

INVESTMENTS OF INDIAN OFFICES OF BANKS IN  
GOVERNMENT SECURITIES, 1956 AND 1957

(Amount in lakhs of rupees)

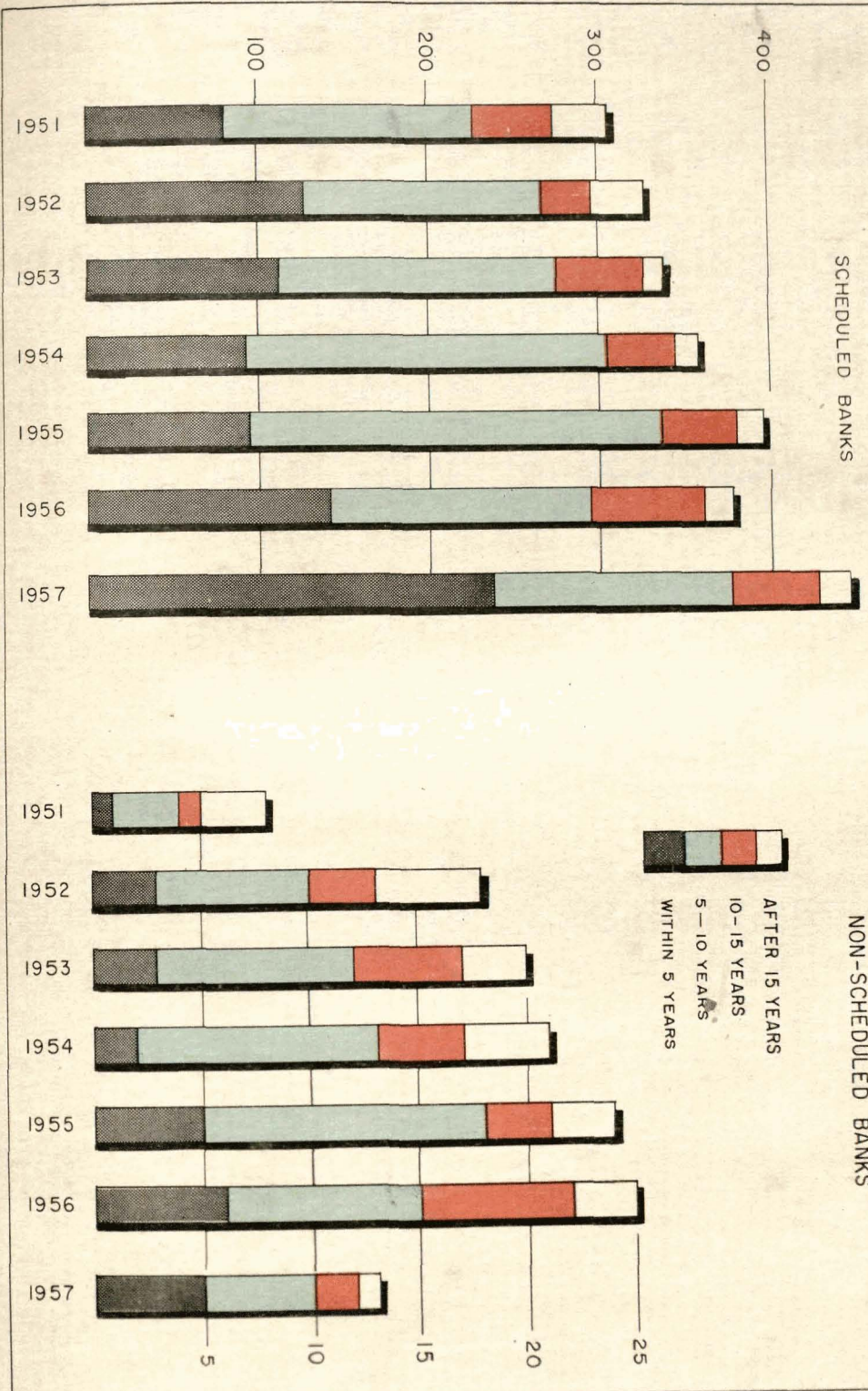
	Scheduled Banks				Non-Scheduled Banks			
	88		86		319		274	
	Dec. 31, 1956		Dec. 31, 1957		Dec. 31, 1956		Dec. 31, 1957	
	Amount	Per- centage to total	Amount	Per- centage to total	Amount	Per- centage to total	Amount	Per- centage to total
1	2	3	4	5	6	7	8	9
I. Treasury bills .. .. .	—	—	—	—	—	—	—	—
II. Securities* maturing:								
(i) Within five years ..	140,77	37.3	236,37	52.8	6,22	24.8	4,82	36.8
(ii) Between five and ten years	153,16	40.5	140,64	31.4	9,05	36.1	4,95	37.8
(iii) Between ten and fifteen years	66,43	17.6	51,06	11.4	6,42	25.6	1,74	13.3
(iv) After fifteen years .. ..	17,40	4.6	19,24	4.3	3,39	13.5	1,58	12.1
<b>Total of I and II ..</b>	<b>377,77</b>	<b>100.0</b>	<b>447,31</b>	<b>100.0</b>	<b>25,09</b>	<b>100.0</b>	<b>13,09</b>	<b>100.0</b>

\* Face value.



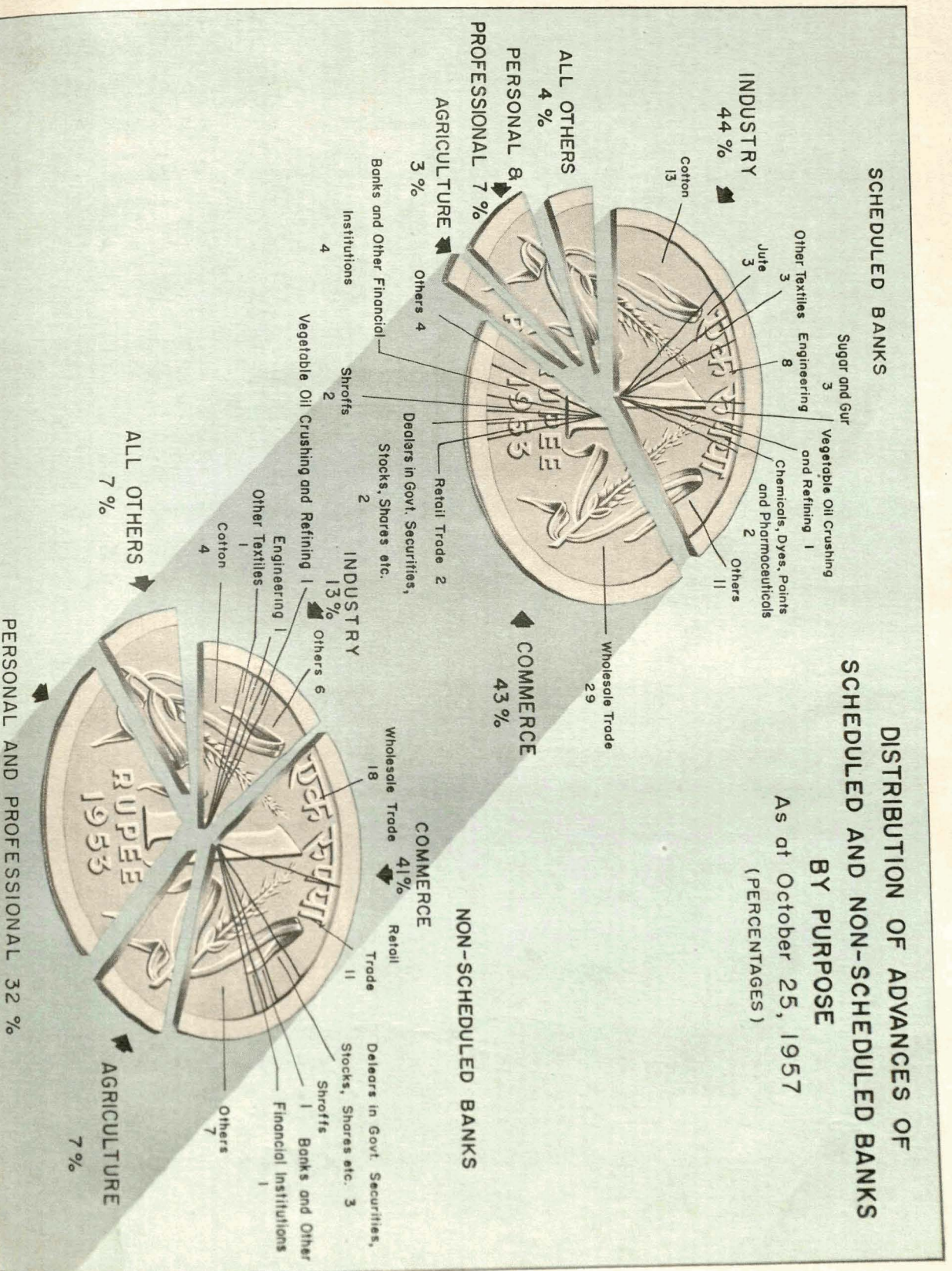
GRAPH 9

MATURITY DISTRIBUTION OF INVESTMENTS IN GOVERNMENT SECURITIES  
(CRORES OF RUPEES)





GRAPH 10



**STATEMENT 22**  
**OFFICES OF SCHEDULED AND NON-SCHEDULED BANKS, 1938-57**

End of	SCHEDULED BANKS				Non-Scheduled banks	All banks
	State Bank of India	Foreign banks	Indian 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	80	2,545	2,987	1,832	4,819
1948 .. ..	367	74	2,522	2,963	1,711	4,674
1949 .. ..	377	76	2,399	2,852	1,589	4,441
1950* .. ..	382	66	2,317	2,765	1,545	4,310
1951 .. ..	391	64	2,191	2,646	1,473	4,119
1952 .. ..	408	64	2,199	2,671	1,369	4,040
1953 .. ..	422	67	2,181	2,670	1,351	4,021
1954 .. ..	453	65	2,228	2,746	1,286	4,032
1955 .. ..	460	66	2,292	2,818	1,247	4,085
1956* .. ..	536	67	2,350	2,953	1,240	4,193
1957 .. ..	620	67	2,576	3,263	1,113	4,376

- Notes:* 1. 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 have been excluded upto 1945. Figures for the years 1951 to 1957 are based on the returns in Form IX submitted under the Banking Companies Act and exclude administrative, seasonal, temporary and non-banking offices in the case of scheduled banks.
2. Offices of banks operating in Jammu and Kashmir have been included from 1956 as the Banking Companies Act was extended to that State from November 1, 1956.
- \* Figures have been revised.

## STATE

### DISTRIBUTION BY STATE OF OFFICES, DEPOSITS AND

State/Union Territory	Population*	OFFICES							
		Number of banks operating in the State		1956			1957		
				Number	Percentage of 5 to total offices	Population per office	Number	Percentage of 8 to total offices	Population per office
		1956	1957						
1	2	3	4	5	6	7	8	9	10
<b>States :</b>									
Andhra Pradesh ..	3,22,00,000	19	19	237	8	1,35,865	257	8	1,25,292
Assam ..	90,00,000	5	5	22	1	4,09,091	26	1	3,46,154
Bihar ..	3,89,00,000	12	11	131	4	2,96,947	132	4	2,94,697
Bombay ..	4,78,00,000	53	54	591	20	80,880	696	21	68,678
Kerala ..	1,36,00,000	22	23	174	6	78,161	188	6	72,340
Madhya Pradesh ..	2,61,00,000	13	13	147	5	1,77,551	152	5	1,71,711
Madras ..	3,00,00,000	40	40	370	13	81,081	423	13	70,922
Mysore ..	1,90,00,000	24	24	239	8	79,498	256	8	74,219
Orissa ..	1,46,00,000	5	5	16	1	9,12,500	24	1	6,08,333
Punjab ..	1,60,00,000	21	21	215	7	74,419	271	8	59,041
Rajasthan ..	1,60,00,000	11	11	125	4	1,28,000	124	4	1,29,032
Uttar Pradesh ..	6,32,00,000	24	23	377	13	1,67,639	388	12	1,62,887
West Bengal ..	2,62,00,000	37	37	184	6	1,42,391	197	6	1,32,995
Jammu and Kashmir	44,00,000	5	4	9	—	4,88,889	10	—	4,40,000
<b>Union Territories:</b>									
Delhi ..	17,00,000	33	36	96	3	17,708	108	3	15,741
Himachal Pradesh ..	10,00,000	3	4	7	—	1,42,857	9	—	1,11,111
Pondicherry ..	83,000	3	3	5	—	16,600	5	—	16,600
Tripura ..	6,00,000	2	3	2	—	3,00,000	3	—	2,00,000
Andamans and Nicobar Islands	31,000	—	1	—	—	—	1	—	31,000
<b>Total</b>	<b>36,04,14,000</b>			<b>2,947</b>		<b>1,22,288</b>	<b>3,270</b>		<b>1,10,218</b>

Note:— 1. Figures are as on the last Friday of the year and relate to 87 banks in 1956 and 88 banks in 1957.

2. Population figures are based on the 1951 census and have been adjusted for changes in States' boundaries; that of Jammu and Kashmir is according to the statutory estimates of the Registrar General.

\* Rounded off to the nearest lakh or thousand, as the case may be.

## MENT 23

## ADVANCES IN INDIA OF SCHEDULED BANKS, 1956 AND 1957

DEPOSITS						ADVANCES					
1956			1957			1956			1957		
Amount (In lakhs of rupees)	Per- centage of total deposits	Per capita Rs.	Amount (In lakhs of rupees)	Per- centage of total deposits	Per capita Rs.	Amount (In lakhs of rupees)	Per- centage of total advances	Per capita Rs.	Amount (In lakhs of rupees)	Per- centage of total advances	Per capita Rs.
11	12	13	14	15	16	17	18	19	20	21	22
35,66	3	11.1	36,95	3	11.5	31,57	4	9.8	33,78	4	10.5
7,21	1	8.0	8,03	1	8.9	1,98	—	2.2	1,87	—	2.1
31,44	3	8.1	34,11	3	8.8	14,49	2	3.7	14,43	2	3.7
363,10	33	76.0	429,03	31	89.8	270,63	35	56.6	323,00	38	67.6
35,04	3	25.8	36,87	3	27.1	17,85	2	13.1	23,11	3	17.0
25,21	2	9.7	20,52	2	11.3	15,61	2	6.0	19,94	2	7.6
76,95	7	25.6	86,89	6	29.0	74,22	10	24.7	70,11	8	23.4
37,71	3	19.8	41,46	3	21.8	21,83	3	11.5	25,23	3	13.3
3,34	—	2.3	4,82	—	3.3	69	—	0.5	89	—	0.6
56,90	5	35.6	73,27	5	45.8	17,64	2	11.0	22,39	3	14.0
26,19	2	16.4	25,63	2	16.0	16,67	2	10.4	16,98	2	10.6
83,14	8	13.2	91,58	7	14.5	54,33	7	8.6	55,71	6	8.8
225,48	21	86.1	247,43	18	94.4	216,22	28	82.5	223,15	26	85.2
6,06	1	13.8	5,68	—	12.9	24	—	0.5	15	—	0.3
79,48	7	467.5	209,96	15	1235.1	23,19	3	136.4	26,68	3	156.9
64	—	6.4	65	—	6.5	4	—	0.4	3	—	0.3
1,68	—	202.4	1,75	—	210.8	1,40	—	168.7	83	—	100.0
38	—	6.3	51	—	8.5	2	—	3.3	3	—	0.5
—	—	—	2	—	6.5	—	—	—	—	—	—
1,095,61		30.4	1,364,16		37.8	778,62		21.6	858,31		23.8

## STATE

## REGIONAL DISTRIBUTION OF OFFICES IN INDIA

State/Union Territory	Number of offices opened during 1957				Number of offices closed during 1957			
	Foreign banks	Indian scheduled banks	Non-scheduled banks	Total	Foreign banks	Indian scheduled banks	Non-scheduled banks	Total
1	2	3	4	5	6	7	8	9
<b>States :</b>								
Andhra Pradesh .. ..	—	20	—	20	—	2	3	5
Assam .. ..	—	4	—	4	—	—	—	—
Bihar .. ..	—	4	—	4	—	—	—	—
Bombay .. ..	—	40	3	43	—	5	3	8
Kerala .. ..	—	13	6	19	—	—	28	28
Madhya Pradesh .. ..	—	11	—	11	—	1	—	1
Madras .. ..	—	51	16	67	—	1	10	11
Mysore .. ..	—	16	7	23	—	1	1	2
Orissa .. ..	—	9	—	9	—	—	—	—
Punjab .. ..	—	12	1	13	—	2	3	5
Rajasthan .. ..	—	—	—	—	—	1	1	2
Uttar Pradesh .. ..	—	16	—	16	—	5	1	6
West Bengal .. ..	—	12	—	12	—	—	—	—
Jammu and Kashmir .. ..	—	1	—	1	—	—	—	—
<b>Union Territories :</b>								
Delhi .. ..	—	8	—	8	—	1	1	2
Himachal Pradesh .. ..	—	1	—	1	—	—	—	—
Manipur .. ..	—	—	—	—	—	—	—	—
Pondicherry .. ..	—	—	—	—	—	—	—	—
Tripura .. ..	—	1	—	1	—	—	—	—
Andamans and Nicobar Islands .. ..	—	1	—	1	—	—	—	—
<b>Total .. ..</b>	<b>—</b>	<b>220</b>	<b>33</b>	<b>253</b>	<b>—</b>	<b>19</b>	<b>51</b>	<b>70</b>
Number of reporting banks								

*Note:* The figures are based on the returns in form IX submitted by banking companies under the Banking Companies Act and relate to their offices in the whole of India and exclude administrative, seasonal, temporary and non-banking offices in the case of scheduled banks.

## MENT 24

## OF BANKING COMPANIES, 1957

Net increase (+) or decrease (—) during 1957				Number of offices as on December 31, 1957			
Foreign banks	Indian-scheduled banks	Non-scheduled banks	Total	Foreign banks	Indian-scheduled banks	Non-scheduled banks	Total
10	11	12	13	14	15	16	17
—	+18	— 3	+15	—	255	18	273
—	+ 4	—	+ 4	—	26	14	40
—	+ 4	—	+ 4	—	135	22	157
—	+96*	—61*	+35	17	674	55	746
—	+13	—22	— 9	4	183	461	648
—	+10	—	+10	—	157	22	179
—	+50	+ 6	+56	8	412	251	671
—	+15	+ 6	+21	1	253	128	382
—	+ 9	—	+ 9	—	25	4	29
—	+57**	—49**	+ 8	4	268	24	296
—	— 1	— 1	— 2	—	124	5	129
—	+11	— 1	+10	2	386	33	421
—	+12	—	+12	20	177	54	251
—	+ 1	—	+ 1	1	9	14	24
—	+ 8**	— 2**	+ 6	10	95	6	111
—	+ 1	—	+ 1	—	8	—	8
—	—	—	—	—	—	1	1
—	—	—	—	—	5	—	5
—	+ 1	—	+ 1	—	3	1	4
—	+ 1	—	+ 1	—	1	—	1
—	+310	—127	+183	67	3,196	1,113	4,376
				17	74	388	479

\*The State Bank of Saurashtra which was scheduled in 1957 accounted for an increase of 61 offices of scheduled banks in Bombay and a decrease of the same number of offices of non-scheduled banks.

\*\*The Bank of Patiala which was scheduled in 1957 accounted for an increase of 47 offices of scheduled banks in the Punjab and one office in Delhi and a decrease of the same number of offices of non-scheduled banks.

**STATE**

**DISTRIBUTION OF BANKING OFFICES BY POPULATION**

State/Union Territory 1	Unclassified		Less than 5,000		5,000 to 10,000	
	No. of Places 2	No. of Offices 3	No. of Places 4	No. of Offices 5	No. of Places 6	No. of Offices 7
<b>States :</b>						
Andhra Pradesh .. ..	11	11	1	1	18	20
Assam .. ..	1	1	—	—	1	1
Bihar .. ..	9	9	6	7	5	10
Bombay .. ..	37	37	15	17	42	50
Kerala .. ..	43	47	29	53	43	90
Madhya Pradesh .. ..	12	13	9	9	10	11
Madras .. ..	29	32	10	12	30	39
Mysore .. ..	13	14	19	23	34	50
Orissa .. ..	8	10	1	1	1	1
Punjab .. ..	3	3	26	32	28	40
Rajasthan .. ..	—	—	5	5	16	18
Uttar Pradesh .. ..	9	9	14	16	11	16
West Bengal .. ..	5	6	1	2	3	3
Jammu and Kashmir .. ..	4	4	—	—	1	1
<b>Union Territories :</b>						
Delhi .. ..	—	—	—	—	—	—
Himachal Pradesh .. ..	1	1	2	3	2	4
Manipur .. ..	—	—	—	—	—	—
Pondicherry .. ..	—	—	—	—	—	—
Tripura .. ..	—	—	—	—	—	—
Andaman and Nicobar Islands	1	1	—	—	—	—
<b>Total ..</b>	<b>186</b>	<b>198</b>	<b>138</b>	<b>181</b>	<b>245</b>	<b>354</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 submitted by banking companies under the Banking Companies Act and relates to their offices in the whole of India.  
3. Administrative, seasonal, temporary and non-banking offices have been excluded in the case of scheduled banks.



**MENT 25****IN THE SEVERAL STATES AS AT THE END OF 1957**

10,000 to 25,000		25,000 to 50,000		50,000 to 100,000		100,000 and over		Total	
No. of Places 8	No. of Offices 9	No. of Places 10	No. of Offices 11	No. of Places 12	No. of Offices 13	No. of Places 14	No. of Offices 15	No. of Places 16	No. of Offices 17
59	89	14	42	10	42	7	68	120	273
7	15	4	18	1	5	—	—	14	40
21	37	12	30	7	24	5	40	65	157
69	105	43	130	18	82	13	325	237	746
57	195	8	50	5	107	4	106	189	648
33	59	13	29	5	19	5	39	87	179
53	124	30	126	11	98	7	240	170	671
57	125	8	25	7	42	6	103	144	382
4	7	1	1	1	3	1	6	17	29
37	77	15	55	7	30	4	59	120	296
28	38	10	20	4	14	4	34	67	129
50	88	25	69	14	59	14	164	137	421
15	21	12	40	10	23	3	156	49	251
3	4	—	—	1	6	1	9	10	24
—	—	—	—	—	—	1	111	1	111
—	—	—	—	—	—	—	—	5	8
—	—	—	—	—	—	1	1	1	1
1	2	—	—	1	3	—	—	2	5
—	—	—	—	1	4	—	—	1	4
—	—	—	—	—	—	—	—	1	1
494	986	195	635	103	561	76	1,461	1,437	4,376

**STATEMENT 26**  
**REGIONAL DISTRIBUTION OF THE NUMBER OF OFFICES PROPOSED TO BE OPENED IN INDIA IN RESPECT OF WHICH BANKING COMPANIES WERE GRANTED OR REFUSED PERMISSION DURING 1957**

State/Union Territory 1	No. of offices in respect of which permission was granted 2	No. of offices in respect of which permission was refused 3
Andhra Pradesh .. .. .	28 (7)	—
Assam .. .. .	6 (4)	2
Bihar .. .. .	7 (4)	—
Bombay .. .. .	90 (36)	—
Kerala .. .. .	25 (6)	2
Madhya Pradesh .. .. .	13 (4)	—
Madras .. .. .	86 (9)	4
Mysore .. .. .	86 (12)	1
Orissa .. .. .	12 (7)	—
Punjab .. .. .	17 (2)	5
Rajasthan .. .. .	5	—
Uttar Pradesh .. .. .	17 (3)	1
West Bengal .. .. .	29 (10)	—
Jammu & Kashmir .. .. .	3 (1)	—
Delhi .. .. .	24 (4)	1
Himachal Pradesh .. .. .	1 (1)	—
Manipur .. .. .	1	—
<b>Total .. .. .</b>	<b>400 (110)</b>	<b>16</b>

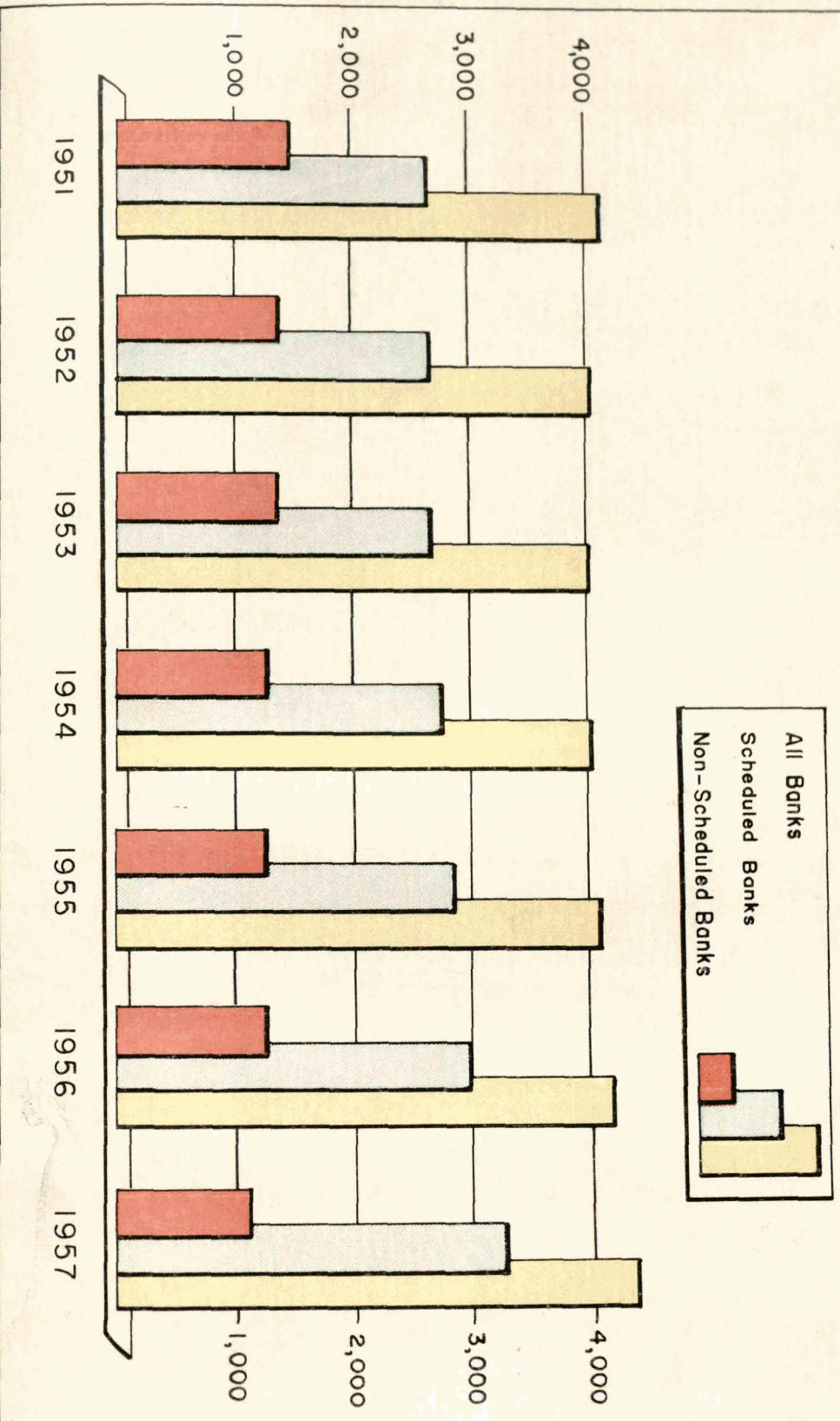
*Note :* Figures in brackets indicate the number of offices opened at places which were not served by any bank at all.

**STATEMENT 27**  
**OFFICES OF INDIAN BANKS OUTSIDE INDIA, 1955-57**

Country 1	1955		1956		1957	
	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	1	1
British East Africa .. .. .	2	8	2	9	2	9
Burma .. .. .	5	9	5	9	5	9
Ceylon .. .. .	3	3	3	3	3	3
Hongkong .. .. .	2	2	2	2	2	2
Japan .. .. .	1	2	1	2	1	2
Malaya .. .. .	4	12	4	13	4	14
Pakistan .. .. .	27	66	27	62	25	58
Thailand .. .. .	1	1	1	1	1	1
United Kingdom .. .. .	4	4	4	4	5	5
<b>Total .. .. .</b>	<b>108</b>	<b>108</b>	<b>106</b>	<b>106</b>	<b>104</b>	<b>104</b>

GRAPH 11

OFFICES OF BANKING COMPANIES



# **STATEMENT 28** **PROGRESS OF ACTION TAKEN UNDER SEVERAL PROVISIONS OF THE BANKING COMPANIES ACT**

	1949	1950	1951	1952	1953	1954	1955	1956	1957	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	1	2	—	241
(ii) Number of companies classified as banking companies .. .. .	4	1	—	1	3	—	—	2	—	11
(iii) Number of companies classified as non-banking companies or gone into liquidation or struck off ..	41	29	57	47	15	4	1	5	1	200
(iv) Number of companies taking suitable action or whose cases were under consideration .. .. .	27	20	36	28	37	36	36	31	30	
<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	—	1	—	131
(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	1	5	1	56
(iv) Number of companies granted exemption .. ..	—	—	4	—	—	—	—	—	—	4
(v) Number of companies taking suitable action ..	—	8	24	42	31	38	37	33	32	
<b>3. Disposal of non-banking assets (Section 9)</b>										
(i) Number of companies reported to have contravened the section .. .. .	—	—	2	—	—	—	—	47	5	54
(ii) Number of companies which regularised their holdings .. .. .	—	—	1	—	—	—	—	7	5	13
(iii) Number of companies allowed time to regularise their holdings .. .. .	—	—	—	—	—	—	—	37	38	
(iv) Number of companies converted into non-banking companies or went into liquidation .. .. .	—	—	—	—	—	—	—	—	—	
(v) Number of companies whose cases were under consideration or which were taking steps .. .. .	—	—	—	—	—	—	—	3	2	
<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	14	7	11	141
(ii) Number of companies which regularised their position or were exempted .. .. .	29	21	4	6	6	12	5	7	11	101
(iii) Number of companies classified as non-banking companies .. .. .	—	—	2	—	—	—	—	—	—	2
(iv) Number of companies which became defunct or were wound up .. .. .	—	—	2	1	2	1	2	5	—	13
(v) Number of companies whose cases were under consideration or were taking steps to regularise their position .. .. .	13	15	11	16	19	23	30	25	25	

**STATEMENT 28—(Contd.)**

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

	1949	1950	1951	1952	1953	1954	1955	1956	1957	Total
<p><i>Note :—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. Of these 11 banks, 3 banks were exempted from both the sub-sections for a further period of three years while 2 banks each were further exempted for a similar period from the sub-sections 10(I)(c)(i) and (ii) respectively.</i></p>										
<b>5. Minimum capital requirements (Section 11)</b>										
(i) Number of applications received for issue of additional capital .. .. .	19	36	49	40	32	7	10	8	5	206
(ii) Number of applications recommended for the issue of additional capital .. .. .	14	24	54	31	17	5	6	4	4	159
(iii) Number of applications recommended for rejection .. .. .	—	—	6	16	14	3	4	4	1	47
(iv) Number of applications pending and under consideration .. .. .	6	17	7	—	1	—	—	—	—	—
(v) Number of companies which raised the capital to the prescribed level .. .. .	—	—	14	26	2	1	1	5	6	55
(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	22	27	27	151
<b>6. Regulation of capital and restrictions on voting rights (Section 12 (I) (i) and (ii))</b>										
(i) Number of companies contravening the section .. .. .	11	1	4	2	26	1	2	5	2	54
(ii) Number of companies which complied with the provisions of the section or were exempted .. .. .	1	3	3	1	13	6	2	7	6*	42
(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	13	11	12	—

## 7. Prohibition of interlocking directorates (Section 16)

(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	1	—	—	50
(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	—	—	1	—	7
(v)	Number of companies whose cases were under consideration or which were taking action ..	8	10	8	9	7	9	8	7	7	

## 8. Restrictions on the nature of subsidiary companies or holding shares of other companies (Section 19)

<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	6	2	4	97
(ii)	Number of companies whose cases came up for reconsideration ..	—	6	5	7	4	5	1	5	3	36
(iii)	Number of companies which regularised the holdings	11	7	15	8	7	6	2	4‡	5	65
(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	2	4	3	23
(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	17	17	16	
<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	—	—	—	—	—	—	

\* Include one bank from item (i) under section 12(1)(i) and (ii).

† 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. These banks have reported compliance with the provisions of the section.

‡ Include one bank which has been exempted and which is included in item (v) under section 19(2).

**STATEMENT 29**  
**PART A**  
**PARTICULARS RELATING TO BANKS WHICH AS A RESULT**  
**OF THEIR RE-INSPECTION HAVE BEEN FOUND**  
**TO HAVE RECTIFIED THE DEFECTS POINTED OUT**  
**AFTER THEIR EARLIER INSPECTIONS**

(Amount in lakhs of rupees)

Nature of defect	Number of banks	Amount outstanding as on the date of inspection when		Increase (+) or decrease (—) (percent)
		the defects were first observed	the defects were found to have been rectified	
1	2	3	4	5
1. Inadequate and poor reserves .. ..	49	59.39	1,03.56	+ 74.4
2. Insufficient reserves against bad and doubtful debts .. ..	9	0.94	1.50	+ 59.6
3. Frequent borrowings .. ..	37	167.16	21.13	— 87.4
4. (a) Large investments in shares and debentures of joint stock companies ..	4	13.17	8.97	— 31.9
(b) Investments in unquoted shares and debentures .. ..	9	18.57	4.73	— 74.5
5. Investments in shares and debentures of companies in which banks' directors are interested .. ..	4	8.66	2.20	— 74.6
6. Inadequate investments in Government securities .. ..	23	8.08	54.31	+ 572.1
7. Meagre liquid assets .. ..	34	74.82	178.19	+ 133.0
8. Total of advances (of banks whose advances were high in relation to their total resources) .. ..	77	14,94.91	16,15.76	+ 8.1*
9. Unsecured advances (high proportion in relation to total advances) .. ..	40	249.20	204.21	— 18.1
10. Granting large advances against immovable properties .. ..	24	194.81	144.08	— 26.0
11. Large proportion of decreed and doubtful debts .. ..	8	5.02	3.17	— 36.8
12. Large number of irregular and dormant advances including advances having undesirable features .. ..	23	1,01.72	13.03	— 87.1
13. Concentration of advances in the hands of a few borrowers .. ..	27	114.71	41.41	— 63.9
14. Large advances to directors, their relations and associates and concerns in which any of them is interested ..	23	59.80	17.17	— 71.3

\* The increase in the amount of advances does not reflect further deterioration but an improvement as it is accompanied by a more than proportionate increase in deposits.



## STATEMENT 29

## 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		Increase (+) or decrease (-) (per cent)
		the date of inspection when the defects were first observed	Dec. 31, 1957 (on the basis of the progress reports)	
1	2	3	4	5
1. Inadequate and poor reserves .. ..	142	67.66	87.97	+ 30.0
2. Insufficient reserves against bad and doubtful debts .. .. .	31	5.09	3.35	- 34.2
3. Frequent borrowings .. .. .	28	3,48.59	2,90.15	- 16.8
4. (a) Large investments in shares and debentures of joint stock companies ..	10	72.42	64.35	- 11.1
(b) Investments in unquoted shares and debentures .. .. .	40	153.96	97.55	- 36.6
5. Investments in shares and debentures of companies in which banks' directors are interested .. .. .	14	68.78	32.39	- 52.9
6. Inadequate investments in Government securities .. .. .	35	9.56	19.72	+ 106.3
7. Meagre liquid assets .. .. .	25	86.45	1,02.63	+ 18.7
8. Total of advances (of banks whose advances were high in relation to their total resources) .. .. .	167	41,88.11	50,61.02	+ 20.8
9. Unsecured advances (high proportion in relation to total advances) .. ..	149	8,75.56	9,04.87	+ 3.3
10. Granting large advances against immovable properties .. .. .	124	6,12.02	4,89.69	- 20.0
11. Large proportion of decreed and doubtful debts .. .. .	200	6,51.17	7,14.70	+ 9.8
12. Large number of irregular and dormant advances including advances having undesirable features .. .. .	244	35,26.43	27,25.05	- 22.7
13. Concentration of advances in the hands of a few borrowers .. .. .	91	28,86.17	27,53.45	- 4.6
14. Large advances to directors, their relations and associates and concerns in which any of them is interested .. ..	40	7,62.37	9,26.90	+ 21.6

## **APPENDIX II**

### **NOTIFICATIONS**

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**DEPARTMENT OF ECONOMIC AFFAIRS**

#### **1. No. F. 7 (50)-F.I./RO/56 dated January 9, 1957**

In pursuance of clause (c) of the Explanation to sub-section (1) and clauses (a) and (aa) of sub-section (2) of section 42 of the Reserve Bank of India Act, 1934 (2 of 1934) the Central Government hereby notifies the State Bank of Hyderabad for the purpose of each of the said provisions with effect from the 1st February, 1957.

#### **2. No. 4(32)-F.I./57 dated March 7, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of any banking company incorporated in the State of Travancore-Cochin as it existed on the 31st October, 1956, which is confining its activities to the territories comprised in that State, the provisions of sub-section (1) of section 24 of the said Act shall not apply for the period from the 1st April 1957 to 31st March 1958, in so far as such provisions require such banking company 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.

#### **3. No. 4(174)-F.I./56 dated March 11, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (i) of clause (c) of sub-section (1) of section 10 of the said Act shall not apply to the Bank of Indore Ltd., Indore, in so far as the said provisions prohibit its General Manager from being a director of the Central India Cotton Association Ltd., Indore.

#### **4. No. 4(211)-F.I./56 dated March 11, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (i) of clause (c) of sub-section (1) of section 10 of the said Act shall not apply to the

undermentioned banking companies in so far as the said provisions prohibit their Chief Executive Officers from being the members of the Committee of the Indian Chamber of Commerce, Calcutta.

1. The Hind Bank Ltd., Calcutta.
2. The Hindusthan Mercantile Bank Ltd., Calcutta.
3. The United Bank of India Ltd., Calcutta.
4. The United Commercial Bank Ltd., Calcutta.

**5. No. 4(207)-F.I./56 dated March 13, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of sub-section (1) of section 12 of the said Act shall not apply, up to and including the 31st day of March 1958, to

1. The Bank of New India Ltd., Trivandrum.
2. The Martandam Commercial Bank Ltd., Trivandrum.
3. The South Indian National Bank Ltd., Mavelikara.
4. The United India Bank Ltd., Chengannur.

**6. No. 4(193)-F.I./56 dated March 19, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of the undernoted banking companies, the provisions of section 11 of the said Act shall not apply up to and including the 31st March 1958.

1. Adoor Bank Ltd., Adoor.
2. Bank of Deccan Ltd., Kottayam.
3. Bank of Konkan Ltd., Malvan.
4. Bank of New India Ltd., Trivandrum.
5. Cochin Nayar Bank Ltd., Trichur.
6. Cochin Union Bank Ltd., Trichur.
7. Colony Bank Ltd., Ludhiana.
8. Gadodia Bank Ltd., Delhi.
9. G. Raghunathmull Bank Ltd., Hyderabad (Deccan).
10. Indian Traders Bank Ltd., Alwaye.
11. Kerala Commercial Bank Ltd., Trivandrum.
12. Kerala Service Bank Ltd., Trivandrum.
13. Kishanganj Bank Ltd., Kishanganj.
14. Martandam Commercial Bank Ltd., Trivandrum.
15. Moolankuzhi Union Bank Ltd., Thoppumpady.
16. National Trust Bank Ltd., Calcutta.
17. New Citizen Bank of India Ltd., Bombay.
18. Oriental Union Bank Ltd., Kaduthuruthy.
19. Prabartak Bank Ltd., Calcutta.
20. Premier Bank of India Ltd., Madras.
21. Rayalaseema Bank Ltd., Bellary.

- 22. Society Bank Ltd., Tiruvalla.
- 23. South Indian National Bank Ltd., Mavelikara.
- 24. Suburban Bank (Private) Ltd., Trichur.
- 25. Swadesi Bank Ltd., Pathanamthitta.
- 26. United India Bank Ltd., Chengannur.
- 27. Bareilly Bank (Private) Ltd., Bareilly.

**7. No. F. 7(91)-F.I./RO/56 dated March 21, 1957**

In pursuance of section 51 of the Banking Companies Act, 1949 (10 of 1949) the Central Government hereby notifies the State Bank of Saurashtra for the purposes of the said section.

**8. No. 4(56)-F.I./57 dated May 3, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 24 of the said Act shall not apply to any banking company for a further period of one year from the 9th June 1957 in so far as provisions :—

- (a) require the inclusion of borrowings by the banking company from the State Bank of India and the State Bank of Hyderabad in computing the time and demand liabilities in India of the banking company ; and
- (b) preclude the maintenance by the banking company of the amount specified in that section in the form of approved securities which are lodged with another institution for an advance or other credit arrangement, such securities being valued at a price not exceeding the current market price less the extent to which they have been drawn against or credit arrangements in regard to them have been availed of.

**9. No. 4(77)-F.I./57 dated May 6, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 29 of the said Act shall not, for the calendar year 1956 only, apply to the Jammu and Kashmir Bank Ltd., in so far as they relate to the closing of annual accounts on the last working day of the said calendar year provided that the said banking company prepares its balance sheet and profit and loss account for the purposes of the said section for the period between the 1st July, 1956 and the 31st December, 1956.

**10. No. F. 8(40)-F.I./RO/57 dated May 8, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (ii) of clause (c) of sub-section (1) of section 10 of the said Act shall not apply to the State Bank of India before the 1st July, 1958.

**11. No. 4(85)-F.I./57 dated May 9, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (i) of clause (c) of sub-section (1) of section 10 of the said Act shall not apply to the United Bank of India Ltd., Calcutta, in so far as the said provisions prohibit its Chief Executive Officer from being a member of the Executive Committee of the Bengal National Chamber of Commerce and Industry, Calcutta.

**12. No. 4(175)-F.I./56 dated May 18, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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 Cochin Commercial Bank Ltd., Cochin for a period upto and including the 31st March, 1958.

**13. No. 4(82)-F.I./57 dated May 21, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (i) of clause (c) of sub-section (1) of section 10 of the said Act shall not apply to the Sangli Bank Ltd. till the 21st May, 1958, in so far as the said provisions prohibit its Manager from being a director of the Spices and Oilseeds Exchange Ltd., Sangli.

**14. No. 4(103)-F.I./57 dated June 14, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949, (10 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 year ended the 31st December 1956, together with the auditor's reports in a newspaper :—

1. Ajodhia Bank Ltd., Faizabad.
2. Oudh Commercial Bank Ltd., Faizabad.
3. National Banking Corporation Ltd., Kachhwa.
4. Derajat Bank Ltd., Amritsar.
5. Purnea Banking Corporation Ltd., Purnea.
6. Chittattukara Catholic Bank Ltd., Chittattukara.
7. Indo-National Bank (Private) Ltd., Nagercoil.
8. Madapally Sri Vilasom Bank Ltd., Mundakayam.
9. South Travancore Bank Ltd., Neyyoor.
10. Sree Vardhana Bank Ltd., Kottayam.
11. Vasudeva Vilasam Bank (Private) Ltd., Perintalmanna.
12. United Mercantile Bank (Assam) Ltd., Golaghat.
13. The Union Bank Ltd., Alleppey.

**15. No. 4(79)-F.I./57 dated June 20, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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 12 of the said Act shall not apply to the Allahabad Bank Ltd., in so far as these provisions relate to the voting rights of the Chartered Bank, London, as a shareholder of the said Allahabad Bank Ltd.

**16. No. D. 2706-F.I./57 dated June 29, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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 up to the 30th September, 1957, to the Indo-Commercial Bank Ltd., Madras, in so far as the said provisions relate to (i) publication of its balance sheets and profit and loss account for the period ended the 31st December, 1956 together with the auditor's report in a newspaper, and (ii) the submission of three copies of its balance sheet and profit and loss account for the period ended the 31st December, 1956 and of the auditor's report thereon to the Reserve Bank of India.

**17. No. 4(121)-F. I./57 dated July 13, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (i) of sub-section (1) of section 12 of the said Act shall not apply, until the 14th August 1960, to the Oriental Bank of Commerce Ltd., Delhi.

**18. No. F.4(15)-F.I./RO/57 dated September 11, 1957**

In pursuance of sub-clause (iii) of clause (a) of sub-section (6) of section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), the Central Government hereby notifies the State Bank of Saurashtra and the Bank of Patiala for the purposes of the said sub-clause.

**19. No. 4(119)-F.I./57 dated September 24, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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, up to the period ending with the 30th June, 1958, apply to the Gauhati Bank Ltd., Gauhati, in respect of the shares of the Nirmala Tea Co. Ltd. held by the bank on the 2nd July 1955.

**20. No. 4(145)-F.I./57 dated October 5, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank, hereby declares that the provisions of Note (g) appended to Form A in the Third Schedule to the said Act shall not apply to the Union Bank

of India Ltd., Bombay, in so far as the said provisions require it to show under the item 'Premises less depreciation' in its balance sheet as on the 31st December 1957, the date and the amount of the reduction in the value of the premises made in pursuance of the order dated the 24th March 1926 of the High Court of Bombay sanctioning a reduction of capital by the said banking company.

**21. No. 4(156)-F.I./57 dated October 21, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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 be applicable to the undernoted banking companies till the expiry of the 31st day of October 1958, in so far as the said section would, by reason only of the territorial changes and formation of new States under the provisions of the States Reorganisation Act, 1956 (37 of 1956), require them to have paid-up capital and reserves of an aggregate value which is higher than the aggregate value of paid-up capital and reserves which they were required to have under the said section on the 31st October, 1956 :—

1. Ganesh Bank of Kurundwad Ltd., Kurundwad.
2. Nadar Mercantile Bank Ltd., Trivandrum.
3. Union Bank of Bijapur and Sholapur Ltd., Bijapur.
4. Saraswati Bank Ltd., Gulbarga.

**22. No. 4(57)-F.I./57 dated December 19, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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,—

- (i) Part II (except sub-section (2) of section 27 and section 28) and Part III of the said Act, and
- (ii) all the said Banking Companies Rules (except rules 1, 2, 3 (4), 4 (1) (i) (a), 4 (1) (ii), 4 (2) and 16 thereof

shall not apply to the Grindlays Bank Ltd., for a period of two years commencing from the 1st January, 1958.

**23. No. 4(183)-F.I./57 dated December 26, 1957**

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 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 with the 31st December 1958, apply to the Bank of Jaipur Ltd. in respect of the shares of the Howrah Soap Co. Ltd., and the J. K. Eastern Industries Ltd. held by it on the 28th October, 1955.

## APPENDIX III

### PRESS COMMUNIQUE

#### I. Dated January 31, 1957

*Advances from the Reserve Bank against Government securities and other eligible securities under section 17 (4) (a) of the Reserve Bank of India Act, 1934—  
Rate of interest.*

With effect from the 1st February 1957, the rate of interest on advances to scheduled banks against Government and other eligible securities under section 17 (4) (a) of the Reserve Bank of India Act, 1934, has been raised to 4 per cent per annum.

#### 2. Dated December 6, 1957

With reference to sub-section (2) of Section 32 of the State Bank of India Act, 1955, it has been agreed between the Reserve Bank of India and the State Bank of India that the following rates shall be adopted for calculating the commission payable to the State Bank of India on the turnover of Government account for the quinquennium 1st April 1955 to 31st March 1960.

On the first Rs. 600 crores .. .. . Rs. 0.06 of one per cent.

On the next Rs. 600 crores over Rs. 600  
crores .. .. . Rs. 0.04 of one per cent.

On the next Rs. 1200 crores over Rs. 1200 crores Rs. 0.02 of one per cent.

Of the remainder of the total of receipts and  
disbursements dealt with annually on account  
of Government by the State (Imperial) Bank  
on behalf of the Reserve Bank of India .. Rs. 0.01 of one per cent.

### [SELECTED CIRCULARS ISSUED TO BANKING COMPANIES]

#### 3. DBO. No. Leg. 343/C. 235-57 dated January 11, 1957

#### THE BANKING COMPANIES (AMENDMENT) ACT, 1956.

We enclose for your information and guidance a copy of the above-mentioned Act.\* which will come into force on the 14th January 1957. The provisions of the Act are self-explanatory, but we would draw your attention to the following points :—

#### Section 2 :

This section substitutes a new section for section 10 of the Banking Companies Act, 1949. In terms of the new section—

- (a) the provisions of section 10 (1)(b)(ii) do not apply to the payment of any bonus in pursuance of a settlement or award arrived at or made under any law relating to industrial disputes or in accordance with any scheme framed by such banking company or in accordance with the usual practice prevailing in banking business ;

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\*Please see Appendix IV (pages 138-145 of 1956 Report)



- (b) restrictions are placed on the payment of excessive remuneration to bank employees, whether already employed or to be employed in future ;
- (c) the expression "remuneration" has been explained for the purposes of sub-section (1) (b) (iii).

### Section 3 :

This section substitutes a new section for the existing section 12 of the Banking Companies Act, 1949 and in terms of the new section —

- (a) the restrictions on the exercise of voting rights in the hands of individual shareholders have been made applicable even to banks established before the 15th January 1937 ;
- (b) restrictions have been placed on *benami* holding of shares in a banking company ;
- (c) the Reserve Bank has been empowered to call upon every chairman, managing director or chief executive officer of a banking company to furnish to the Reserve Bank full particulars of the shares held by him in the banking company and of any variation in the rights attached thereto.

### Section 4 :

This section inserts a new section 12A which empowers the Reserve Bank to direct the election of fresh directors in accordance with the voting rights permissible under the Act.

### Section 5 :

This section substitutes a new section for section 16 of the Banking Companies Act, 1949 and the new section, *inter alia*, prohibits the appointment as a director of a person who is a director of other companies which among themselves are entitled to exercise voting rights in excess of 20 per cent of the total voting rights in a banking company. In terms of sub-section (2) of the new section, any director of a banking company, who, immediately before the commencement of the Act, is also a director of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company shall, within a period to be specified by the Reserve Bank, either resign his office as a director of the banking company or choose such number of companies as among themselves are not entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company.

### Section 6 :

This section amends section 27 of the Banking Companies Act, 1949 and enables the Reserve Bank to obtain statements and information over a wider range than hitherto for the performance of the functions under the Act.

**Section 7 :**

This section inserts two new sections, 35A and 35B, after section 35 of the Banking Companies Act. Section 35A enables the Reserve Bank to give directions to banking companies in relation to matters of policy or administration or in order to achieve the objects mentioned in the section. In terms of section 35B, the appointment or re-appointment of the Managing Director, Manager, Chief Executive Officer etc., and the terms of their appointment will be subject to the prior approval of the Reserve Bank.

**Section 8 :**

This section amends section 36(1)(d) of the Banking Companies Act, 1949 and the amended section enables the Reserve Bank to depute one or more officers to watch the proceedings at any meeting of the Board of Directors of a banking company or of any Committee or any other body constituted by it or to observe the conduct of affairs of a banking company and report thereon to the Reserve Bank.

**Section 10 :**

This section inserts a new section 46A after section 46 of the Banking Companies Act, 1949 and in terms of the new section, every Chairman, Director, Auditor, Liquidator, Manager and any other employee of a banking company is deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code, so that action can be taken in cases where illegal gratification is accepted by them.

**4. DBO. No. Sch. 639/C 110-57 dated January 23, 1957.****Section 42 of the Reserve Bank of India Act, 1934.**

We enclose a copy of the Notification No. F. 7 (50)—F.I./RO/56—S.R.O. 229 dated the 9th January 1957 issued by the Central Government (*vide* Appendix II page 84). In terms of the notification, the State Bank of Hyderabad will be a notified bank for the purpose of sub-section (1) and clauses (a) and (aa) of sub-section (2) of section 42 of the Reserve Bank of India Act as from the 1st February 1957. In view of the notification, the liabilities of scheduled banks for the purposes of sub-section (1) and clause (a) of sub-section (2) will not include, *inter alia*, borrowings from the State Bank of Hyderabad, while the amount of borrowings from the State Bank of Hyderabad will have to be shown under clause (aa) of that sub-section classifying them into demand and time liabilities.

2. Consequently, the State Bank of Hyderabad will also be a "notified bank" as defined in regulation 2 (bb) of the Reserve Bank of India Scheduled Banks' Regulations. The amounts of the borrowings from the State Bank of Hyderabad shall have, therefore, to be excluded from the amount of the demand and time liabilities to be shown under items (i) (1) and (ii) (1) in the form of the weekly return prescribed under the Regulations. The borrowings from the bank will have to be shown under item (iii) along with those from the State Bank

of India classifying them into demand and time liabilities as the case may be. It may please be noted that the changes will come into force with effect from the 1st February, 1957.

**5. DBO. No. B.M. 714/C. 297A-57 dated January 25, 1957.**

**RATE OF STAMP DUTY ON BILLS OF EXCHANGE —ADVANCES TO SCHEDULED BANKS UNDER SECTION 17 (4) (c) OF THE RESERVE BANK OF INDIA ACT, 1934—THE BILL MARKET SCHEME.**

As you may be aware, in terms of section 4 of the Finance (No. 2) Act, 1956 (76 of 1956) read with Government of India Notification dated the 25th January 1957 (Annexures I and II), items (b) and (c) in entry 13 in Schedule 1 to the Indian Stamp Act, 1899 will stand amended with effect from the 1st day of February 1957, as indicated in the enclosed extract. (Annexure III). In exercise of the powers conferred by clause (a) of sub-section (1) of section 9 of the Indian Stamp Act, 1899, the Government of India, by their order dated the 25th January 1957 (Annexure II) have reduced, with effect from the 1st of February 1957, the rate of stamp duty chargeable on bills of exchange to one-half of the rates specified in items (b) and (c) (as amended) referred to above. We shall be glad if you will kindly ensure that the eligible bills executed on and after the 1st February 1957 and lodged with our offices are adequately stamped in conformity with the law.

**Annexure I**

**Government of India, Ministry of Finance (Department of Revenue)  
New Delhi. Dated January 25, 1957**

**STAMPS**

No. 2—In pursuance of sub-section (2) of section 1 of the Finance (No. 2) Act, 1956 (76 of 1956), the Central Government hereby appoints the 1st day of February, 1957, as the date on which section 4 of the said Act shall come into force.

**Annexure II**

**ORDER  
STAMPS**

In exercise of the powers conferred by clause (a) of sub-section (1) of section 9 of the Indian Stamp Act, 1899 (2 of 1899), and in supersession of the notification of the Government of India in the Finance Department (Central Revenues) No. 1, dated the 13th January 1940, the Central Government hereby directs that with effect from the 1st of February 1957, the proper stamp duty chargeable on Bills of Exchange specified in items (b) and (c) in entry 13 of the First Schedule to the said Act shall be reduced to half.

**Annexure III**

The Indian Stamp Act, 1899 shall be amended in the manner specified in the Second Schedule.

## THE SECOND SCHEDULE

In Schedule I to the Indian Stamp Act, 1899, in entry 13, for items (b) and (c), the following items shall be substituted, namely :—

<i>Description of instrument</i>	<i>Proper stamp duty</i>
“(b) where payable otherwise than on demand—	
(i) where payable not more than three months after date or sight—	
if the amount of the bill or note does not exceed Rs. 500.	One rupee four annas.
if it exceeds Rs. 500 but does not exceed Rs. 1,000.	Two rupees eight annas.
and for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000.	Two rupees eight annas.
(ii) where payable more than three months but not more than six months after date or sight—	
if the amount of the bill or note does not exceed Rs. 500.	Two rupees eight annas.
if it exceeds Rs. 500 but does not exceed Rs. 1,000.	Five rupees.
and for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000.	Five rupees.
(iii) where payable more than six months but not more than nine months after date or sight—	
if the amount of the bill or note does not exceed Rs. 500.	Three rupees twelve annas.
if it exceeds Rs. 500 but does not exceed Rs. 1,000.	Seven rupees eight annas.
and for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000.	Seven rupees eight annas.
(iv) where payable more than nine months but not more than one year after date or sight—	
if the amount of the bill or note does not exceed Rs. 500.	Five rupees.
if it exceeds Rs. 500 but does not exceed Rs. 1,000.	Ten rupees.

<i>Description of instrument</i>	<i>Proper stamp duty</i>
and for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000.	Ten rupees.
(c) where payable at more than one year after date or sight—	
if the amount of the bill or note does not exceed Rs. 500.	Ten rupees.
if it exceeds Rs. 500 but does not exceed Rs. 1,000.	Twenty rupees.
and for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000.	Twenty rupees.

**6. DBO. No. Sch. 717/C. 96-57 dated January 30, 1957**

**Advances under section 17(4)(a) of the Reserve Bank of India Act, 1934—  
Rate of Interest.**

It has been decided to charge interest at four per cent per annum on advances that would be granted to scheduled banks under section 17(4) (a) of the Reserve Bank of India Act, 1934 on and after the 1st February 1957. In view of the above change, it would be necessary for our offices to open fresh loan accounts in their books for advances under section 17(4) (a) to be granted on and after the aforesaid date. The loan documents already executed by the borrowing banks and held by our offices would continue to hold good for the new loan accounts as well until they are due for renewal. It will, however, be necessary for the concerned banks to furnish our offices with whom the loan documents already executed are lodged, with a letter as in the annexure before commencing to avail themselves of advances under section 17(4) (a) on or after the 1st February 1957. This letter should be signed on behalf of the bank concerned by its official/s who is/are authorised to borrow from the Reserve Bank. It is understood that the balance, if any, of the drawing limit as at the close of business on the 31st January 1957 after taking into account the outstandings in the existing loan account as at the close of business on that date would be available for being drawn upon through the new account. While making remittances for credit of the loan accounts, banks should please indicate the loan account (viz. the 'old' or the 'new' one) to which the remittance should be credited.

2. You will no doubt appreciate that in view of the putting up of the rate of interest as referred to above, it will not be possible for us to allow borrowings by banks under section 17(4)(a) up to the close of business on the 31st January 1957 to remain outstanding beyond a reasonable period. Although, the borrowings are repayable on demand it has been decided to allow, without prejudice to the right of the Reserve Bank to recall the outstandings earlier, such of the banks as have outstandings under section 17(4)(a) on the abovementioned date, time up to the 30th April 1957 to liquidate in full such outstandings. If, however, as at the close of business on the 30th April 1957 the old account in the case of any bank shows an outstanding balance of advance, such balance will be transferred to its new account after the close of business on that date and the old account closed. The balance thus transferred would also be charged interest at the enhanced rate from the 1st May 1957.

## Annexure

**Advances under section 17(4)(a) of the Reserve Bank of India Act, 1934.**

Please refer to your Central Office Circular letter DBO No. Sch. 717/C. 96-57 dated the 30th January 1957. We agree that notwithstanding your granting to our bank advances under section 17(4)(a) of the Reserve Bank of India Act, 1934 on and after the 1st February 1957 through a new loan account opened in our bank's name for that purpose, the loan documents already executed on behalf of our bank in respect of the existing loan account will also hold good for the amount due from our bank from time to time in the new loan account as though the balances in the new loan account had arisen out of advances made through the existing loan account. Further, notwithstanding what is contained as regards the rate of interest to be charged on the advances in the demand promissory note/s and the loan agreement already executed by us in respect of the existing loan account, we are agreeable to your charging interest at half per cent over the Bank Rate (*i.e.* the Reserve Bank of India Rate) on advances to be granted to us under section 17(4)(a) *ibid* on and after the 1st February 1957. We also authorise you to transfer the amount of advances, if any, outstanding in the existing loan account as at the close of business on the 30th April 1957 to the new loan account in our bank's name and to charge interest on such outstandings at the aforesaid enhanced rate from the 1st May 1957.

**7. DBO. No. Sch. 917/C. 218-57 dated February 1, 1957****Bank Advances against Cotton Textiles including Yarn.**

Please refer to the directive contained in our circular letter DBO. No. Sch. 5929/C. 218-56 dated the 13th September 1956 in respect of bank advances against cotton textiles including yarn. We have to advise that the above directive is hereby withdrawn with effect from *today*.

**8. DBO. No. Sch. 1171/C. 218-57 dated February 9, 1957****Advances Against Paddy and Rice.**

It has been noticed that advances of banks against paddy and rice have been rising unusually rapidly in the last two months. As at the end of December 1956, paddy and rice advances at nearly Rs. 10 crores were about Rs. 2 crores above the level in December 1955, which was itself high relative to previous years, and almost twice the level of December 1954. Such a high rate of increase in bank advances is likely to accentuate the price situation in regard to this important food-grain. It is considered imperative that banks should refrain from excessive lending against these commodities and should not assist in the speculative holding of stocks. A directive as in paragraph 2 below is, therefore, being issued.

2. In exercise of the powers conferred upon it by sub-section (2) of Section 21 of the Banking Companies Act, 1949, the Reserve Bank of India hereby directs that every scheduled bank shall—

- (a) in respect of each credit limit and advance against the security of paddy and rice granted before the date of receipt of this directive, increase the

existing margin stipulated or kept by an amount not less than 10 per cent of the value of the aforesaid commodities comprising the security for such credit limit or advance ; provided that the margin when so increased shall not be less than 35 per cent of the value of the aforesaid commodities;

- (b) in respect of each credit limit and advance against the security of paddy and rice granted on or after the date of the receipt of this directive, maintain, in addition to the margin usually or in the normal course of business stipulated or kept by it with reference to such credit limit or advance, a margin which shall not be less than 10 per cent of the value of the aforesaid commodities comprising the security for such credit limit or advance ; provided that the margin when so increased shall not be less than 35 per cent of the value of the aforesaid commodities ;
- (c) for the purposes of clauses (a) and (b) above, credit limits sanctioned by way of purchase of demand documentary bills drawn in connection with the movement of paddy and rice shall not be taken into account.

3. We shall also be glad if you will endeavour to maintain a level of aggregate advances against paddy and rice in such a way that by the 15th of March 1957 and in every week thereafter, it is not more than 75 per cent of the level obtaining in the corresponding week in 1956.

4. You may also kindly instruct your branches to intimate to the Reserve Bank along with the fortnightly statement pertaining to March 15, 1957 (a) the usual, (b) maximum and (c) minimum margins actually maintained by your bank in respect of all advances against paddy and rice (i) before the date of receipt of the circular and (ii) as on the date of the return viz., March 15, 1957. We shall be further glad if with the same return information is also furnished, in respect of the aggregate of the relative loans and advances made prior to the date of receipt of this circular, the amount of margins received on or after the said date by your branches by way of (a) cash, (b) additional security and (c) reduction of drawing limits.

#### **9. DBO. No. B.M. 1185/C. 297A-57 dated February 11, 1957**

**Rate of stamp duty on promissory notes—Advances to scheduled banks under section 17(4)(c) of the Reserve Bank of India Act, 1934—  
The Bill Market Scheme.**

Please refer to our circular DBO. No. B.M. 714/C. 297A-57 dated the 25th January 1957. We append below for your information and guidance a copy of the Government of India Order dated the 8th February 1957 regarding the stamp duty on promissory notes payable otherwise than on demand, with effect from the 8th February 1957.

**"ORDER  
STAMPS**

No : 4—In exercise of the powers conferred by clause (a) of sub-section (1) of section 9 of the Indian Stamp Act, 1899 (2 of 1899), and in supersession of the notification of the Government of India in the Finance Department (Central Revenues) No. 5 dated the 23rd November, 1940, the Central Government hereby directs that with immediate effect the proper stamp duty chargeable on promissory notes specified in entry 49(b) of the First Schedule to the said Act shall be reduced to half the rates specified against items (b) and (c) in entry 13 of the said Schedule to the said Act."

**10. DBO. No. B.M. 1560/C. 297A-57 dated February 22, 1957**

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

Please refer to paragraph 4(b) of our circular DBO. No. Ins. 4121/C. 297-54 dated the 14th July 1954 regarding the minimum amount that can be borrowed at a time under the above scheme. It has been decided to relax further the relative stipulation and the minimum amount that can be borrowed by an eligible bank at any one time under the scheme in terms of section 17(4)(c) of the Reserve Bank of India Act, 1934 will henceforth be Rs. 5,00,000/- (Rupees five lakhs) instead of Rs. 10,00,000/- (Rupees ten lakhs) as hitherto.

**11. DBO. No. Leg. 2603/C. 234D-57 dated March 26, 1957**

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

Please refer to our circular letter DBO. No. Leg. 2457/C. 234D-56 dated the 13th April 1956. We append for your information and guidance a copy of the notification No. 4(32)-F.I./57 dated the 7th March 1957 (Vide Appendix II page 84). In terms of this notification, all banking companies incorporated in the State of Travancore-Cochin as it existed on the 31st October 1956 which are confining their activities to the territories comprised in that State have been permitted, up to the 31st March 1958, 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.

2. As you are aware, banking companies incorporated in and confining their activities to the territories of the erstwhile Travancore-Cochin State have had the benefit of partial exemption from the provisions of section 24 since the 23rd May 1953. Despite our advice that banks should take steps to bring the percentage of eligible assets to 20 as required by section 24, it is observed that there has not been appreciable improvement in the percentage maintained by several banks. We shall, therefore, be glad if you will take more energetic steps to bring the percentage to the required level, in case the percentage maintained by you is less than 20, so that the question of further exemption may not arise after the 31st March 1958.



**12. DBO. No. Sch. 2681/C. 244—1-57 dated March 29, 1957**

**Return of limits for credit facilities.**

Please refer to our circular letter DBO. No. Sch. 4170/C. 244—1-53 dated the 29th June 1953. It has been decided that from April 1957 the prescribed return of limits of credit facilities may be submitted fortnightly instead of weekly as at present and that it should also give particulars regarding the reduced and cancelled limits. The return should, therefore, be compiled in the specimen form attached. In this connection, the instructions given in the following paragraphs may be borne in mind.

2. The return should be prepared for each fortnight ending with the close of business on a Friday and should be despatched to the Reserve Bank within seven days of the Friday to which it relates. The first return will be as on the 12th April 1957.

3. The yearly return incorporating data relating to all outstanding limits should continue to be submitted as usual as on the last Friday of September every year.

4. The monthly certificates referred to in paragraph 2(d) of the above circular should be submitted along with the second return of the concerned month and it should be in the following form :

“It is hereby certified that.....(Bank).....  
.....had no limits (for credit facilities) to report for the fortnight/s ended  
the.....(date/s) ..... to the Reserve Bank  
of India in terms of the latter's circular DBO. No. Sch. 2681/C. 2441-57 dated the  
29th March 1957 and further that all the limits required to be so reported sub-  
sequent to....., the date to which the last monthly certificate relates,  
have been duly reported.

for.....(Bank) .....  
Signature/s of the authorised  
official/s  
Designation/s ..

5. It is stated *inter alia* in note (a) of the explanatory notes appended at the foot of the specimen form of the return given in the annexure to the circular letter of the 29th June 1953 that the cancellations or reductions in the limits already reported are not required to be given in the returns. It is, however, felt that such data will be of use to us for statistical purposes. The banks should, therefore, incorporate in the returns commencing from the fortnightly return of the 26th April 1957, the necessary particulars in respect of the limits cancelled or reduced during the period covered by the return as shown in the pro-forma attached.

6. The instructions contained in paragraph 2(c) of our circular dated the 29th June 1953, referred to above, remain unchanged.

7. The fortnightly/yearly returns may continue to be submitted to the Chief Officer, Department of Banking Operations, Reserve Bank of India, Central Office, Bombay, as at present.

#### FORTNIGHTLY RETURN OF LIMITS (FOR CREDIT FACILITIES)

*Bank:* \_\_\_\_\_ Return for the fortnight ended \_\_\_\_\_  
(Date)

*Place:* \_\_\_\_\_ Last return submitted for the fortnight ended \_\_\_\_\_  
(Date)

Name of the office where the limit is fixed	Name of the party enjoying the limit	Nature of advance (i.e. over-draft, cash credit, loan, bills purchased/discounted etc.)	Amount of limit	Rate of interest (% per annum)	Brief particulars of security and the nature of the bank's charge thereon	Margin stipulated in case of secured limits (in case no margin is stipulated, please state so and give reasons)	Estimated worth of the party (in case of unsecured limits only)	Remarks
1	2	3	4	5	6	7	8	9
Rs.				Rs.				

#### Part I

A. Secured limits of Rs. 5 lakhs and over:

B. Unsecured limits of Rs. 1 lakh and over:

#### Part II

Reduced limits:

Name of office where limit has been cancelled	Name of the party	Nature of advance	Amount of limit cancelled	Date of cancellation	Date of return wherein the limit was last reported	Remarks
1	2	3	4	5	6	7
Rs.						

#### Part III

Cancelled limits:

It is hereby certified that, to the best of our knowledge, none of the limits shown under Part I of the return is in respect of advances for speculative purposes.

(Bank)

For \_\_\_\_\_  
Signature/s of the authorised official/s

\_\_\_\_\_  
Designation

\_\_\_\_\_  
Designation

*N.B. Part I of the return*

(a) Secured limits of Rs. 5 lakhs and over and unsecured limits of Rs. 1 lakh and over *sanctioned* during the fortnight to which the return relates should be reported under Part I of the return. In case any limit of less than the specified amounts is subsequently enhanced to the specified amounts and over, the entire amount of the revised limit should be reported in the return for the fortnight during which the enhancement is sanctioned and the amount of the previous limit and the date of enhancement should be mentioned against the item in the 'Remarks' column. Similarly if any of the limits already reported is subsequently enhanced *by Rs. 1 lakh and over*, the entire amount of the revised limit should be reported afresh in the return for the fortnight during which the enhancement is sanctioned, and the amount of the previous limit and the date of enhancement should be stated against the item in the 'Remarks' column. Further, limits once reported should not be repeated at the time of their renewal unless the limits are enhanced by Rs. 1 lakh and over as stated above. All secured limits of Rs. 5 lakhs and over and unsecured limits of Rs. 1 lakh and over *outstanding* as on the last Friday of September every year should be reported under Part I of the yearly return.

(b) In case any party enjoys at the same office more than one limit for similar or different types of credit facilities and the secured and unsecured limits separately aggregate the specified amounts and over, all such limits, although individually of less than the specified amounts, should nevertheless be reported. Similarly, it is likely that a limit of the specified amount and over may be split into two or more portions and established at different offices for the convenience of the party. In such cases also, all the limits, although individually of less than the specified amounts, should be reported.

(c) If any of the bank's directors is connected with any of the parties, the limits in whose favour are required to be reported, either as a partner, director, managing agent or guarantor, the name of such director and the nature of his interest should be mentioned in the 'Remarks' column against the relative item.

*Part II of the return*

While the particulars with regard to the reduced limit may be given in columns 1 to 9 of the return, the date of the return wherein the limit was previously reported and the date from which the reduction has been effected may be given in the 'Remarks' column.

**13. DBO. No. Sch. 2730/C. 96-57 dated March 29, 1957****Advances against bonds of the Madras Industrial Investment Corporation Ltd.**

We have to advise that it has been decided to treat the *bonds* of the Madras Industrial Investment Corporation Ltd. 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, 1934.

**14. DBO. No. Ins. 3267/C. 124C-57 dated April 22, 1957****Advances Against Shares.**

As you may be aware attempts are made from time to time by certain parties to corner the shares of companies with a view to enabling them to acquire a controlling interest in such companies. It has come to our notice that the concerned parties are often enabled to put through such transactions with the aid of finance obtained from banks. The usual *modus operandi* is to pledge the block(s) of shares with a bank (at times with more than one bank) and to obtain an advance against them. While there could be no objection to banks providing finance to a reasonable extent against the security of shares for purposes such as the functioning and expansion of productive enterprise, extension of bank finance for merely acquiring control in existing enterprises should be regarded as generally

undesirable. We consider that banks should carefully scrutinise the purpose for which finance is required against shares with a view to conserving their resources for use in encouragement of production rather than for facilitating changes in the ownership of established enterprises or for merely speculative purposes. In this connection it will be recalled that certain banks came to grief during the war time boom period by the interlocking of funds of banks with those of other companies. We shall, therefore, be glad if you will please exercise due caution in granting advances against shares in the light of the above considerations. Such vigilance on the part of banks is all the more necessary at the present time when they are finding it difficult to meet the legitimate needs of industry, trade and commerce.

**15. DBO. No. B.M. 3929/C. 297A-57 dated May 17, 1957**

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

Please refer to our circular DBO. No. B. M. 8291/C. 297A-56 dated the 15th November 1956 wherein we had advised that advances granted by the Reserve Bank on and after the 21st November 1956 would be at the Bank Rate. As you are aware, the Bank Rate has been raised from  $3\frac{1}{2}\%$  to  $4\%$  per annum with effect from the 16th May 1957. It has been decided that the rate of interest on advances under the Bill Market Scheme should be the revised Bank Rate, viz.,  $4\%$  per annum. The new rate will apply to advances granted on and after the 16th May 1957. As from that date no further advances will be granted *in the existing accounts* and the balance, if any, outstanding therein will continue to be charged interest at  $3\frac{1}{2}\%$  per annum. Bills/notes for an amount adequate in the opinion of the Reserve Bank to cover the relative outstanding balance as at the close of business on the 15th May 1957 will be earmarked as specific security thereagainst and surplus security, if any, will be available to you for further drawings, if required, after the 15th instant. This will, however, be without prejudice to the Reserve Bank's right to recover the balance in the old account from the securities constituting the surplus, if need should arise for doing so. The balance in the said account may be repaid as and when the relative bills mature. It will be appreciated if at the time of repaying advances, it is indicated whether the relative amount should be credited to the old or the new account.

2. The advances granted on and after the 16th May 1957 will be put through a fresh account opened for the purpose and the balance therein will be charged interest at the revised Bank Rate viz.,  $4\%$  per annum.

**16. DBO. No. Leg. 3969/C. 234D.-57 dated May 20, 1957**

**Section 24 of the Banking Companies Act, 1949.**

Please refer to our circular letter DBO. No. Leg. 4060/C. 234(D)-56 dated the 18th June 1956 on the above mentioned subject. We reproduce overleaf, for your information and guidance, a copy of the notification No. 4 (56)—F.1./57 dated the 3rd May 1957 (*vide* Appendix II page 86) issued by the Government of India and published in the Gazette of India dated the 11th May 1957 exempting all

banking companies from certain requirements of section 24 of the Banking Companies Act, 1949 to a limited extent for a further period of one year from the 9th June 1957.

2. In this connection, it may be stated that the notification is on the lines of those issued in the past except that in terms of paragraph (a) of the present notification borrowings from the State Bank of Hyderabad have been placed on the same footing as those from the State Bank of India. Thus, as from the 9th June 1957 it will be in order for a banking company to exclude the amount of any borrowings from the State Bank of India and the State Bank of Hyderabad in computing the amount of its time and demand liabilities for the purposes of section 24 of the Act. The other implications of the notification have already been explained in paragraphs 1(i) and (ii) of our circular letter DBO. No. 3471/C. 234-51 dated the 23rd June 1951.

3. The exemption granted by the present notification is for a period of one year, *i.e.*, upto the 8th June 1958.

**17. DBO. No. Sch. 4549/C. 218-57 dated June 7, 1957**

**Advances Against Foodgrains.**

It has been noticed that in spite of the instructions given by the Reserve Bank in this behalf, advances against foodgrains have been at a high level. At the end of April 1957 advances against paddy and rice at Rs. 22 crores were about 97 per cent higher than the corresponding level in 1955 and 84 per cent of the abnormally high level in April 1956. Advances against wheat, gram, pulses, etc. which had remained in the four weeks of April 1957 at about the same level as in April 1956 recorded a marked increase of about Rs. 8-9 crores in the first fortnight of May. Such a high level in the paddy and rice advances and the large expansion in advances against wheat, gram, pulses, etc. are likely to aggravate further the price situation in regard to foodgrains. It is, therefore, considered imperative that banks should, apart from withholding finance for speculative holding of stocks, bring down substantially their present advances against these commodities. In order to attain this objective a directive as in paragraph 2 below is being issued.

2. In exercise of the powers conferred upon it by section 21 of the Banking Companies Act, 1949, the Reserve Bank of India hereby directs that—

(i) every scheduled bank shall—

- (a) increase in respect of each credit limit and advance against the security of foodgrains granted before the date of this directive, the existing margin stipulated or kept by an amount not less than 5 per cent of the value of the foodgrains comprising the security for such credit limit or advance ; provided that the margin when so increased shall be not less than 40 per cent of the value of the foodgrains ;
- (b) maintain in respect of each credit limit and advance against the security of foodgrains granted on or after the date of the receipt of this directive a margin not less than 40 per cent of the value of the foodgrains ;

- (c) maintain an aggregate level of credit against foodgrains in such a way that by 12th July 1957 and in every week thereafter, the level shall be in respect of paddy and rice not more than  $66\frac{2}{3}$  per cent, and in regard to other foodgrains not more than 75 per cent of the level obtaining in the corresponding week in 1956.
- (ii) no scheduled bank shall sanction any fresh credit limit on or after the receipt of this directive, to any party in excess of Rs. 50,000 against paddy and rice and Rs. 50,000 against other foodgrains, nor permit any existing limits for amounts below Rs. 50,000 against such securities to be increased beyond this figure.

- (Note : 1. "Foodgrains" in the foregoing clauses mean any, some, or all of the following commodities namely, paddy and rice, wheat, jowar, bajra, maize, barley, ragi, gram and all other grains and pulses.
- 2. Credit limit includes credit provided by way of loan, cash credit, overdraft or purchase or discount of bills.
  - 3. For the purposes of the foregoing clauses credit limits sanctioned for the purchase of demand documentary bills drawn in connection with the movement of foodgrains shall not be taken into account.
  - 4. In the case of composite advances, the advances against foodgrains together with the relative credit limits, shall be segregated and the above restrictions should be made applicable to such segregated accounts.)

3. You may also kindly instruct your branches to intimate to the Reserve Bank, along with the fortnightly statement pertaining to July 12, 1957, (a) the usual, (b) maximum and (c) minimum margins actually maintained by your bank in respect of all advances against foodgrains as set out in our Form No. 7, (i) before the date of receipt of the circular and (ii) as on the date of the return viz. July 12, 1957.

4. This circular supersedes our circular letters DBO. No. Sch. 5923/C. 218-56 dated September 13, 1956 and DBO. No. Sch. 1171/C. 218-57 dated February 9, 1957.

**18. DBO. No. Sch. 5145/C. 218-57 dated June 29, 1957**

### **GOVERNOR'S LETTER TO BANKS**

#### **Bank Credit**

I am writing this letter to draw your attention to certain aspects of the current monetary situation arising from the large scale expansion of bank credit and to seek your co-operation in the exercise of some restraint in this field.

2. As you are aware bank credit has been rising substantially during the last four years. The increase has been especially rapid in the last two years ; from Rs. 613 crores in June 1955 it has risen to Rs. 932 crores in June 1957, an increase of over 50 per cent. A significant feature of this rise has been that the traditional contraction which used to take place in the agricultural slack season (May to October) has, with each successive year, tended to constitute a declining proportion of the credit expansion in the preceding busy season. Indeed, in the slack season of 1955-56 there was no fall in bank advances ; there was, on the contrary, a rise of Rs. 6 crores. While much of the increase in credit may be explained by changes in its composition, reflecting the broadening and diversification of our economy, some of it is also due to a speculative build up of stocks in agricultural and other commodities. This credit expansion has imposed considerable strain on the resources of banks ; the ratio of advances to deposits has risen to as high as around 75 per cent in recent months. This has been so despite a substantial addition to bank deposits arising, in the main, out of the deficit financing operations of Government.

3. The indications are that in the absence of positive corrective action by banks the increase during the current slack season will be substantially larger. A repetition of last year's experience of a rise in credit during the slack season would pose more serious problems than were faced in 1956. The impact of the monetary and credit expansion last year was absorbed to a considerable extent by the steep decline in our foreign exchange holdings ; it is unlikely that this cushioning influence would operate for much longer. In addition, the stepping up of developmental expenditure in accordance with the current year's budget with its concomitant of a larger element of deficit financing, would place with banks more deposit resources which could be used for a further build up of credit. In the present stage of our economy, such inflationary pressures as may exist are likely to be aggravated by any further large scale monetary expansion. Against this background, the commencement of the slack season provides a suitable occasion for a review by banks of their individual advances position and policies.

4. It would be desirable for banks to pursue more cautious lending policies in the general interest of containing inflationary pressures. It should be possible for them to reduce their volume of lending and work down their advances-deposits ratio to lower levels without at the same time diminishing their assistance to the essential sectors of the economy and, in particular, without affecting the rising trend in industrial production. This reduction could be made against agricultural commodities in the slack season and generally against all commodities likely to be in short supply. It seems particularly necessary to exercise caution in respect of imported goods as, in view of severe licensing restrictions, these goods are likely to become scarce and to be hoarded in anticipation of rising prices. A reduction during the slack season would enable banks better to take on the load of financing the movement of produce in the next busy season alongside financing general economic expansion. It is in this task of achieving a positive reduction in the level of bank credit that I seek your co-operation.

5. The accretion of deposits to the banking system and a reduction in their loan totals would relieve the strain on the banks and also reduce their dependence on the Reserve Bank for accommodation. In recent years such accommodation

has been freely given. I would like to impress on you the desirability of taking steps to reduce banks' systematic and continued reliance on the Reserve Bank, as a situation might arise calling for a review of the present arrangements regarding assistance from the Reserve Bank.

**19. DBO. No. Sch. 5151/C. 218-57 dated June 29, 1957**

**Advances Against Sugar.**

It has been noticed that advances against sugar have remained at a high level in recent months and that they have recorded a rise in the first fortnight of June contrary to the usual seasonal decline. In spite of the fact that the production of sugar in the current year is about 2 lakh tons above that of last year, prices have increased sharply. It is, therefore, considered imperative that banks should, apart from withholding finance for excessive holding of stocks of sugar, bring down their present advances against this commodity. In order to attain this objective a directive as in paragraph 2 below is being issued.

2. In exercise of the powers conferred upon it by section 21 of the Banking Companies Act, 1949, the Reserve Bank of India hereby directs that every scheduled bank shall—

- (a) increase in respect of each credit limit and advance against the security of sugar granted before the date of this directive, the existing margin stipulated or kept by an amount not less than 10 per cent of the value of the stocks comprising the security for such credit limit or advance ; provided that the margin when so increased shall be not less than 35 per cent of the value of the stocks ;
- (b) maintain in respect of each credit limit and advance against the security of sugar granted on or after the date of the receipt of this directive a margin not less than 35 per cent of the value of the stocks ;
- (c) maintain an aggregate level of credit against sugar in such a way that by 26th July 1957, and in every week thereafter, the level shall be not more than 10 per cent above the level obtaining in the corresponding week in 1956.

3. You may also kindly instruct your branches to intimate to the Reserve Bank along with the fortnightly statements pertaining to July 26, 1957, (a) the usual, (b) maximum and (c) minimum margins actually maintained by your bank in respect of all advances against sugar in our Form No. 7, (i) before the date of receipt of the circular and (ii) as on the date of the return viz. July 26, 1957.

**20. DBO. No. Sch. 5499/C. 218-57 dated July 15, 1957**

**Advances Against Sugar.**

Please refer to our circular DBO. Sch. 5151/C. 218-57 dated 29th June 1957, containing our directive in respect of advances against sugar. It appears from



representations received by the Bank that some units of the industry might find genuine difficulty in complying fully with the terms of the directive in view of the regulation of releases by Government and occasional transport difficulties. It has, therefore, been decided to modify the provisions of this directive in so far as it is applicable to concerns manufacturing sugar.

2. In exercise of the powers conferred upon it by section 21 of the Banking Companies Act 1949 and in partial modification of the directive contained in para 2 of the above mentioned circular letter (hereinafter called the "said directive"), the Reserve Bank of India hereby directs that the said directive shall, in its application to credit limits and advances made by scheduled banks to individuals, firms, companies, co-operative societies or other concerns manufacturing sugar, be modified as follows :

- (i) Clauses (a) and (b) of the said directive shall not be required to be applicable to credit limits sanctioned and advances made by banks to concerns manufacturing sugar.
- (ii) In clause (c) of the said directive the 2nd August 1957 shall be substituted for 26th July 1957.

3. Clauses (a) and (b) of the said directive continue to be in full force in application to credit limits sanctioned and advances made to all persons and concerns *other than those manufacturing sugar*. The date for compliance with the directive in respect of clause (c) is, however, being extended by one week to enable banks to readjust themselves to the above modification.

4. For purposes of both our directives dated 29th June 1957 and this, demand documentary bills drawn in connection with the movement of sugar shall not be taken into account.

5. In view of the change in the date in clause (c) of the said directive, you may kindly instruct such of your branches as have advances against sugar to intimate to the Director, Division of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay, the aggregate amount of credit against sugar granted by each branch as on 2nd August, 1957. The information regarding margins required in terms of paragraph 4 of our circular of the 29th June should also, therefore, be furnished in respect of all persons and concerns other than those manufacturing sugar as of 2nd August, 1957.

**21. DBO. No. B.M. 5806/C. 297A-57 dated July 29, 1957**

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

You may be aware that in the case of certain limits sanctioned by us, the relative bills to be lodged with us are required to be signed in their own name also by the guarantors/co-obligants to the bank's advances to the party. It has come to our notice that, in such cases, the usance promissory notes obtained by banks from their constituents for the purpose of lodgement with the Reserve Bank are at times not drawn in an appropriate manner. It has been observed that in certain

cases the name of the principal borrower alone appears in the body of the usance promissory note which is signed by him and also by the additional party (guarantor/co-obligant) stipulated by us. The position of the additional signatory, in such cases, would be ambiguous (*vide* specimen note in Annexure 'A'). We would like to mention that wherever additional signatures are stipulated by us, it is our intention that such signatories should be concurrently liable on the promissory notes. We shall, therefore, be glad if you will kindly ensure that, in cases where additional signatures are stipulated by us, the relative usance promissory notes are suitably drawn (*e.g.* as in Annexures 'B', 'C', or 'D').

2. In the case of limited companies, the additional signatures stipulated by us are in certain cases those of the concerned companies' Managing Agents. The Articles of Association of some of the companies require that execution of documents on behalf of the companies should be under their common seals the affixation of which is required to be attested, *inter alia*, by their Managing Agents. In such cases, it would be necessary to ensure that the Managing Agents sign the usance promissory notes in addition to affixing their signatures in attestation of the common seals so as to be liable in their individual capacity also. The usance promissory notes in the form in Annexures 'B' or 'C' in such cases should, therefore, be signed by the Managing Agents, in the form in Annexure 'E' as may be applicable in each individual case.

#### ANNEXURE 'A'

90 days after date without grace I/we (Name of the principal borrower) promise to pay to.....or order the sum of Rupees  
(Name of the bank)  
.....for value received, with interest thereon  
at.....etc.

Sd. (Principal borrower)

Sd. (Additional party  
stipulated).

#### ANNEXURE 'B'

90 days after date without grace we jointly and severally promise to pay to  
.....or order the sum of Rupees.....  
(Name of the bank)  
.....for value received, with interest thereon at.....  
.....etc.

Sd. (Principal borrower)

Sd. (Additional party  
stipulated)

ANNEXURE 'C'

90 days after date without grace we.....  
 ..... (Names of the  
 .....  
 principal borrower and the additional party stipulated)  
 jointly and severally promise to pay to.....  
 ..... (Name of the bank)  
 or order the sum of Rupees.....for  
 value received, with interest thereon at.....etc.

Sd. (Principal borrower)

Sd. (Additional party  
 stipulated)

ANNEXURE 'D'

90 days after date without grace I/we.....  
 ..... (Name of the  
 .....promise to pay to.....  
 additional party stipulated) ..... (Name of the  
 .....or order the sum of Rupees.....  
 principal borrower)  
 ..... for value received, with interest at.....etc.

Sd. (Additional party  
 stipulated)

(Endorsement on reverse of the note by the payee)

Pay to..... or order.  
 ..... (Name of the bank)

Sd. (Principal borrower)

## ANNEXURE 'E'

MANNER OF EXECUTION OF THE USANCE PROMISSORY NOTES WHERE THE  
MANAGING AGENTS ARE CO-MAKERS.

The Common seal of the.....  
 ..... (Name  
 .....  
 of the borrower company)

SEAL.

was affixed in the presence of

(1) .....  
 its Managing Agent/

(2) of....., partner

.....  
 (Signature of Managing  
 Agent by way of attestation)

of....., its  
 (Name of firm)  
 Managing Agent/

(3) of.....,

.....of  
 (Designation)

.....,  
 (Name of company)

its Managing Agent.

1. Signed by Shri.....

.....  
 (Signature)

2. Signed by Shri.....  
 partner, for and on behalf of.....

.....  
 (Signature)

.....  
 (Name of firm)

3. Signed by Shri.....

.....  
 (Designation)

for and on behalf of.....

.....  
 (Name)

.....  
 (Signature)

.....  
 of company)

**Note;** 1. To be used if Managing Agent is an individual.

2. To be used if Managing Agent is a firm.

3. To be used if Managing Agent is a company.

## 22. DBO. No. Ins 5930/C. 124(C)-57 dated July 30, 1957

## Section 12(4) of the Banking Companies Act, 1949.

In exercise of the powers conferred by sub-section (4) of section 12 of the Banking Companies Act, 1949 the Reserve Bank of India, by this order, requires you to furnish to it through the.....£ a return in the accompanying form giving full particulars of the extent and value of your holding of shares, whether directly or indirectly in the.....£ and the other information mentioned in the said form.

2. The said return should show the particulars as on 30th June 1957 and should be sent through the.....£ so as to reach within 30 days from the date of receipt of this order.

3. The above return should be followed, by an annual return showing as on 30th June of each year any change in the extent of the holding of such shares or any variation in the rights attaching thereto or in regard to the particulars and other information that have occurred since the previous return. Even if there is no such change or variation a return reporting 'no change' should be submitted. Each such annual return (including returns showing changes etc. or reporting no change) as on the 30th June should be submitted through.....£ so as to reach before the 31st of the succeeding July that office of the Reserve Bank to which the abovementioned bank furnishes its returns under the Banking Companies Rules 1949.

## £ Insert the name of the Banking Company.

Return relating to particulars of the extent and value of holding of shares directly or indirectly and other information, as on..... (made under sub-section (4) of section 12 of the Banking Companies Act, 1949).

Name of person making the return .....

Designation .....

(Chairman/Managing Director/Chief Executive Officer).

Name of banking company through which return is submitted .....

Date to which return pertains .....

Sr. No.	Nature of shareholding	No. of shares	Class of shares	Paid-up value	Date of acquisition (a)	Rights attached to the holding of the shares (b)	Person/s in whose name/s registered and his/their address/es.	Remarks
1	2	3	4	5	6	7	8	

*I*  
Shares held directly by the person making the return.

1. Registered solely in his name. .. ..

2. Registered in the joint names of himself and others
3. Shares held by him, whether solely or jointly, as pledgee and registered in his name
4. Shares held by him, whether solely or jointly, as a trustee and registered in his name

## II

*Shares held indirectly by such person*

1. Shares in his absolute ownership but registered in the name/s of other persons.
2. Shares held by him, whether solely or jointly, as pledgee, not registered in his name.
3. Shares held in absolute ownership or pledge by a firm of which such person is the sole proprietor or in which he is a partner.

## III

Shares not falling within any of the above categories but held directly or indirectly by such person (c) .. ..

Station: \_\_\_\_\_

Signature of the person submitting the return.

Date: \_\_\_\_\_

*Note:—*

- (a) Where shares are registered, solely or jointly, in the name of the person submitting the return, the date on which the shares were so registered and in other cases the date when he acquired interest in the shares should be given. Where shares have been acquired or registered in his name on different dates the entries in respect of such acquisition or registration should be shown separately.
- (b) Particulars under column 6 will include voting rights, dividend rights, priority rights regarding return of capital etc.
- (c) Particulars relating to the circumstances under which the shares have come to be held should be given in the remarks column.

**23. DBO. No. Sch. 5944/C. 218-57 dated July 31, 1957**

**GOVERNOR'S LETTER TO BANKS**

**Advances Against Foodgrains.**

I draw attention to the circular DBO. No. Sch. 4549/C. 218-57 dated the 7th June 1957 issued by the Reserve Bank containing directives on advances against paddy and rice and wheat.

A preliminary examination of the figures for the 12th July 1957 received from banks indicates that, taking scheduled banks as a whole, not only have the direc-

tives not been carried out but there has actually been an increase in advances on that date over the corresponding figures of last year.

I feel bound to say that I take a grave view of this situation and, if remedial action is not immediately taken, will have to consider what steps the Reserve Bank should take against defaulting banks.

I must request you to make an immediate examination of your advances portfolio and to let the Bank know what steps you have taken or propose to take to keep in conformity with the directives.

**24. DBO. No. Sch. 6593/C. 218-57 dated September 2, 1957**

**Advances Against Sugar.**

Please refer to our circular letters Nos. DBO. Sch. 5151/C. 218-57 and DBO. Sch. 5499/C. 218-57 dated 29th June and 15th July 1957 respectively regarding advances against sugar. Clause (c) of paragraph 2 of our circular of the 29th June 1957, as amended by our circular of the 15th July 1957, provides for the maintenance by each bank of an aggregate level of credit against sugar which should not, after August 2, 1957, exceed 110 per cent of the level obtaining in the corresponding week in 1956. So long as the overall reduction in the advances of a bank against sugar is maintained, it is not necessary that each individual factory or each branch of a bank should conform to the ratio of 110 per cent of last year's level. You are, therefore, requested to examine the loan portfolios of your individual branches and issue suitable instructions to them regarding the amount of reduction to be made by them having regard generally to the differing stock position of the various constituents and other relevant criteria. This would facilitate a more equitable distribution of the available credit as between the different constituents.

**25. DBO. No. B.M. 8581/C. 297A-57 dated November 18, 1957**

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

Limits have been sanctioned by us for availability only up to the 31st December 1957 in respect of your bank's proposals for the current Bill Market year which have so far been approved by us. We have to advise that these limits will continue to remain in force till the end of September 1958 on the existing terms and conditions, subject to a review of the position at about the end of May 1958. You may also kindly advise accordingly such of your offices as have been submitting proposals to our offices at other centres direct.

**26. DBO. No. Sch. 9300/C. 218-57 dated December 11, 1957**

**Advances Against Foodgrains.**

As prices of foodgrains in the country have generally continued to rule at a high level and as prospects of the foodgrains output remain uncertain, it is considered necessary to continue to maintain control on advances against foodgrains.

2. In the last season it was noticed that some banks, while achieving overall reduction in their advances, had allowed advances in States which have large surpluses of particular foodgrains to remain disproportionately high. It is considered imperative that banks should regulate the rise in their advances against foodgrains in the ensuing busy season generally and in particular in the surplus States. A directive as in paragraphs 3 and 4 herein is, therefore, being issued.

3. In exercise of the powers conferred upon it under section 21 of the Banking Companies Act and in supersession of the directives contained in its circular letter DBO. No. Sch. 4549/C. 218-57 dated June 7, 1957 the Reserve Bank of India hereby directs that every scheduled bank shall :

- I (i) maintain in respect of each credit limit against the security of (a) paddy and rice, and (b) wheat (excluding credit limits sanctioned to roller flour mills) and other foodgrains, whether granted before or after the date of receipt of this directive, a margin which shall not be less than 40 per cent of the value of the relative stocks ;
- (ii) restrict the sanction of any fresh credit limit to any party to not more than Rs. 50,000 against the security of paddy and rice or against wheat and other foodgrains, nor allow any existing credit limit below Rs. 50,000 against the security of paddy and rice or wheat and other foodgrains to increase beyond Rs. 50,000 ;
- II (i) maintain each month commencing from January 1958, the average aggregate level of credit against the security of *paddy and rice*, which shall not exceed 75 per cent of the *average* of its advances against the security of paddy and rice outstanding as on the last Fridays of the corresponding month in 1957, 1956 and 1955 ;

Provided that the average aggregate level of such credit in each such month with its offices or branches in the State of Andhra Pradesh, or the State of Madhya Pradesh shall not exceed 60 per cent respectively of such advances by those offices or branches outstanding as on the last Friday of the corresponding month in 1957 ;

- (ii) maintain each month commencing from January 1958 the average aggregate level of credit against the security of *wheat*, (excluding credit limits sanctioned to roller flour mills) *and other foodgrains* which shall not exceed 80 per cent of the *average* of its advances against the security of wheat (excluding advances granted to roller flour mills) and other foodgrains outstanding as on the last Fridays of the corresponding months in 1957, 1956 and 1955 ;

**Explanation :** For the purpose of this directive :—

- (a) "Credit" or "credit limit" includes credit provided by way of (1) loan or advance (2) cash credit or overdraft or (3) purchase or discount of bills other than demand documentary bills drawn in connection with the movement of paddy and rice, wheat and other foodgrains.



- (b) "average aggregate level of credit" shall mean the *average* of the outstanding advances on the 2nd and 4th Friday, when four Fridays occur in a month or on the 3rd and 5th Friday when there are five Fridays in a month, in respect of which return on Form 7 is to be furnished.
  - (c) "other foodgrains" mean any, some or all of the following commodities, namely, jowar, bajra, maize, barley, ragi, gram and all other grains and pulses.
- 4 (i) Notwithstanding anything contained in clause II of paragraph 3, the limits granted by such offices or branches of the bank as have been opened on or after January 1, 1957 shall not be taken into account for the purpose of computing the average aggregate level of credit :

Provided that if the proportion of credit granted by all such offices or branches of the bank against the security of paddy and rice, wheat and other foodgrains to their total credit outstanding at such offices or branches exceeds in any month the proportion which the credit granted by its other offices or branches against the security of paddy and rice, wheat and other foodgrains bears to the total credit outstanding at such offices or branches, or ten per cent, whichever is lower, that part of such credit accounting for such excess shall be taken into account for the purpose of computing the average aggregate level of credit.

*Illustration :* X bank has N offices or branches opened on or after January 1, 1957. The total advances and advances against all foodgrains of N offices or branches amounted respectively to Rs. 15 lakhs and Rs. 1.5 lakhs on January 17, 1958. The total advances and advances against foodgrains of X bank's other offices or branches (its total offices or branches—N offices or branches) on the same date aggregated Rs. 3.60 crores and Rs. 30 lakhs respectively. The proportion of all foodgrains advances to total advances of the new offices worked out to 10 per cent, while the relative proportion of the other offices was  $8\frac{1}{3}$  per cent; the excess ratio of foodgrains advances of X bank's N offices or branches at  $1\frac{2}{3}$  per cent of the total advances or Rs. 25,000 would be added to Rs. 30 lakhs for purposes of calculating the average aggregate level of credit of X bank against foodgrains for January 1958.

- (ii) Where credit limits have been sanctioned against the security of paddy and rice and wheat and other foodgrains and also against any other types of security, (that is, in respect of composite credit limits) the credit limits against paddy and rice, and wheat and other foodgrains shall be segregated and the restrictions contained in this directive shall be made applicable to such segregated accounts.

5. In order to facilitate the implementation of this directive we enclose a schedule pertaining to your bank setting out the advances against paddy and rice in each month (January to June) in 1955, 1956 and 1957 and the aggregate levels of credit permitted under this directive in respect of the months January to June,

1958. Similar figures pertaining to advances against wheat (excluding advances granted to roller flour mills) and other foodgrains will be communicated to you in due course.

6. It will be appreciated if suitable instructions are issued to offices or branches of your bank after an assessment of the prevailing local conditions, the pattern of borrowings, the category of borrowers, their relative standing etc. intimating to them the permitted levels which are to be observed by them. It is desirable that such instructions should include a request to the branches or offices to satisfy the genuine requirements of rice mills on a preferential basis. You should exercise proper supervision over the offices and branches in the matter of implementation of the directive and devise suitable checks for this purpose.

**27. DBO. No. Sch. 9302/C. 218-57 dated December 11, 1957**

**Advances Against Sugar.**

In exercise of the powers conferred upon it by section 21 of the Banking Companies Act, 1949 and in supersession of the directives contained in our circular letters Nos. Sch. 5151/C. 218-57 and Sch. 5499/C. 218-57 dated 29th June 1957 and 15th July 1957 respectively, the Reserve Bank of India hereby directs that every scheduled bank shall maintain in respect of each credit limit and advance against the security of sugar granted to parties, other than individuals, firms, companies, co-operative societies and other concerns manufacturing sugar, whether before or after the date of receipt of this directive, a margin which shall not be less than 35 per cent of the value of the stock.

**28. DBO. No. Sch. 9339/C. 218-57 dated December 12, 1957**

**Advances Against Foodgrains.**

Please refer to our circular letter DBO. No. Sch. 9300/C. 218-57 dated the 11th December 1957 on the abovementioned subject. A schedule mentioned in paragraph 5 of the circular letter was not attached thereto as your bank had no advances against paddy and rice in the 1955, 1956 and 1957 seasons. We shall be glad if prior permission of the Reserve Bank is obtained in case your bank contemplates sanctioning any fresh credit limits for advances against foodgrains.

**29. DBO. No. Sch. 9633/C. 218-57 dated December 24, 1957**

**Advances Against Foodgrains.**

Please refer to our circular letter DBO. No. Sch. 9300/C. 218-57 dated the 11th December 1957 containing our directive in respect of advances against foodgrains. We have to advise that the provisions contained in paragraph 3-I(ii) thereof are not applicable to credit limits against *wheat* to roller flour mills.

## APPENDIX IV

### 1. THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 1957

(ACT NO. XIX OF 1957)

An Act further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Eighth Year of the Republic of India as follows :—

1. **Short Title.** This Act may be called THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 1957.

2. **Amendment of Section 17.** In section 17 of the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act),—

(i) in clause (4), for the words and figures “State Financial Corporations established under the State Financial Corporations Act, 1951 and the principal currency authority of Ceylon”, the words and figures “and State Financial Corporations established under the State Financial Corporations Act, 1951” shall be substituted ;

(ii) after clause (4-B), the following clause shall be inserted, namely :—

“(4-BB) the making to any financial institution notified by the Central Government in this behalf of loans and advances repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government”; and

(iii) in clause (8-A), after the words “any other bank”, the words “or financial institution” shall be inserted.

3. **Amendments of Section 34.** For sub-section (2) of section 34 of the principal Act, the following sub-section shall be substituted, namely :—

“(2) For the purpose of this section,—

(a) any currency note of the Government of India or bank note which has not been presented for payment within forty years from the 1st day of April following the date of its issue, and

(b) any bank note referred to in section 26-A, shall be deemed not to be in circulation, and the value thereof shall, notwithstanding anything contained in sub-section (2) of section 23, be paid by the Issue Department to the Central Government or the Banking Department, as the case may be :

Provided that any note referred to in clause (a), if subsequently presented for payment, and any note, referred to in clause (b), if directed to be

paid by the Central Government, shall be paid by the Banking Department and any such payment in the case of currency note of the Government of India shall be debited to the Central Government."

**4. Amendment of Section 42.** In sub-clause (iii) of clause (a) of sub-section (6) of section 42 of the principal Act, for the words, figures and brackets "clause (2) of section 2 of the Indian Companies Act 1913 (VII of 1913)", the words and figures "section 3 of the Companies Act, 1956, or an institution notified by the Central Government in this behalf" shall be substituted.

**5. Amendment of Section 57.** In sub-section (I) of section 57 of the principal Act, for the words, figures and brackets "Indian Companies Act, 1913 (VII of 1913)" the words and figures "Companies Act, 1956" shall be substituted.

## 2. THE RESERVE BANK OF INDIA (SECOND AMENDMENT) ACT, 1957

(ACT NO. XLVIII OF 1957)

An Act further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Eighth Year of the Republic of India as follows :—

**1. Short Title and Commencement.** (I) This Act may be called THE RESERVE BANK OF INDIA (SECOND AMENDMENT) ACT, 1957.

(2) It shall be deemed to have come into force on the 31st day of October, 1957.

**2. Amendment of Section 33.** In section 33 of the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act), for sub-section (2), the following sub-section shall be substituted, namely :—

"(2) The aggregate value of the gold coin, gold bullion and foreign securities held as assets and the aggregate value of the gold coin and gold bullion so held shall not at any time be less than two hundred crores of rupees and one hundred and fifteen crores of rupees, respectively."

**3. Amendment of Section 37.** In section 37 of the principal Act, the proviso shall be omitted.

**4. Repeal.** The Reserve Bank of India (Amendment) Ordinance, 1957, is hereby repealed.

## THE STATE BANK OF INDIA (AMENDMENT) ACT, 1957.

(ACT. NO. XXI OF 1957)

An Act further to amend the State Bank of India Act, 1955.

Be it enacted by Parliament in the Eighth Year of the Republic of India as follows :-

1. **Short Title.** This Act may be called THE STATE BANK OF INDIA (AMENDMENT) ACT, 1957.

2. **Amendment of Section 21.** In section 21 of the State Bank of India Act, 1955 (hereinafter referred to as the principal Act), after sub-section (2), the following sub-section shall be inserted, namely :-

“(2) The chairman *ex officio* shall be a member of every Local Board and Local Committee constituted under this section.”

3. **Amendment of Section 23.** To section 23 of the principal Act, the following proviso shall be added, namely :-

“Provided that nothing in clause (c) shall apply to the chairman in relation to his membership of a Local Board or of a Local Committee.”

4. **Amendment of Section 33.** In section 33 of the principal Act,-

(1) in clause (i)-

(a) after sub-clause (f), the following sub-clause shall be inserted, namely :-

“(ff) subject to such directions as may be issued by the Central Board, bookdebts or other assets of any undertaking engaged in the financing of hire-purchase transactions which are hypothecated to the State Bank as security for such advances, loans or credits ;” ;

(b) in sub-clause (h), for the words, brackets and letters “sub-clauses (f) and (g)” the words, brackets and letters “sub-clauses (f), (ff) and (g)” shall be substituted ;

(2) after clause (x) the following clause shall be inserted namely :-

“(xa) the acting as agent for the Central Government or any State Government or any corporation in implementing any scheme for financing the construction of dwelling houses, and in advancing or lending of money from out of the funds placed at its disposal as such agent by the Government or corporation to any person upon such security (including the security of any immovable property) and on such terms and conditions and for such periods as may, notwithstanding anything contained in this Act, be approved by the Government or corporation by which such funds have been placed ;” ;

(3) after clause (xix), the following clauses shall be inserted, namely :-

“(xixa) in consultation with the Reserve Bank and subject to the directions of the Central Board, the subscribing to, buying, acquiring, holding or selling of any shares or debentures of any such financial institution as may be notified by the Central Government in this behalf ;

(xixb) the advancing or lending of money to persons engaged in such industries or classes of industries as may be specified by the Central Board by directions issued in this behalf, for any period in excess of six months but not exceeding seven years, and subject thereto and to such directions as may be issued by the Central Board, such advance or loan may be made on such terms and conditions and upon such security (including the security of any immovable property) as the State Bank may deem fit ;

(xixc) the advancing or lending of money to any co-operative housing society, all the members of which are officers or employees of the State Bank, and subject to such directions as may be issued by the Central Board, such advance or loan may be made for such periods in excess of six months, on such terms and conditions and upon such security (including the security of any immovable property) as the State Bank may deem fit ;”.

**5. Amendment of Section 42.** In sub-section (1) of section 42 of the principal Act, for the word “February,” the word “March” shall be substituted.

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