

**R B I ANNUAL REPORT ON THE
TREND AND PROGRESS OF
BANKING IN INDIA**

1950

Reserve Bank of India
ANNUAL REPORT
ON THE
TREND AND PROGRESS
OF BANKING IN INDIA

[UNDER SECTION 36(2) OF THE
BANKING COMPANIES ACT, 1919]

For the year
— 1950 —

Price { Inland Rs. 3-8 (Postage extra)
Foreign \$ 1.00 or Sh. 6 (Post free)

CONTENTS

CHAPTER I

INTRODUCTORY

	Paragraph	Page
Introductory	1	1
General outline of the main report	2	1
Appendices	3	1

CHAPTER II

BANKING LEGISLATION IN INDIA DURING 1950

Banking Companies (Amendment) Act, 1950	1	2
Amendment of section 1—Extent of the Act	2	2
Amendment of section 23	3	2
Amendment of section 25	4	2
Insertion of new section 44A—Procedure for amalgamation of banking companies	5	3
Insertion of new Part IIIA—Special provisions for speedy disposal of winding up proceedings	6	3
Amendment to the Banking Companies Rules and to Forms prescribed under the Act and the Rules	7	4

CHAPTER III

ADMINISTRATION OF THE BANKING COMPANIES ACT, 1949

Introductory	1	5
Scope of the Act	2	5
Classification of companies into banking companies and non-banking companies	3	5
Use of words “bank”, “banker”, “banking”	4	5
Restrictions on certain forms of employment	5	6
Minimum capital requirements	6	6
Regulation of capital and restrictions on voting rights	7	7
Prohibition of common directors	8	8
Maintenance of cash reserve	9	8

	Paragraph	Page
Restriction on nature of subsidiary companies	10	8
Restrictions on loans and advances	11	9
Control over advances by banking companies	12	9
Licensing of banking companies	13	10
Restrictions on opening of new and transfer of existing places of business	14	11
Maintenance of assets in India	15	12
Accounts and balance sheets	16	12
Inspections of banking companies by the Reserve Bank	17	13
Inspections carried out during the period under review	18	14
Suspension of business and winding up of banking companies ..	19	15
(a) suspension of business		
(b) voluntary winding up		
(c) winding up by Court		
(d) Reserve Bank as Official Liquidator		
Applications for sanctioning schemes of arrangement	20	16
Schemes of Amalgamation	21	17
Section 53—Exemptions—	22	17
Section 16		
Section 19		
Section 31 and Rule 15		
Sections 30 and 49		
Conclusion	23	20

CHAPTER IV

TREND AND PROGRESS OF BANKING IN THE COUNTRY

General analysis of the progress of banking during the period under review	1	21
Branch banking	2	25
State-wise distribution of banks, 1950		
State-wise distribution of towns served with banking facilities		
Branches abroad of Indian banks		
Paid-up Capital and Reserves	3	28
Deposits	4	30
Ownership of deposits		
State-wise distribution of deposits		
Classification of banks by size of deposits		
Unclaimed deposits		
Cash in hand and balances with the Reserve Bank	5	34

Page		Paragraph	Page
8	Investments	6	34
9	Advances	7	37
9	Advances of scheduled banks according to purpose		
10	Advances of scheduled banks according to security		
	Advances of non-scheduled banks according to purpose		
11	State-wise distribution of advances		
12	Earnings and expenses of Indian scheduled banks	8	42
12	The All-India Industrial Tribunal (Bank Disputes) Award ..	9	43
13	Report of the Rural Banking Enquiry Committee	10	44
14	General observations	11	45
15			

CHAPTER V

ACTIVITIES OF THE RESERVE BANK OF INDIA UNDER SECTION 17 OF THE RESERVE BANK OF INDIA ACT, 1934

16			
17	Financial assistance from the Reserve Bank—Advances under		
17	section 17(2)	1	47
	Amount of advances by the Reserve Bank	2	47
	Emergency advances	3	48
	Analysis of advances	4	48
	Conclusion	5	49
20			

CHAPTER VI

SUGGESTIONS FOR THE STRENGTHENING OF BANKING BUSINESS

	Introductory	1	50
	Legislative measures	2	50
21	Suggestions to banks	3	51
25	(i) Management		
	(ii) Payment of dividends		
	(iii) Advances		
	(iv) Investments		
28	(v) Branch banking		
30	Conclusion	4	52

MAP

34	Map of India showing the regional distribution of offices, deposits and advances of scheduled banks as on the 29th December 1950 .. Facing	32
----	---	----

APPENDIX I

Introductory note to the statements	Page
	55

STATEMENTS

Serial No.	Description	Page
1	Liabilities and Assets in India of banking companies submitting returns under the Banking Companies Act, 1949—As on the last Friday of each month in 1950	56
2	Liabilities and Assets in India of scheduled banks submitting returns under the Banking Companies Act, 1949—As on the last Friday of each month in 1950	58
3	Liabilities and Assets in India of non-scheduled banks submitting returns under the Banking Companies Act, 1949—As on the last Friday of each month in 1950	60
4	Principal ratios of reporting banking companies—As on the last Friday of 1949 and 1950	62
5	Principal Liabilities and Assets in India of reporting banking companies classified according to the size of their paid-up capital and reserves—As on the 29th December 1950.	63
6	Principal Liabilities and Assets in India of reporting banking companies classified according to the size of their deposits—As on the 29th December 1950	64
7	Circlewise distribution of principal Liabilities and Assets in India of reporting banking companies—As on the 29th December 1950	66
8	Deposits, Advances and Investments in Government securities in India of different classes of reporting banking companies—As on the last Friday of each month in 1950	68
9	Consolidated position of scheduled banks in India as disclosed in their returns under section 42 of the Reserve Bank of India Act, 1934—For each month during 1949 and 1950	70
10	Consolidated position of scheduled banks in India as disclosed in their returns under section 42 of the Reserve Bank of India Act, 1934—From 1939 to 1950	72

Page	Serial No.	Description	Page
55	11	Regional distribution of offices, deposits and advances in India of reporting scheduled banks—As on the last Friday of 1949 and 1950	73
Page	11A	Regional distribution of offices, deposits and advances in India of scheduled banks in relation to population—As on the 29th December 1950	74
56	12	Ratio of paid-up capital and reserves to deposits of commercial banks in India, the United Kingdom and the United States of America—From 1939 to 1950	75
58	13	Classification of reporting banking companies according to the size of their reserves in relation to their paid-up capital—As on the 29th December 1950	76
60	14	Composition of deposits of commercial banks in India and in some foreign countries—From January to December 1950	78
62	15	Demand and Time Liabilities of reporting scheduled and non-scheduled banks in India—From 1939 to 1950	80
63	16	Composition of deposits of commercial banks in India and in some foreign countries—From 1939 to 1950	82
64	17	Ownership of deposits of scheduled banks in India—As on the 31st December 1950	84
66	18	Ownership of deposits of scheduled banks in India—As on the 31st December 1949 and 1950	85
68	19	Ownership of demand deposits in India and the United States of America—As on the 31st December 1950 and the 31st January 1951	86
70	19A	Unclaimed deposits held by banking companies in India—As on the 31st December 1949	87
72	20	Investments of commercial banks in India and in some foreign countries—From January to December 1950	88
	21	Investments of commercial banks in India and in some foreign countries—From 1939 to 1950	89

Serial No.	Description	Page
22	Analysis of investments of scheduled banks—As on the 31st December 1949 and 1950	90
23	Maturity distribution of investments of scheduled banks in Government securities—From 1945 to 1950	91
24	Classification of the number of reporting banking companies according to the ratio of their investments in Government securities (including treasury bills) to total deposits—As on the last Friday of June and December 1949 and 1950	92
25	Circlewise classification of the number of reporting banking companies according to the size of their investments in Government securities (including treasury bills) in relation to their total advances—As on the 29th December 1950	93
26	Advances of commercial banks in India and in some foreign countries—From January to December 1950	94
27	Advances of commercial banks in India and in some foreign countries—From 1939 to 1950	95
28	Advances of banking companies analysed according to the purpose of the advance—As on the 31st December 1950	96
29	Advances of scheduled banks analysed according to the purpose of the advance—As on the 31st December 1949 and 1950	98
30	Bank advances in Great Britain—As in February, May, August and November 1950	100
31	Advances of banking companies analysed according to the nature of the security—As on the 31st December 1950	101
32	Advances of scheduled banks analysed according to the nature of the security—As on the 31st December 1949 and 1950	102
33	Classification of the number of reporting banking companies according to the ratio of their advances to total deposits—As on the last Friday of June and December 1949 and 1950	103

Serial No.	Description	Page
34	Offices of scheduled and non-scheduled banks—From 1938 to 1950	104
35	Number of offices of banking companies in the bigger towns—As at the end of 1949 and 1950	105
36	Regional distribution of towns served and not served by banking companies—As on the 31st December 1950	106
37	Regional distribution of offices in India of reporting banking companies—Changes during 1950 and the number of offices as on the 31st December 1950	108
38	Regional distribution of the number of places in India at which banking companies were granted or refused permission to open offices during 1950	110
39	Particulars of loans granted to scheduled banks and State co-operative banks—During each month in 1950	111
40	Advances to scheduled banks and State co-operative banks—During 1949 and 1950	112
41	Sectionwise analysis of advances to scheduled banks and State co-operative banks—From 1937 to 1950	114
42	Liabilities and Assets of the several classes of joint-stock banks, 1949 and 1950	116
43	Income, expenditure and distribution of profits of the several classes of joint-stock banks, 1949 and 1950	122
44	Earnings and expenses of Indian scheduled banks, 1946 to 1950 ..	126
45	Earnings and expenses of Exchange banks, 1949 and 1950	128
46	Earnings and expenses of Indian non-scheduled banks, 1946 to 1950	129
47	Cheque clearances and number of cheques cleared, 1946 to 1950	131

GRAPHS

Serial No.	Description	Facing Page
1	Liabilities of banking companies in India—1949-1950	62
2	Deposits, advances, cash and investments in Government securities of banking companies in India—1949-1950	67
3	Deposits, advances, cash and investments in Government securities of scheduled banks—1949-1950	77
4	Composition of the working capital of banking companies in India—1949-1950.	81
5	Percentage composition of assets of banking companies in India—1950	92
6	Composition of deposits of scheduled banks in India—1941-1950	105
7	Percentage analysis of advances of banking companies in India according to the purpose of the advance—As on the 31st December 1950	113
8	Advances made by the Reserve Bank of India to scheduled banks—1949-1950	128

APPENDIX II

NOTIFICATIONS

Serial No.	Reference No.	Date	Page
1	No. F. 4 (2)-F I/50	23-1-1950	135
2	No. F. 4 (46)-F I/50	12-4-1950	135
3	No. F. 4 (114)-F I/49	17-4-1950	136
4	No. F. 4 (74)-F I/50	9-5-1950	136
5	No. F. 4 (37)-F I/50	9-5-1950	137
6	No. F. 4 (37)-F I/50	14-6-1950	137
7	No. F. 4 (37)-F I/50	14-6-1950	138
8 ¹	No. F. 4 (46)-F I/50	28-6-1950	138
9	No. F. 4 (112)-F I/50	11-7-1950	139
10	No. F. 4 (192)-F I/50	9-10-1950	139

APPENDIX III

CIRCULARS

Serial No.	Reference No.	Date	Subject	Page
1		10-2-1950	Press communique regarding inspection of banking companies by the Reserve Bank.	143
2		8-3-1950	Press communique regarding inspection of banking companies by the Reserve Bank.	143
3	DBO. No. 1420/C. 218-5022-3-1950		Monthly statement of advances against commodities and bullion.	144
4	DBO. No. 1993/C. 212-5018-4-1950		Amendment of section 23 of the Banking Companies Act.	145
5	DBO. No. 2060/C. 200A-5020-4-1950		Banks' advances against jute.	147

CHAPTER I

INTRODUCTORY

The present report which is the second report under section 36(2) of the Banking Companies Act, 1949, and covers the period from the 1st January 1950 to the 31st December 1950, confines itself mainly to a narration of important features of the administration of the Banking Companies Act and to an analysis of the trend and progress of banking in the country during the year 1950. The report on the trend and progress of banking in the country in 1949, which was the first report under section 36(2), dealt with various subjects such as the administrative machinery set up by the Reserve Bank to enable it to perform its statutory functions and duties, the initial difficulties encountered and the problems that had to be tackled in the first year of the administration of the various provisions of the Banking Companies Act. The report also included the history of banking legislation in India and banking developments prior to the year 1949. A brief reference to these topics was necessary in the first report to provide the background for a proper appreciation of developments in the field of banking in India.

2. The general pattern of the present report is the same as that of the previous report. Chapter II deals with banking legislation in 1950 and briefly explains the amendments to the Banking Companies Act. Chapter III reviews the Bank's experience in the administration of the various provisions of the Act. The trend and progress of banking in the country during the year 1950 as revealed by the various returns received from banking companies and other information available with the Reserve Bank, are commented upon in Chapter IV, while the activities of the Reserve Bank of India under sections 17 and 18 of the Reserve Bank of India Act, 1934, are described in Chapter V. Lastly, Chapter VI contains suggestions for the strengthening of banking business in the country.

3. Appendix I includes statistical data and graphs showing the position of banking companies, prepared on the basis of the various returns submitted to the Reserve Bank and other available information, while Appendix II gives notifications issued under the Banking Companies Act. Appendix III reproduces some of the important circulars issued by the Reserve Bank to scheduled and non-scheduled banks as well as two press communiques outlining the Bank's policy and programme of bank inspections.

CHAPTER II

BANKING LEGISLATION IN INDIA DURING 1950

It was stated in paragraph 23 of Chapter III of the first report that the Banking Companies (Amendment) Ordinance, 1949, was promulgated on the 19th September 1949 with the object of expediting the disposal of winding up proceedings of banking companies. It was further stated therein that its provisions were incorporated in the Banking Companies (Amendment) Act, 1950, with certain modifications. The opportunity for amending the Banking Companies Act was also utilised to include in the amending legislation provisions for facilitating the amalgamation of banking companies and certain other important modifications found necessary as a result of the actual experience of the administration of the Act. The Banking Companies (Amendment) Bill, 1949, which was designed to give effect to these amendments, was introduced in the Constituent Assembly of India (Legislative) on the 20th December 1949 and was referred to a Select Committee on the 23rd December 1949. After taking into consideration the recommendations of the Select Committee, the Bill was passed by Parliament on the 10th March 1950 and came into force with effect from the 18th March 1950. The main provisions of the Amendment Act are explained in the following paragraphs.

2. *Amendment of Section 1—Extent of the Act* : Owing to the constitutional and legal difficulties that existed at the time of the passing of the Banking Companies Act in February 1949, the Act could not be extended to the whole of India from the date of its commencement. With the inauguration of the Constitution of India on the 26th January 1950, however, the constitutional difficulties ceased to exist and the Act was extended to the whole of India except the State of Jammu and Kashmir.

3. *Amendment of Section 23* : Section 23 (as it originally stood) imposed restrictions on the opening of branches in India but did not empower the Reserve Bank to regulate the opening of branches by Indian banks outside India. It was, however, felt that the maintenance of a satisfactory financial position and the observance of sound banking traditions by foreign branches of Indian banks were matters of vital importance not only to the prestige of Indian banking abroad but also in the larger interests of the country and it was, therefore, considered essential that the Reserve Bank should have powers to regulate the opening of branches by Indian banks in foreign countries as well. The section, as amended, therefore, prohibits a banking company incorporated in India from opening a new place of business or changing, otherwise than within the same city, town or village, the location of an existing place of business in any country without obtaining the prior permission, in writing, of the Reserve Bank.

4. *Amendment of Section 25* : Sub-section (1) of section 25 of the Act requires that the assets in India of every banking company at the close of the last working day of every quarter shall not be less than 75 per cent of its demand and time liabilities therein. Sub-section (3), as it stood prior to the amendment, provided that "assets

in India” were to be deemed to include export and import bills drawn in such currencies as the Reserve Bank may from time to time approve in this behalf and also securities which the Reserve Bank could purchase or make advances against under section 17 of the Reserve Bank of India Act. This sub-section did not vest discretion in the Reserve Bank in approving securities, as in the case of currencies in which the export and import bills were to be expressed. It was considered desirable, in the interests of the depositors in India, that only such securities as were approved by the Reserve Bank should be considered as assets for the purposes of section 25 of the Act. This sub-section has, therefore, been amended so as to empower the Reserve Bank to approve, for the purposes of section 25 of the Act, not only the currencies in which export and import bills are expressed, but also the securities which can be treated as assets in India, notwithstanding that the said bills or securities are held outside India.

5. *Insertion of new Section 44A—Procedure for amalgamation of banking companies :* Although section 45 of the Act (as it originally stood) required the Reserve Bank’s previous sanction for any scheme of amalgamation, and sub-section (1)(b) of section 36 provides that the Reserve Bank may on a request by the banking companies assist as an intermediary or otherwise in proposals for the amalgamation of such banking companies, the actual process of amalgamation was found to be dilatory as it continued to be governed by the Indian Companies Act which necessitated recourse to Courts of law, thereby giving rise to a serious delay in putting through the scheme. Further, it was also possible for a few dissenting shareholders to hold up the scheme of amalgamation for an unduly long time even if it was in the best interests of the amalgamating companies and a substantial majority of shareholders agreed thereto. The procedure, therefore, made amalgamations between banking companies difficult and it was considered desirable to revise it by a suitable amendment of the law. A new section has, therefore, been inserted in the Banking Companies Act introducing a revised procedure for the amalgamation of banking companies. This procedure has done away with recourse to Courts of law, has minimised the legal formalities and has eliminated the possibility of a few dissenting shareholders holding up the scheme.

6. *Insertion of new Part III A—Special provisions for speedy disposal of winding up proceedings :* Sections 45A to 45H contain provisions intended to expedite the winding up proceedings of banking companies. The High Court alone has been given jurisdiction in the matter of the winding up of banking companies and is empowered to decide all claims by or against banking companies in liquidation. As regards offences in relation to such banking companies, the High Court has been empowered to award punishment after a summary trial if the offence is one punishable with not more than two years’ imprisonment or with a fine not exceeding one thousand rupees. In more serious cases, provision has been made for trial by a Judge of the High Court other than the Company Judge. All such trials are to be without jury. For the purpose of calculating the period of limitation in respect of claims by a banking company, the period of one year immediately preceding the date of the winding up order is to be excluded. The Official Liquidator has been authorised to take possession of all properties and books of account of the banking company in liquidation with the help of the District Magistrate concerned. The Reserve Bank has been empowered to examine the report of any proceedings for the winding up of a banking company and to tender advice if the Court directs the liquidator to obtain such advice.

7. *Amendment to the Banking Companies Rules and to Forms prescribed under the Act and the Rules* : On the enactment of the Banking Companies (Amendment) Act, 1950, consequential changes in the Banking Companies Rules, 1949, and the forms prescribed under the Act became necessary and the recommendations of the Reserve Bank regarding a suitable revision of the rules and forms were forwarded to the Central Government in May 1950. While formulating the draft amendments, the opportunity was availed of to suggest further changes which were found appropriate in the light of the difficulties experienced by banking companies and the Reserve Bank during the administration of the Act and the Rules. The Central Government, in pursuance of the procedure laid down in section 52 of the Act, published the draft amendments to the rules and the forms in the Gazette of India dated the 16th September 1950. Consideration of the draft amendments together with the comments and suggestions received thereon has to be taken up after six months from the date of their publication.*

* The amendments have since been brought into force by the Government of India Notification dated the 20th April 1951.

CHAPTER III

ADMINISTRATION OF THE BANKING COMPANIES ACT, 1949

Introductory : A brief description of the organisation entrusted with the administration of the various provisions of the Banking Companies Act has been given in the report for the year 1949. During 1950, the general set-up of the organisation (Department of Banking Operations) remained the same but the staff at the Central Office at Bombay as also at the other local offices at Calcutta, Madras, Delhi and Kanpur was augmented to enable the Reserve Bank to discharge its statutory duties.

2. *Scope of the Act* : It has been stated in Chapter II that the Banking Companies (Amendment) Act, 1950, extended the Banking Companies Act to the whole of India, except the State of Jammu and Kashmir. This did not, however, by itself make the Act applicable to banks which restricted their activities to areas to which the Indian Companies Act did not extend, as the Banking Companies Act applies only to companies which can be wound up under the Indian Companies Act. In order, therefore, to ensure the application of the Banking Companies Act to all banks functioning in India (except the State of Jammu and Kashmir), it was necessary to extend the Indian Companies Act to the whole of India. This was done partly by the Merged States (Laws) Act and Part C States (Laws) Act which came into force on the 1st January 1950 and the 16th April 1950 respectively. As regards Part B States, a provision to extend the Indian Companies Act to these States was included in the Part B States (Laws) Bill, 1950*, which was introduced in Parliament on the 17th November 1950.

3. *Classification of companies into banking companies and non-banking companies* : The work relating to the classification of companies into banking and non-banking companies continued to engage the attention of the Reserve Bank during the year under review. In addition to the cases of 27 companies which were under consideration at the close of the previous year, 23 further cases were reported by the Registrars of Companies of the various States, making a total of 50. Out of 30 companies whose cases were completed during the year, 29 were classified as non-banking companies, while one was found to be doing banking business within the meaning of section 5(1)(b) of the Banking Companies Act and was, therefore, classified as a banking company. 20 cases were under consideration at the end of the year.

4. *Use of words "bank", "banker," "banking"* : Section 7 of the Banking Companies Act provides that as from the 16th March 1951, no company, other than a banking company, shall use as part of its name any of the words "bank", "banker" or "banking" and no company shall carry on the business of banking in India unless it uses as part of its name one of such words. A scrutiny of the available list of banking companies showed that there were 31 companies whose names did not conform to the requirements of section 7. They were, therefore, advised to take suitable steps

*The Bill has since been enacted and has been brought into force from the 1st April 1951.

at an early date. Accordingly, during the year under review, 15 banking companies effected the requisite change in their names. As regards non-banking companies whose names contravened the above provisions, the Registrars of Companies concerned were requested to take necessary action. Consequently, eight non-banking companies deleted the offending words from their names.

5. *Restrictions on certain forms of employment* : Section 10 prohibits the employment of managing agents and places restrictions on certain forms of employment by banking companies. Companies which were not complying with any of the provisions were advised to regularise the position as early as possible. During the course of inspections it was observed that a few banking companies had violated the provisions of section 10(1)(b)(ii) by employing persons whose remuneration or part of whose remuneration took the form of commission or a share in the profits of the company. As these violations appeared to be inadvertent rather than deliberate and as the banking companies concerned were willing to rectify the position without delay, they were advised to do so and no further action was considered necessary.

Sections 10(1)(c)(i) and 10(1)(c)(ii) provide that no banking company shall be managed by a person who is a director of any other company, not being a subsidiary of the banking company, or by a person who is engaged in any other business or vocation. During the period under review, 36 cases, including 13 cases pending at the close of the previous year, pertaining to the violation of these sections were considered and the banking companies concerned were directed to comply with the law. 21 banking companies took steps to fulfil the legal requirements, while the remaining 15 banking companies stated that they were taking suitable action.

6. *Minimum capital requirements* : Section 11 of the Act, which prescribes the minimum requirements in respect of paid-up capital and reserves of banking companies, allows a period of three years to banking companies in existence at the commencement of the Act to comply with its requirements. Compliance with the provisions of the section can be achieved either by raising the capital and reserves to the prescribed minimum or by restricting the area of operation. Applications from banking companies for permission to issue additional capital for the specific purpose of complying with the requirements of the section were, therefore, more numerous. In addition to the applications of five banking companies which were under consideration at the close of the previous year, applications from 36 companies were received during the year under review. Of these, 24 companies were permitted to issue additional capital and the applications of 17 companies were under consideration at the close of the year.

Although section 11 comes into operative force from the 16th March 1952 in the case of existing banking companies (excluding those incorporated outside India) their position in relation to the requirements of the section was examined from the information available with the Reserve Bank. It was observed that as at the 31st December 1950, there were 150 banking companies whose paid-up capital and reserves were below the amount they will be required to have when the section comes

into operative force. The distribution of these banking companies according to their area and size is given in the following table :—

Size of paid-up capital and reserves* as at the 31st December 1950	Bombay	Calcutta	Delhi	Kanpur	Madras	Total
	(.Number of banking companies.)					
1. Below Rs. 50,000	4	24	3	4	46	81
2. Rs. 50,000 and above but below Rs. 1 lakh	2	9	1	..	15	27
3. Rs. 1 lakh and above but below Rs. 5 lakhs	3	9	..	1	15	28
4. Rs. 5 lakhs and above	5	7	..	..	2	14
TOTAL ..	14	49	4	5	78	150**

* Book value

** Excluding banking companies incorporated outside India, those working under schemes of arrangement and those incorporated in and confining their activities to 'Part B' States.

It will be observed from the above table that out of 150 banking companies, as many as 127 were from the Calcutta and Madras areas. The capital and reserves of as many as 81 banking companies, of which 70 were from the Calcutta and Madras areas, were below the minimum of Rs. 50,000 for a banking company with a single office. The attention of all these companies is being drawn to the requirements of section 11. Incidentally, it may be observed that for determining the minimum capital requirements, sub-section (5) of section 11 defines 'value' as the real or exchangeable value and not the nominal value of the capital and reserves which may be shown in the books of a banking company. It may, therefore, transpire that while *prima facie* a banking company complies with the provisions of this section, the real value of its capital and reserves may, as a result of an evaluation of its assets and liabilities, be found to be below the minimum requirements.

7. *Regulation of capital and restrictions on voting rights* : It was stated in the previous report that there were at the end of 1949 ten banking companies which contravened the provisions of section 12(i) or 12(ii) relating respectively to the proportion between the authorised, subscribed and paid-up capital and the composition of share capital. One more case was reported during the year. Of these, three companies took necessary steps during the year under review to comply with the provisions of the law and the remaining eight companies were taking requisite action in the matter. In regard to the restrictions on voting rights contained in sub-sections (iii) and (iv) of section 12, the mere existence of a provision in the articles of association of a banking company, conferring on the shareholders voting rights in excess of the limits stipulated in these sub-sections, does not constitute a contravention of the sub-sections. If, however, the banking company actually contravenes the provisions of these sub-sections, it would be liable to the penalties provided under the Act and would not be entitled to carry on banking business. To avoid any unintentional breach of the law it is desirable to amend the articles. The banking companies

concerned were, therefore, advised to take suitable action. Accordingly, 23 banking companies amended their articles of association during the course of the year, while 36 banking companies were taking steps in that direction.

8. *Prohibition of common directors* : In addition to the cases of eight banking companies which had contravened the provisions of section 16 by having common directors and which were under consideration at the commencement of the year, 24 banking companies were found to be in the same category during the course of the year. On being advised to regularise their position, 20 banking companies took necessary steps in the matter while 10 companies were taking suitable action to comply with the legal requirements. The remaining two went into liquidation.

Besides the above, in the case of three banking companies, which were entrusted with the treasury work of one of the State Governments, it was observed that the directors nominated by the State Government were common to all the three banking companies. This involved a contravention of section 16, but as the State Government desired to retain common nominees in order to ensure uniformity of control, they recommended that these banking companies should be exempted from the provisions of section 16 in so far as they related to the directors to be nominated by the State Government. The Reserve Bank recommended the case for exemption to the Central Government who agreed with the views of the Reserve Bank and issued the necessary notification on the 23rd January 1950.

9. *Maintenance of cash reserve* : During the course of the scrutiny of the monthly returns submitted by the non-scheduled banks in terms of section 18 of the Act, it was observed that the provisions in regard to the maintenance of the prescribed cash reserve were generally complied with and that cases of default were comparatively few. It was only in a limited number of cases that the defaults were frequent or continuous and the banking companies concerned were advised to comply with the provisions of the section. Some of the defaulters were displaced banks and were working under schemes of arrangement, while others were facing withdrawals on account of disturbed conditions in the areas in which they operated. There was no occasion to take penal action against any banking company as the explanations for the defaults were usually found to be satisfactory and the defaults themselves were generally of a casual nature.

In terms of the provisions of section 18, non-scheduled banks are allowed to maintain the prescribed percentage of cash reserve either with themselves, or in an account opened with the Reserve Bank, or partly in cash with themselves and partly in such an account. During the year under review, three non-scheduled banks applied for permission to open accounts with the Reserve Bank. The financial position and methods of operation of these banking companies were not, however, found to be quite satisfactory and their applications were consequently rejected.

10. *Restriction on nature of subsidiary companies* : In terms of section 19(1), which permits the formation of a subsidiary company by a banking company only for certain specified purposes or with the previous permission, in writing, of the Reserve Bank, for such other purposes as are incidental to the business of banking, one scheduled bank (incorporated outside India) applied for permission to form a subsidiary company for executing trusts. As the purpose of the proposed subsidiary

company was incidental to the business of banking, the banking company was granted the necessary permission. Another scheduled bank was observed to have contravened the provisions of section 19(1) by the acquisition of the entire share capital of a company which thus amounted to the formation of a subsidiary company. The attention of the banking company was drawn to the irregularity and it promptly rectified the position.

28 cases of contravention of section 19(2), which restricts a banking company's holding of shares in other companies, were examined during the year under review details of which were as follows :—

Cases under consideration at the end of 1949	.. .. .	16
Fresh applications received during the year for grant of time	.. .. .	3
Cases where the contravention was not reported by the banking companies but was detected during the course of inspection	.. .. .	3
Banking companies which were previously granted time but which applied for an extension	.. .. .	6
		<hr/> 28 <hr/>

Seven banking companies regularised their holdings while three banking companies, which were displaced banks from West Pakistan, were granted exemption from the provisions of section 19(2) for a period of three years. 11 banking companies were granted time to comply with the law and of these, two banking companies applied afresh during the year for further extension. The cases of nine banking companies were under consideration at the close of the year. It may be added that a scrutiny of the contraventions of section 19(2) revealed that generally the violations were not deliberate and that the banking companies concerned made genuine efforts to comply with the legal requirements.

The provisions of sub-section (3) of section 19 affected three displaced banks which were exempted from its operation. Two of these banks had also been exempted from the provisions of sub-section (2) of this section.

11. *Restrictions on loans and advances* : The returns received in terms of section 20(2) were carefully scrutinised and any undesirable features revealed by these returns were brought to the notice of the banking companies concerned. It was mentioned in the previous report that some banking companies were found to have granted disproportionately large unsecured advances to companies in which their directors were interested. During the year under review, however, no advances on a large scale of this character were noticed from the returns submitted to the Reserve Bank and there was, therefore, no occasion to take action against any banking company under sub-section (3) of section 20 of the Act.

12. *Control over advances by banking companies* : The daily returns of fresh limits for advances of Rs. 1 lakh and over continued to be received from banking companies and they were carefully scrutinised. The scrutiny revealed that banking companies were generally adopting a cautious policy in regard to their advances and were following the advice tendered by the Reserve Bank in its circular letter dated the

11th November 1948. A few banking companies were, however, found to be lending liberally against silver. As advances of this type were likely to encourage speculation, the banking companies concerned were advised to make careful enquiries before making such advances and to ensure that they were not utilised for speculative purposes. In the case of one banking company, however, it was observed that it was not acting upon the above advice. In exercise of the powers conferred on the Reserve Bank by section 36(1)(a) of the Act it was, therefore, prohibited for a period of six months from making advances exceeding Rs. 1 lakh against the security of silver to any one person either solely or jointly with others without the prior permission, in writing, of the Reserve Bank.

In March 1950, all scheduled banks were directed to submit monthly returns showing the amount of their advances against commodities and bullion in order to enable the Reserve Bank to keep under observation the accommodation granted by banking companies for financing trade in some of the essential commodities and bullion and for watching the periodical trends. The returns received from the various banking companies were analysed.

In April 1950, scheduled banks operating in the Calcutta area were directed to recall, within a specified period, the advances made against raw jute to parties other than mills and balers and to refrain from making fresh advances for the purchase of raw jute to parties other than those mentioned above till the position in regard to the supply of raw jute became normal. In view of the prevailing shortage of jute supplies, there was a danger of stocks of raw jute going underground, and the issue of these instructions was found necessary in order to assist Government in their efforts to ensure regular supplies of raw jute to the mills. As the mills were prepared to buy all the available raw jute, there appeared to be no reason for banking companies to finance the purchase of the holding of raw jute by parties other than mills and balers. The above instructions continued to be in force till the end of the year under review.

13. *Licensing of banking companies* : Applications from 505 banking companies (93 scheduled and 412 non-scheduled) had been received during the previous year (in terms of section 22) for the issue of licences to carry on banking business in India. Applications from 15 more banking companies (2 scheduled and 13 non-scheduled) were received during the year, of which some were from banking companies which had failed to submit their applications in the previous year and some pertained to banking companies which had come within the purview of the Act or were classified as banking companies during the course of the year. No application was received from any new banking company for the grant of a licence and the application of one banking company for a licence to commence banking business, which was pending at the close of the previous year, was disposed of during the year by granting the necessary licence.

As stated in the previous report, it has been decided as a matter of policy to inspect all banking companies before granting licences to them. In pursuance of this policy, an inspection programme has been chalked out which would enable the Reserve Bank to complete the inspection of all banking companies which have applied for a licence under section 22. A number of banking companies were accordingly inspected during the course of the year, details of which are given in the relevant paragraph on bank inspections.

No licence was, however, issued to any existing banking company during the year under review. The withholding of the grant of a licence need not, however, cause any inconvenience to an existing banking company because section 22 permits it to carry on banking business until it is granted a licence or is informed by notice, in writing, that a licence cannot be granted to it. The section further provides that a notice refusing a licence cannot be issued till the 16th March 1952. In the meantime, such of the banking companies as have been inspected have been informed, wherever necessary, of the defects detected during the inspection and have been advised to take suitable steps in the matter so that in due course they may become eligible for the grant of a licence under section 22 by fulfilling the conditions provided in sub-section (3) of that section. Some of the banking companies have also been asked to submit periodical reports to enable the Reserve Bank to watch the progress made by them in this direction.

14. *Restrictions on opening of new and transfer of existing places of business:* In accordance with the provisions of section 23, the Reserve Bank received during the year 1950, 120 applications from 39 banking companies for permission to open new offices or to change the location of the existing ones. An analysis of these applications according to their purpose and the nature of their disposal is shown in the following table :—

Nature of applications and their disposal

For opening new offices		For opening temporary offices		For changing the location of existing offices		For opening offices outside India		Total		Total number of applications
Accepted	Rejected	Accepted	Rejected	Accepted	Rejected	Accepted	Rejected	Accepted	Rejected	
76	27	6	..	3	2	6	..	91	29	120

Of the 120 applications received during the year, as many as 103 were for the opening of new offices in India. The regional distribution of the number of places in India in respect of which applications were received for opening new offices, is given in Statement 38. The number of places in respect of which applications were accepted or rejected has been shown separately. 27 applications which were rejected were in respect of 25 places of which 24 were already adequately served by banking companies.

A reference has already been made in Chapter II to the amendment of section 23 empowering the Reserve Bank to regulate the opening of offices outside India by banking companies incorporated in India. Six applications for permission to open offices outside India were received during the year. The countries where the offices were sought to be opened were Burma, Indonesia, Japan, Malaya and Nepal. As the financial position and methods of operation of the applicant banking companies were satisfactory, the places where the offices were proposed to be opened seemed to offer scope for business for Indian banking companies, and the opening of the offices was also likely to stimulate India's trade with those countries, permission was granted in all the six cases to open offices at the places applied for.

There were at the end of 1950, eight banking companies incorporated in India which had 28 offices in foreign countries (excluding Pakistan). The following table shows the number of banking companies operating in foreign countries (excluding Pakistan) and the number of their offices as at the end of 1950 :—

Country	No. of banking companies operating	No. of offices
1. Burma	5	7
2. Ceylon	3	3
3. French India (excluding Chandernagore)	2	3
4. Japan	1	2
5. Malaya	4	9
6. Thailand	1	2
7. United Kingdom	2	2
		28

To enable the Reserve Bank to keep a watch over the working of foreign branches of banking companies incorporated in India, the banking companies concerned were requested to send a monthly statement showing the consolidated position of the liabilities and assets of their branches in each foreign country (excluding Pakistan). They were also requested to furnish information as regards the manner in which they hoped to meet unexpected withdrawals at the branches.

The returns for December 1950 related to 24 offices of six banking companies. Their total deposits outside India amounted to Rs. 25·13 crores. Their liquid resources, comprising cash in hand, money at call and short notice and investments in Government securities amounted to Rs. 22·82 crores. Loans and advances including bills purchased and discounted amounted to Rs. 5·57 crores.

15. *Maintenance of assets in India* : The quarterly returns in Form XI, submitted by banking companies in terms of section 25(2) of the Banking Companies Act, were scrutinised in order to ascertain whether they maintained in India assets equivalent to 75% of their total demand and time liabilities therein. It was observed that generally banking companies maintained the requisite amount of assets and instances of default were very few. The defaulting banking companies were directed to regularise the position.

16. *Accounts and balance sheets* : In terms of section 31, every banking company is required to submit three copies of its balance sheet and profit and loss account together with the auditor's report, to the Reserve Bank within three months from the end of the period to which they refer, i.e., on or before the 31st March. The section also empowers the Reserve Bank to extend the period of three months by a further period not exceeding three months. Every banking company is also required, in terms of Rule 15 of the Banking Companies Rules, to publish within a period of six months, i.e., on or before the 30th June, its balance sheet and profit and loss account together with the auditor's report, in a newspaper which is in circulation at the place

where the banking company has its principal office. In this connection a number of banking companies from different areas pleaded their inability to furnish copies of their balance sheet etc., for the period ended the 31st December 1949, within the stipulated period. Such cases were examined in detail and the banking companies concerned were granted appropriate time for submitting their balance sheet. There were also a number of small banking companies which represented that it was burdensome for them to incur the expenses of publishing the balance sheet in a newspaper as laid down in Rule 15. After considering their financial position and the interests of the depositors, the Reserve Bank recommended deserving cases for exemption from the provisions regarding publication. Accordingly, nine banking companies were granted exemption by the Central Government from the provisions of section 31 and Rule 15 in so far as they related to the publication of their balance sheet and profit and loss account, for the period ended the 31st December 1949, together with the auditor's report, in a newspaper.

The balance sheets for the year 1949 received from banking companies during the year under review were analysed and studied. Wherever necessary, the banking companies concerned were informed of the irregularities in drawing up the balance sheet and profit and loss account.

In view of certain difficulties experienced by banking companies in complying with the requirements of Form A (Form of balance sheet) and Form B (Form of profit and loss account) set out in the Third Schedule to the Banking Companies Act, 1949, it was considered desirable to revise the forms in consultation with representative bankers and other interested parties. Suggestions in this connection were, therefore, invited from the Institute of Chartered Accountants of India, the Imperial Bank of India, the Indian Banks' Association and the Bombay Exchange Banks' Association. The proposed amendments were under consideration at the end of the year.

17. *Inspections of banking companies by the Reserve Bank* : The origin of bank inspections in India and the circumstances leading to the assumption of specific powers for undertaking inspections of banking companies have been dealt with at length in the previous report. In a press communique dated the 29th July 1949, the policy of instituting systematic periodical inspections of all banking companies was announced and this was followed by a further communique dated the 10th February 1950 announcing that in future all banking companies would be inspected in turn irrespective of their size and standing and that such inspections would be a regular feature of the Reserve Bank's supervisory activities. The general public was, therefore, advised not to doubt the financial position of a banking company merely because it was being inspected by the Reserve Bank. The communique also announced that about eight scheduled banks and 32 non-scheduled banks would be inspected during the year 1950 and that the number of inspections during the subsequent years would be gradually increased so that all banks in the country falling within the purview of the Banking Companies Act would be inspected at least once. Another communique issued on the 8th March 1950 announced the names of nine scheduled banks having their principal office in the different parts of the country that were proposed to be inspected during the year 1950. Accordingly, the inspections of the banking companies in the different parts of the country according to the programme chalked out were started by the middle of March 1950.

18. *Inspections carried out during the period under review* : In pursuance of the programme of inspections referred to in the preceding paragraph, 61 banking companies were inspected during the year under review as against the target of 40 announced in the press communique of the 10th February 1950. An analysis of these inspections according to the area and the purpose of inspections is given in the following table :—

According to area	No. of banking companies					
	Bombay	Calcutta	Delhi	Kanpur	Madras	Total
Scheduled banks	2	12	2	..	1	17
Non-scheduled banks	10	15	5	4	10	44
Total ..	12	27	7	4	11	61

According to purpose	No. of banking companies		
	Scheduled banks	Non-scheduled banks	Total
(i) For grant of licence to carry on banking business ..	3	22	25
(ii) For general purposes	7	2	9
(iii) For issuing certificates in respect of schemes of arrangement	1	7	8
(iv) For sanctioning schemes of amalgamation ..	4	2	6
(v) For testing the eligibility for inclusion in the Second Schedule to the Reserve Bank of India Act ..	..	6	6
(vi) For making a report to the Court on the affairs of a banking company	3	1	4
(vii) At the instance of the Central/State Governments ..	..	7	7
Total ..	18	47	65*

*Four banking companies were inspected for more than one purpose.

It will be observed from the above table that a large number of inspections were intended to ascertain the eligibility of banking companies for a licence under section 22 of the Banking Companies Act.

Six banking companies—one each in Bombay and Delhi and two each in Madras and Kanpur areas—were inspected for the purpose of testing their eligibility for inclusion in the Second Schedule to the Reserve Bank of India Act. One of them

was included in the Second Schedule to the Act, and the applications of two others were rejected. The applications of the remaining three banking companies were under consideration at the close of the year.

Seven of the eight banking companies inspected for the purpose of issuing certificates under section 45 of the Act were non-scheduled banks. Only one banking company was granted a certificate to the effect that the scheme of arrangement as proposed by it was not detrimental to the interests of its depositors while certificates were refused in the case of five other banking companies. The cases of the remaining two banking companies were under examination.

Six banking companies—four scheduled and two non-scheduled—were inspected for the purposes of section 44A of the Act. All of them belonged to West Bengal. As the scheme of amalgamation of the four scheduled banks was considered feasible and found to be in order, the requisite certificate sanctioning the scheme was issued and the amalgamation came into effect from the 18th December 1950. The other scheme for the amalgamation of the two non-scheduled banks was under examination at the close of the year.

Three scheduled banks and one non-scheduled bank, which had suspended payment, were inspected in pursuance of the orders of the High Court directing the Reserve Bank to submit reports under section 37 (2) of the Act.

Seven State-owned or State-controlled banks, which were not “banking companies” as defined in the Act, were inspected at the request of the Central or the State Governments who desired to have the Reserve Bank’s opinion about the exact financial position and the future set-up of these banks.

19. *Suspension of business and winding up of banking companies :*

(a) *Suspension of business :* During the period under review, four banking companies from the Calcutta area, three scheduled and one non-scheduled, applied to the Court for a moratorium in terms of section 37 of the Act and the High Court called upon the Reserve Bank to submit its reports on the affairs of the banking companies as provided in sub-section (2) of section 37. After conducting inspections of the books and accounts of the respective banking companies, the Reserve Bank submitted its reports to the High Court. In all these cases the finding of the Reserve Bank was that there were no reasonable chances of the banking companies being able to pay their debts even if the moratorium was granted. One scheduled bank was ordered to be wound up by the High Court while another withdrew its application for a moratorium. As regards the remaining two banking companies, before orders could be issued by the High Court on their applications for a moratorium under section 37, they applied to the Reserve Bank for certificates under section 45 of the Act, for schemes of arrangement proposed by them.

(b) *Voluntary winding up :* 11 banking companies, eight of which were from the Madras area, went into voluntary liquidation. Since none of them had been granted a licence under section 22, the provisions of section 44 did not apply to them and the prior permission of the Reserve Bank was not called for before winding up.

(c) *Winding up by Court* : 16 banking companies, of which three were scheduled banks, were ordered to be compulsorily wound up by the Court. Of these, six each belonged to the Madras and Calcutta Areas.

(d) *Reserve Bank as Official Liquidator* : Section 39 of the Act provides that where in any proceeding for the winding up of a banking company by the Court, an application is made by the Reserve Bank in this behalf, it shall be appointed as the Official Liquidator of the banking company. In the case of one scheduled bank in the Calcutta area, which was ordered to be wound up, the Reserve Bank was appointed as the Official Liquidator on application. However, on account of the conflict of interests between the Reserve Bank's duties as Official Liquidator and its rights as a creditor of the banking company, the Reserve Bank thought it fit to apply to the High Court for permission to resign from the office of the Official Liquidator. The application was accepted by the High Court and the Bank resigned the Official Liquidatorship.

20. *Applications for sanctioning schemes of arrangement* : At the commencement of the year under review, the applications of five banking companies for the issue of certificates under section 45 of the Act were pending with the Reserve Bank and applications from seven more banking companies were received during the year. The distribution of these banking companies by area and class and the disposal of the applications were as follows :—

	Calcutta	Delhi	Total
Scheduled banks	2	..	2
Non-scheduled banks	8	2	10
Total ..	10	2	12
(1) Banking companies which were granted certificates .. .. .	..	..	2
(2) Banking companies which were refused certificates .. .. .	..	..	4
(3) Banking companies whose schemes were not examined .. .. .	..	..	3
(4) A banking company which was wound up by the Court before consideration of its application .. .. .	..	..	1
(5) Banking companies whose cases were under consideration at the close of the year .. .. .	..	..	2
			12

Of the two applications in respect of which certificates under section 45 of the Act were granted, one related to a banking company whose application was rejected during the previous year but which had submitted an application for reconsideration of its scheme of arrangement. The proposed scheme was, therefore, re-examined and after suitable modifications so as to safeguard the interests of the depositors, the requisite certificate under section 45 of the Act was issued. The modified scheme was awaiting the sanction of the High Court at the end of the year. In the case, however, of the other application for which a certificate under section 45 was issued,

the High Court rejected the scheme and ordered the banking company to be wound up as it had not observed the prescribed formalities.

The applications of four banking companies were rejected as the schemes proposed by them were found to be detrimental to the interests of their depositors. Of the banking companies whose applications were not examined, one converted itself into a non-banking company while the other two failed to submit certain particulars called for from them about their affairs. The applications of two banking companies were under consideration at the close of the year.

21. *Schemes of amalgamation* : The desirability and advantages of amalgamations of banking companies conducted on right lines have been discussed in the previous report. As already stated in Chapter II, the procedure for amalgamation was simplified during the year by a suitable amendment of the Banking Companies Act, 1949. The application of four Bengalee scheduled banks, *viz.*, the Bengal Central Bank Ltd., the Comilla Union Bank Ltd., the Comilla Banking Corporation Ltd. and the Hooghly Bank Ltd., for an amalgamation, which had been held over till the procedure for amalgamation was simplified, was taken up for consideration during the year under review and the scheme was finally approved on the 18th December 1950, the amalgamated unit being named as the United Bank of India Ltd. Prior to this, the Bengal Central Bank Ltd., which under the scheme of amalgamation was named as the transferee company, changed its name to the United Bank of India Ltd., and on sanction of the scheme of amalgamation took over the entire assets and liabilities of the other three banking companies which were named as the transferor companies.* It may be stated that before sanctioning the scheme, the books and accounts of the four amalgamating banking companies were inspected in order to determine the value of the shares of each of the amalgamating units which could be claimed by the dissenting shareholders under section 44A (3) of the Banking Companies Act.

During the year under review, another application was received for sanctioning a scheme of amalgamation between two non-scheduled banks in West Bengal. An inspection of the books and accounts of the banking companies was undertaken and the case was under consideration at the end of the year.

22. *Section 53 : Exemptions* : The previous report classified the exemptions granted to banking companies from the various provisions of the Banking Companies Act into 'General Exemptions' and 'Specific Exemptions.' The former category included exemptions from the provisions of certain sections of the Act allowed to all banking companies for specific periods with a view to giving them sufficient time to comply with the relative provisions. The latter type, on the other hand, covered exemptions granted to individual banking companies or a group of banking companies which required specific relief from some of the provisions of the Act and whose circumstances warranted the granting of such relief. During the year under review, there was no occasion to grant general exemptions to banking companies. Only specific exemptions were granted to individual banking companies where, after careful examination, relief from the relative provisions of the Act was deemed equitable. Some of them have already been referred to in the relevant paragraphs.

Section 16 : The exemption granted to all banking companies from the provisions of this section expired on the 15th September 1949. It was, however, observed that the Bank of Bikaner Ltd., the Bank of Jaipur Ltd. and the Bank of Rajasthan Ltd., continued to have on their respective boards, common directors who were the nominees of the Government of Rajasthan and the banking companies thereby contravened the provisions of the above section. The Government of Rajasthan, which held a sizable portion of the share capital of these banking companies and had also entrusted their treasury work to the respective banking companies at certain places, were entitled to nominate two directors on the boards of each of the three banking companies. While it would have been possible for the banking companies to comply with the provisions of section 16 if the Government of Rajasthan had nominated different persons as their nominees on the boards of the respective banking companies, the Government preferred to nominate the same officers, *viz.*, the Accountant General and the Finance Secretary of the State, so as to ensure uniform supervision and control over the banking companies. In view of this, the Reserve Bank recommended to the Central Government that these banking companies may be exempted from the provisions of section 16 in so far as they related to the directors to be nominated by the Government of Rajasthan. The Central Government accepted the Reserve Bank's recommendation and granted the necessary exemption.

Section 19 : Sub-section (2) of this section stipulates that no banking company can, save as provided in sub-section (1) of the section, hold shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount, exceeding 30 per cent of the paid-up share capital of that company or 30 per cent of its own paid-up share capital and reserves, whichever is less. In the case of shares held in excess of the prescribed limit on the date of the commencement of the Act, the proviso to the sub-section empowers the Reserve Bank, in cases where the contravention is reported by the banking company without delay, to allow a period not exceeding two years to the banking company to dispose of the shares held in contravention of the provisions of the above sub-section. Cases of banking companies which, as on the date of the commencement of the Act, contravened the provisions of the above sub-section and which were given time to comply with the law have already been dealt with in paragraph 10. Some displaced banks, however, represented that the period of two years, which the Reserve Bank was empowered to allow, was not sufficient for them to dispose of the shares held by them in contravention of section 19(2) as the companies whose shares were so held had been adversely affected by the partition of the country and the shares had, therefore, no ready market. It was urged that their forced sale would have involved considerable loss and thereby adversely affected the interests of the depositors. Some of the displaced banks also represented their inability to comply with the provisions of section 19(3) which stipulates that no banking company shall, after the expiry of one year from the date of the commencement of the Act, hold shares, whether as pledgee, mortgagee or absolute owner, in any company in the management of which any managing director or manager of the banking company is in any manner concerned or interested. In view of the peculiar position of the displaced banks, compliance with the provisions of sub-section (3) would have occasioned considerable hardship to them. Moreover, in some cases the shares were held in the 'Closed Funds' of some of the displaced banks working under schemes of arrangement. It was, therefore, considered desirable to exempt these banking companies from the provisions of sub-sections (2) and (3) of section 19 and the Central Government was accordingly requested to grant the

undermentioned banking companies exemption for a period of three and a half years commencing from the 16th March 1949.

Name of bank	Sub-sections from which exempted*	Period of exemption
1. The Bari Doab Bank Ltd.	19(3)	Upto 15th September 1952
2. The New Bank of India Ltd.	19(2) and (3)	do.
3. The Punjab Co-operative Bank Ltd.	19(2) and (3)	do.
4. The Traders' Bank Ltd.	19(2) and (3)	do.

* For the extent of the exemptions please see notifications in Appendix II.

The Central Government agreed with the recommendations of the Reserve Bank and granted the necessary exemption.

The Central Bank of India Ltd., which had a controlling interest in the share capital of the Depositors' Benefit Insurance Co. Ltd., represented during the previous year that it should be exempted from the provisions of sub-sections (2) and (3) of section 19 in so far as they related to its interest in the above company. It held the shares of the subsidiary company in excess of the limit prescribed under sub-section (2) and its Managing Director was also the Managing Director of the company. It was, however, observed that the subsidiary company was primarily intended to give the banking company's depositors, having home savings accounts, the benefit of life insurance on attractive terms. As the business of the subsidiary company and the banking company's interest therein did not appear to be in any way detrimental to the interests of its depositors, the banking company's case for exemption from the provisions of sub-sections (2) and (3) of section 19 was recommended to the Central Government who concurred with the Reserve Bank's views and exempted the banking company from the provisions of sub-sections (2) and (3) of section 19 in so far as they related to its holding in the shares of the Depositors' Benefit Insurance Co. Ltd.

Section 31 and Rule 15 : Some of the smaller banking companies represented that the cost of publication of the balance sheet etc., in a newspaper, as required by section 31 of the Act and Rule 15 of the Banking Companies Rules, would be rather high in relation to their resources and, therefore, requested exemption from the provisions of section 31 and Rule 15, in so far as they related to the publication of the accounts in a newspaper. There were a few other banking companies which were either in a moribund condition or were working at a loss and they also applied for similar exemption on the ground that the cost of publication would fall on the depositors. Such cases were considered sympathetically and the undernoted banking companies were recommended to the Central Government for being exempted from the provisions of section 31 and Rule 15, the exemption, however, being only in respect of the publication of the balance sheet etc., relating to the year 1949.

1. Bari Doab Bank Ltd.
2. Punjab Mercantile Bank Ltd.
3. Oudh Commercial Bank Ltd.
4. Chittattukara Catholic Bank Ltd.
5. Arni Mahaveera Bank Ltd.
6. Malayalee Bank Ltd.
7. Chowghat Christian Bank Ltd.
8. Salem Town Bank Ltd.

The Central Government concurred with the Reserve Bank's views and granted the necessary exemptions. Besides the abovementioned banking companies, the American Express Co. (Inc.) represented that although it was doing banking business as defined in section 5 (1) (b) of the Banking Companies Act, 1949, the banking business formed a comparatively small portion of its total business in India which included shipping, travelling and other general services and the publication of its balance sheets covering its entire business would, therefore, disclose information relating to its non-banking business. In view of this, the Central Government, on the Reserve Bank's recommendation, granted a permanent exemption to the company from the provisions of section 31 and Rule 15 in so far as they relate to the publication of the balance sheet and profit and loss account together with the auditor's report.

Sections 30 and 49: The Punjab Mercantile Bank Ltd., a private limited company, represented that under the Indian Companies Act it was not obligatory on it to get its accounts audited by a qualified auditor, as required under section 30(1)(a) of the Banking Companies Act, and applied for an exemption from the provisions of this section on the ground that its affairs were more or less at a standstill and that the charges for audit of its books by a qualified auditor would be a burden on its slender resources. As the banking company was a private limited company, it was found that it would also be necessary to exempt it from the provisions of section 49. As its request appeared to be reasonable, the Central Government on the Reserve Bank's recommendation, granted it the necessary exemption from the provisions of sections 30(1)(a) and 49 in so far as they related to the audit of its balance sheet and profit and loss account for the period ended the 31st December 1949.

23. *Conclusion:* The experience so far gained shows that on the whole the observance of the various provisions of the Act by banking companies was satisfactory and generally they were willing to comply with the provisions of the Act and to rectify any irregularities brought to their notice by the Reserve Bank. There was no occasion to take steps against any banking company under the provisions of section 46 of the Act.

CHAPTER IV

TREND AND PROGRESS OF BANKING IN THE COUNTRY

The position of banking companies was, on the whole, relatively comfortable in 1950, there being a sizeable addition to banking resources in that year as against severe reductions in the preceding two years. The total of demand and time liabilities (exclusive of inter-bank borrowings) of scheduled banks, which had shown a sharp and almost continuous fall from an all-time peak of Rs. 987 crores in the third week of July 1948 to Rs. 833 crores at the end of December 1949, rose to Rs. 863 crores by the end of the year under review. Thus, as against a decline of Rs. 154 crores in demand and time liabilities over a year and a half to the end of 1949, there was an increase of Rs. 29 crores in 1950. In regard to the demand on banks' resources, the seasonal stringency in the first few months of the year was milder than in the corresponding period of 1949 owing partly to the deadlock in Indo-Pakistan trade and partly to a lower level of import trade following the stricter restrictions enforced from the middle of 1949 and devaluation a little later; also, the 1950-51 busy season was delayed and the seasonal impact on bank credit, though exceptionally heavy, was felt only in the last five weeks of 1950. The improved position of joint stock banks in this respect was also evidenced by the lesser recourse they had to the Reserve Bank for loans and discounts in 1950 (Rs. 14 crores) as compared to 1949 (Rs. 36 crores).

It is possible to appreciate the economic background of banking trends through an analysis of the money supply. Money supply, composed of the two broad constituents of the public's holdings of currency and demand deposits with banks, increased by Rs. 60 crores during the year as against a decline of Rs. 122 crores in 1949.

Money Supply in 1949 and 1950

		(In crores of rupees)	
		1949	1950
1. Currency	.. .. .	-42	+58
2. Deposits	.. .. .	-80	+ 2
3. Money Supply (1+2)	.. .. .	-122	+60

The principal forces that influence the money supply are (i) budgetary policy, as reflected in the movement of the Central Government's cash balances, (ii) the net position in respect of external payments and receipts, indicated in the change in the Reserve Bank's foreign assets, and (iii) bank credit including Reserve Bank credit. The money supply may also be affected by a change from demand to time deposits or *vice versa* (only demand deposits which can be operated by cheques are included

in deposit money), an increase in time deposits reducing the money supply and a decrease increasing it.

The main factors tending to increase money supply in 1950 were the rise of Rs. 13 crores in the foreign exchange reserves of the Reserve Bank resulting from the balance of payments surplus, the open market operations reflected in the addition of Rs. 26 crores to the rupee securities portfolio of the Reserve Bank and an expansion of Rs. 35 crores in scheduled bank credit to the public. The increase of Rs. 15 crores in the Central Government's cash balances, though less important, helped to diminish the money supply. The addition of Rs. 14 crores to scheduled banks' time liabilities, also tended in the same direction. The combined result of the several factors was, as mentioned above, an increase in the money supply by Rs. 60 crores. In 1949, on the other hand, the money supply had declined sharply by Rs. 122 crores, the deflationary impact of the balance of payments deficit (Rs. 181 crores), the sales of rupee securities by the scheduled banks (Rs. 86 crores) and the contraction in scheduled bank credit (Rs. 31 crores) being to a considerable extent counter-balanced by open market operations of the Reserve Bank (Rs. 77 crores) and a decrease in the Central Government's cash balances (Rs. 62 crores). The role of bank credit, while moderate, tended to reduce the money supply in 1949 and was a contributory factor to an increase in 1950. The rise in scheduled bank advances over the year was attributable in part to the increase in prices. The rise in wholesale prices was 8 per cent in 1950, as against a nominal decline of 1 per cent in 1949, while the rise in the prices of industrial materials, owing particularly to abnormal world demand after the outbreak of hostilities in Korea, was even larger, 12 per cent in 1950 as against 4 per cent in the previous year. To some extent the increase in scheduled bank credit was also attributable to the speculative holding of stocks of commodities in short supply.

In the first four months of the year under review loans and advances, including bills discounted, of the scheduled banks increased by Rs. 76 crores to Rs. 486 crores. From May to November scheduled bank credit contracted to Rs. 405 crores but rose again by Rs. 40 crores—a record expansion for any single month—at the end of December. The ratio of advances to the total of demand and time liabilities ranged between a low of 45·9 per cent in November and a high of 56·1 per cent in April; at the end of the year it was 50·5 per cent as compared to 48·1 per cent a year earlier. The cash ratio, that is, the ratio of cash in hand and balances with the Reserve Bank to the total of demand and time liabilities, was lower (10·8 per cent) in December 1950 than in December 1949 (13·3 per cent), despite the accretion to total liabilities, owing to an increase in both advances and investments. Data regarding investments of scheduled banks are not available in the weekly statements relating to their consolidated position; but monthly returns under the Banking Companies Act (Form XIII) show an increase from Rs. 361 crores in December 1949, to Rs. 381 crores in December 1950 though the ratio of investments to total deposits (45 per cent) was the same for both months.

The non-scheduled banks, though much larger in number than the scheduled banks, have only a small part of the total resources of all joint stock banks (Statement 3). In contrast with the trend for the scheduled banks, they continued to show a decline in their deposits, which fluctuated between Rs. 39 crores and Rs. 35 crores in 1950; in the previous year they had ranged between Rs. 46 crores and

Rs. 39 crores. Over the year 1950 their deposits fell by Rs. 3 crores as compared with a fall of Rs. 5 crores in 1949. The cash ratio was somewhat higher in 1950 moving between 7.7 per cent and 10.9 per cent as against 7.0 per cent and 10.0 per cent in 1949. As in the case of deposits, investments and advances also showed a downtrend, investments declining from Rs. 14 crores to Rs. 12 crores and advances from Rs. 31 crores to Rs. 28 crores during the year. But owing to the decline in deposits the ratio of investments and advances to deposits was somewhat higher than in the previous year.

The main items of liabilities and assets of all joint stock banks and the bigger co-operative banks having paid-up capital and reserves of Rs. 1 lakh and above each are shown in the table below.

Liabilities and Assets of Banks in the Indian Union

(Amount in crores of rupees)

	No. of Reporting Banks	Deposits	Cash Balances	Percentage of 3 to 2	Bills and Advances	Percentage of 5 to 2	No. of Offices	
	1	2	3	4	5	6	7	
1. Scheduled Banks								
	1949	94	852.9	135.9	15.9	441.5	51.8	2,852
	1950	92	874.2	122.7	14.0	461.7	52.8	2,779
2. Non-scheduled Banks								
	1949	526	70.2	11.8	16.8	50.3	71.7	1,589
	1950	524	72.5	11.2	15.5	46.8	64.6	1,574
3. Total of Joint Stock Banks (1+2)								
	1949	620	923.1	147.8	16.0	491.9	53.3	4,441
	1950	616	946.7	133.9	14.2	508.4	53.7	4,353
4. Co-operative Banks								
	1949	359	87.6	8.6	9.8	61.0	69.7	646
	1950	389	90.0	11.9	13.2	61.2	68.0	724
5. Total (3+4)								
	1949	979	1,010.7	156.4	15.5	552.9	54.7	5,087
	1950	1,005	1,036.7	145.8	14.1	569.7	55.0	5,077

(Source :—Statistical Tables relating to Banks in India, 1950).

The total deposits of the banking system at the end of 1950 amounted to Rs. 1,037 crores and advances to Rs. 570 crores ; the scheduled banks though less than one-tenth of the total number of banks accounted for nearly nine-tenths of total deposits and a little more than two-thirds of the advances. A feature revealed by the table is the relatively greater importance of co-operative banks than of the non-scheduled banks. At the end of 1950, for instance, while 389 co-operative banks had deposits amounting to Rs. 90 crores and advances to Rs. 61 crores, the corresponding figures for 524 non-scheduled banks were Rs. 73 crores and Rs. 47 crores, respectively. The lending policy of scheduled banks also stands out in

Liabilities and Assets of Commercial Banks in Selected Countries

(Millions of National Currency)

Country	End of year	1	2	3	4	5	6	7	8	9	10	Percentage Loans and Percentage Advances of 9 to 4 including bills discounted	
												Percentage of 5 to 4	Percentage of 7 to 4
Australia (£ A.)	1949*	693	222	915	58	6	122	13	404	44		
		1950*	887	247	1,134	62	5	121	11	491	43		
Canada (\$ C.)	1949	2,426	4,433	6,859	753	11	4,345	63	2,404	35		
		1950	2,770	4,558	7,328	810	11	4,286	58	2,910	39		
Indian Union (Rs.)	1949	5,649	2,685	8,334	1,134	14	3,614	43	4,106	49		
		1950	5,798	2,830	8,628	946	11	3,812	44	4,452	52		
United Kingdom (£)	1949	3,920	2,040	5,960	530	9	2,305	39	2,632	44		
		1950	3,990	2,110	6,100	540	9	1,983	33	3,052	50		
United States of America (\$)	1949	96,136	36,328	132,464	35,650	27	77,232	58	42,965	32		
		1950	104,723	36,503	141,226	40,289	29	74,426	53	52,249	37		

* Average of weekly figures in December.

sharp contrast with that of the non-scheduled banks and co-operative banks. While the ratio of advances to deposits of scheduled banks was about 52·53 per cent, the corresponding ratio for the non-scheduled banks was 65·72 per cent and for the co-operative banks 68·70 per cent. The co-operative banks work with a lower cash ratio than either the scheduled or non-scheduled banks; at the end of 1950, the cash ratio for co-operative banks was 13·2 per cent as against 14·0 per cent for the scheduled banks and 15·5 per cent for the non-scheduled banks, while in the previous year the difference was even greater, the percentages being respectively 9·8, 15·9 and 16·8. The total number of banking offices was over 5,000, of which the scheduled banks accounted for about 55 per cent, non-scheduled banks 31 per cent and co-operative banks 14 per cent. It is interesting to note that while the offices of joint stock banks declined by 88 during the year, those of co-operative banks increased by 78.

The increase in banking resources in 1950 was a feature which was shared by India with several other countries of the world. The general upsurge in commercial bank balance-sheet totals was mainly attributable to the inflationary pressures generated by stockpiling and rearmament programmes following the Korean episode and was in contrast with the comparative stabilisation of deposits and advances witnessed in 1949. In the United States and the Commonwealth countries commercial bank deposits and advances registered a rise and were accompanied by an expansion in their cash balances and a decline in investments. In India, however, in contrast, cash balances were reduced and investments were increased.

2. *Branch Banking* : The post-war decline in banking offices which commenced in 1947 continued during the year under review (*vide* Table below). The number of banking offices in the Indian Union declined by 88 in 1950 as against 233 in 1949, 145 in 1948 and 67 in 1947. This reduction in banking offices would seem to represent a weeding out of uneconomic units as an inevitable corrective to the rapid and indiscriminate expansion in the war and immediate post-war years. During 1950 this tendency was accentuated by the rise in establishment costs consequent on the Bank Award. To some extent the reduction in banking offices was due to a number of the smaller banks declaring themselves to be non-banking companies since the Banking Companies Act became effective.

Number of Banking Offices in the Indian Union

	End of				
	1946	1947	1948	1949	1950
1. Scheduled Banks					
Imperial Bank	358	362	367	377	382
Exchange Banks	58	60	62	64	62
Others	2,441	2,565	2,534	2,411	2,335
Total ..	2,857	2,987	2,963	2,852	2,779
2. Non-scheduled Banks	2,029	1,832	1,711	1,589	1,574
3. All Banks (1+2)	4,886	4,819	4,674	4,441	4,353

(Source : Statistical Tables relating to Banks in India, 1950.)

The Imperial Bank of India increased its offices by 5 during the year as against 10 in the previous year, while the exchange banks reduced their offices by 2. A reduction of 76 was recorded by the Indian scheduled banks other than the Imperial Bank of India. The number of offices of scheduled and non-scheduled banks registered a fall of 73 and 15 respectively. The scheduled banks had about two-thirds of the total number of banking offices of all banking companies.

Restrictions on the opening of new branches have been in force since November 1946. The following table shows the number of new branches for opening which applications were received by the Reserve Bank, together with the number allowed and the number rejected.

Applications for New Branches

Year	Requested	Allowed	Rejected
1947	292	184	108
1948	204	131	73
1949	126	80	46
1950	120	91	29

The significant fall over the four years in the number of new branches proposed to be opened would seem to reflect a more cautious attitude on the part of banks in regard to branch expansion, which should contribute appreciably towards strengthening banking business in the country. However, what is apparently not equally encouraging is that a large number of applications were for opening new banking offices in places where banking facilities already existed. Of the 120 applications received during the year, as many as 103 were for the opening of new offices in India. Of these, applications for 76 offices at 67 different places were allowed, of which only 4 places were not previously served by any banking company. 27 applications which were rejected were in respect of 25 places of which 24 were adequately served by banking companies, indicating that business tends towards concentration and not dispersion.

State-wise Distribution of Banks, 1950: The State-wise distribution of offices in India of all banking companies submitting returns in Form IX of the Banking Companies Act is given in Statement 37. This shows that at the end of 1950 the banking offices of scheduled banks were mainly concentrated in the States of Madras, Bombay, Uttar Pradesh, Punjab and West Bengal and those of the non-scheduled banks in Madras, Bombay and West Bengal. Three-fourths of the total of all banking offices were accounted for by Madras, Bombay, Punjab, Uttar Pradesh, West Bengal and Travancore-Cochin. Madras claimed the largest share of banking offices, namely, 992, followed by Bombay (612), Uttar Pradesh (493), West Bengal (330) and Punjab (254). Of the 82 new offices opened and 175 offices closed during 1950, 79 and 129 were by scheduled banks. The largest number of banking offices opened was in Bombay (13) and the largest number closed in Madras (54). The largest fall during the year in the number of banking offices occurred in Madras (47) followed by Uttar Pradesh (17), West Bengal (16) and Punjab (11).

State-wise Distribution of Towns served with Banking Facilities: Statement 35 gives the number of banking offices in the larger towns (i.e. those having a popula-

tion of 50,000 and over) in the several States and Statement 36 the State-wise distribution of all towns which were served or not served by banks in 1950. The number of towns served by at least one banking office was 1,458 at the end of 1950 as against 1,510 a year earlier, while the number of towns having no banking offices at all increased to 1,015 from 980. In this context, it may be recalled, that the Rural Banking Enquiry Committee has recommended that commercial banks should endeavour to extend their branches to the smaller towns and semi-urban areas. The following table shows the number of towns, by size of population, served and not served by banking offices, at the end of 1950.

State-wise Distribution of Towns having Banking Facilities

	Less than 10,000		Population of				Over 1,00,000		Not known
	Served	Not served	10,000 to 50,000		50,000 to 1,00,000		Served	Not served	
			Served	Not served	Served	Not served			
Part A States ..	164	699	382	217	63	1	36	1	351
Part B States ..	15	71	30	16	13	..	12	..	358
Part C States ..	3	9	3	1	3	..	2	..	23
Total ..	182	779	415	234	79	1	50	1	732

These figures indicate the wide scope—even in Part A States which are relatively better banked—for extension of branch facilities in the smaller towns (that is towns with a population of less than 50,000). The bigger towns (with a population of over 50,000) continued to have adequate banking facilities. The fall in offices in towns having a population of one lakh and over was 125 and in towns having a population between 50,000 and 1,00,000 was 39. The largest reduction in the former class of towns occurred in West Bengal, where the number of offices declined by 56, and in the latter class in Madras where the number declined by 16.

Branches Abroad of Indian Banks: The following table shows the branches of Indian banks in Pakistan and other countries from 1947.

Offices of Indian Banks outside India

Year						Pakistan	Other countries	Total
1947 .. .. .	..	..	..	..	..	502	29	531
1948 .. .. .	..	..	..	..	..	242	30	272
1949 .. .. .	..	..	..	..	..	150	25	175
1950 .. .. .	..	..	..	..	..	123	28	151

The table shows a trend towards a decrease in branches in Pakistan along with an increase in branches in other countries. At the end of 1950, eight banks had 28 branches in 7 countries other than Pakistan, of which 2 were in the United Kingdom; 24 of these branches, in regard to which data are available, had total deposits outside

India amounting to Rs. 25·13 crores. Their liquid resources comprising cash in hand, money at call and short notice and investments in government securities amounted to Rs. 22·82 crores, and loans and advances, including bills purchased and discounted, to Rs. 5·57 crores.

3. *Paid-up Capital and Reserves* : The paid-up capital and reserves of Indian scheduled banks increased by about Rs. 4½ crores to Rs. 59·2 crores during the year, mainly owing to the larger number of reporting banks as seen from Statement 5. The paid-up capital and reserves of non-scheduled banks showed no change. As in the previous year, the paid-up capital of scheduled banks at the end of 1950 was 85 per cent of the combined paid-up capital of scheduled and non-scheduled banks, but their reserves were slightly higher at 93 per cent of total reserves in 1950 as against 92 per cent in 1949.

Paid-up Capital and Reserves of Banks incorporated in the Indian Union

(In crores of rupees)

Class of Banking Companies	Paid-up Capital		Reserves		Total Paid-up Capital and Reserves	
	1949	1950	1949	1950	1949	1950
Scheduled Banks	31·9	34·4	22·8	24·8	54·8	59·2
Non-scheduled Banks	5·7	5·8	2·2	2·0	7·8	7·8
Total	37·6	40·2	25·0	26·7	62·6	67·0

Statement 5 shows the principal items of liabilities and assets in India of the reporting banking companies classified according to the size of their paid-up capital and reserves at the end of 1950. The following table shows the paid-up capital and reserves of reporting companies in 1949 and 1950 classified according to the size of their paid-up capital and reserves.

Classification of Banking Companies according to Paid-up Capital and Reserves

(Amount in lakhs of rupees)

Size of Paid-up Capital and Reserves	No. of Reporting Banks		Paid-up Capital and Reserves		Deposits	
	1949	1950	1949	1950	1949	1950
1. Below Rs. 50,000	83	72	19	17	98	80
2. Rs. 50,000 to Rs. 1,00,000	67	75	49	55	1,79	2,32
3. Rs. 1,00,000 to Rs. 5,00,000	1,41	1,41	3,19	3,21	14,83	16,72
4. Above Rs. 5 lakhs	1,10	1,21	58,73	63,01	661,83	695,54
Total	4,01	4,09	62,60	66,94	679,43	715,38

The figures bring out the relative insignificance of owned assets of the vast majority of Indian banks: three-eighths of the total number of banks had paid-up capital and reserves below Rs. 1 lakh each, another three-eighths between Rs. 1 lakh and Rs. 5 lakhs each, while a quarter of the total had Rs. 5 lakhs and above each. This last group accounted for nearly 97 per cent of the total amount of deposits and about 94 per cent of the total paid-up capital and reserves. Banks having paid-up capital and reserves below Rs. 1 lakh each had total deposits of a little over Rs. 3 crores and those between Rs. 1 lakh and Rs. 5 lakhs each Rs. 17 crores. The number of banks in group 1 decreased from 83 to 72 ; the reduction in the number included in this group is due to several factors, such as liquidation, conversion into non-banking companies or transfer to group 2. In group 2 the number rose from 67 to 75 and their paid-up capital and reserves increased by Rs. 6 lakhs to Rs. 55 lakhs. The addition to the number of banks in this group indicates in part the accretion to paid-up capital and reserves in order to comply with the minimum requirements regarding paid-up capital and reserves prescribed by section 11 of the Banking Companies Act. In group 4, the number rose from 110 to 121, largely owing to the inclusion of banks, which were excluded in 1949, being in that year outside the purview of the Banking Companies Act. There were 38 banking companies whose paid-up capital and reserves amounted to over Rs. 25 lakhs. Of these, 13 had capital and reserves of over Rs. 1 crore each.

The ratio of paid-up capital and reserves to deposits of scheduled and non-scheduled banks registered in India, and by way of comparison for commercial banks in the United Kingdom and the United States of America, for the years 1939 to 1950, is given in Statement 12. The ratio for scheduled banks in 1950 (9 per cent) was the same as in the previous year, while that of the non-scheduled banks showed a small rise from 20 to 21 per cent owing to the fall in deposits noticed earlier, though their paid-up capital and reserves remained unchanged. As mentioned in last year's Report the higher ratio of paid-up capital and reserves to deposits of non-scheduled banks, as compared to scheduled banks, was not an indication of the adequacy of their paid-up capital and reserves or their financial standing ; for it may reflect the inability of the majority of non-scheduled banks to attract adequate deposits, a further reflection of this inability being the relatively high rates of interest paid by some of these banks. For instance, non-scheduled banks included in groups 1, 2 and 3 of the above table, i.e. the smaller non-scheduled banks, had deposits which were about 5 times their paid-up capital and reserves. In fact, during 1950 there was an increase of 8 in the number of banks whose paid-up capital and reserves exceeded their deposits, as the following table shows :

Banking Companies with Paid-up Capital and Reserves in excess of Deposits

	1949	1950
Scheduled Banks	7	8
Non-scheduled Banks	63	70
All Banks	70	78

The table below classifies the banking companies according to the size of their reserves in relation to their paid-up capital at the end of 1949 and 1950.

**Classification of the number of Banking Companies* According to Size of Reserves
in relation to Paid-up Capital**

Ratio of Reserves to Paid-up Capital	Scheduled Banks		Non-scheduled Banks		Total	
	1949	1950	1949	1950	1949	1950
Nil per cent	3	1	37	28	40	29
Below 50 per cent	41	45	202	203	243	248
50 to 99 per cent	10	9	48	49	58	58
100 per cent and above	11	19	49	55	60	74
Total ..	65	74	336	335	401	409

* Excluding banks incorporated outside India.

The number of banks having no reserves declined from 40 to 29, only one of which was a scheduled bank in 1950 as against three in 1949; at the other end the number of banking companies whose reserves equalled or exceeded the paid-up capital rose by 14, six of them being non-scheduled banks. Nearly two-thirds of the total number of banks, scheduled as well as non-scheduled, had reserves less than 50 per cent of their paid-up capital. As in the ultimate analysis, the stability of a banking institution depends upon the extent of the reserves built up by it, the improvement to be made by banks in this direction is clearly evident. At the end of 1950 the reserves of all scheduled banks amounted to 74 per cent of their paid-up capital and of all non-scheduled banks 33 per cent.

4. *Deposits*: The total of demand and time liabilities (excluding inter-bank borrowings) of scheduled banks increased during the year by Rs. 29 crores†, divided equally between demand and time liabilities. The rise in total liabilities continued more or less throughout the year, although it is usual for deposits to decrease in the busy season. The steadiness and even the slight increase in total liabilities during the busy season in the first few months of 1950 appears to have resulted largely from the growing balance of payments surplus during this period. At the end of 1950 total liabilities amounted to Rs. 863 crores, of which demand liabilities comprised Rs. 580 crores or 67·2 per cent; a year earlier they had formed 67·8 per cent. Savings deposits, which are included under demand and time liabilities amounted to Rs. 139 crores at the end of 1950 as against Rs. 136 crores a year earlier. The data provided by the surveys of deposits show that three-fifths of the total of savings deposits were demand liabilities. Inclusive of interbank borrowings total liabilities amounted to Rs. 882 crores.‡

†The returns in Form XIII of the Banking Companies Act disclose a larger rise during the year, namely, Rs. 43 crores, but this may be attributed partly to the difference in coverage, the weekly returns covering demand and time liabilities and the monthly returns, deposits, but mainly to the fact that at the end of 1950 the area to which the Banking Companies Act extended was considerably larger than at the end of 1949, and included a larger number of banking companies.

‡Vide Statement 6(i) of the Statistical Tables relating to Banks in India, 1950.

The deposits of non-scheduled banks decreased by Rs. 3 crores to Rs. 37 crores during the year, demand deposits accounting for almost the whole of this decline (Statement 15). In the case of non-scheduled banks their time deposits are twice as important as their demand deposits ; one of the main reasons for this is that non-scheduled banks operate mostly in small towns where the cheque habit has not yet developed.

The ratio of demand and of time deposits to total deposits of several banks shows wide variations from the group average for scheduled and non-scheduled banks. Thus, on 31 December 1950, there were 16 (1 scheduled and 15 non-scheduled) banks which had no demand deposits at all, while 20 others (all non-scheduled) had no time deposits. There were 5 banks (3 scheduled and 2 non-scheduled) whose time deposits were less than one-tenth of their demand deposits. On the other hand, 36 banks (2 scheduled and 34 non-scheduled) had demand deposits which were less than one-tenth of their time deposits.

The distribution of deposits (as obtained in Form XIII) by different classes of banks and their percentage to total deposits, at the end of 1949 and 1950, is shown below.

Distribution of Deposits by Class of Banking Companies

(Amount in crores of rupees)

Class of Banking Companies	1949			1950		
	No. of Banks	Deposits	Percentage to Total Deposits	No. of Banks	Deposits	Percentage to Total Deposits
1. Exchange Banks	15	155	18	15	164	19
2. Other Scheduled Banks ..	75	649	77	76	683	77
3. Non-scheduled Banks ..	358	40	5	339	37	4
Total ..	448	844	100	430	884	100

As the table shows, the scheduled banks accounted for the bulk (96 per cent in 1950 as against 95 per cent in 1949) of the deposits of banking companies, the scheduled banks other than exchange banks for over three-fourths of the total and the exchange banks for a little under one-fifth. The share of the non-scheduled banks fell from one-twentieth to one-twenty-fifth of the total.

Ownership of Deposits : The results of the half-yearly surveys of the ownership of deposits covering all scheduled banks and a sample of non-scheduled banks are embodied in Statements 15 and 17(i) to (iv) of the Statistical Tables relating to Banks in India, 1950. Statement 15 gives the results, in a summary form, of the surveys of ownership of deposits of banks from 1945 to 1950. Statements 17 (i) and (ii) classify the ownership of the demand, savings and time deposits

of scheduled banks as at the end of June and December 1950, respectively; and statements 17(iii) and (iv) give similar data regarding the sample surveys of non-scheduled banks.

Of the total deposits of Rs. 849 crores of scheduled banks in December 1950, nearly three-fifths (57 per cent) were demand deposits, a little over a quarter (27 per cent) were time deposits, and a little less than one-sixth (16 per cent) were savings deposits. The proportions were almost the same as in the previous two surveys, showing that the relative importance of these three types of deposits remained practically unchanged during 1950. Of the demand deposits, business deposits accounted for a little more than half (52·4 per cent) and personal deposits for a little more than a quarter (27·5 per cent). In respect of time deposits, in contrast, personal deposits accounted for substantially over a half (56·5 per cent) and business deposits a quarter (25·7 per cent). The bulk of savings deposits (over 96 per cent of the total) were personal deposits. Personal deposits had the largest share of total deposits at the end of 1950 (46·3 per cent), business deposits coming next in importance (37·0 per cent); these proportions were more or less the same as in the two previous surveys. The pattern of ownership of the various types of deposits has thus shown little change over 1950 and was substantially the same as in 1949. The following table compares the results of the half-yearly surveys as at the end of 1949 and 1950 in regard to ownership of demand, savings and time deposits :

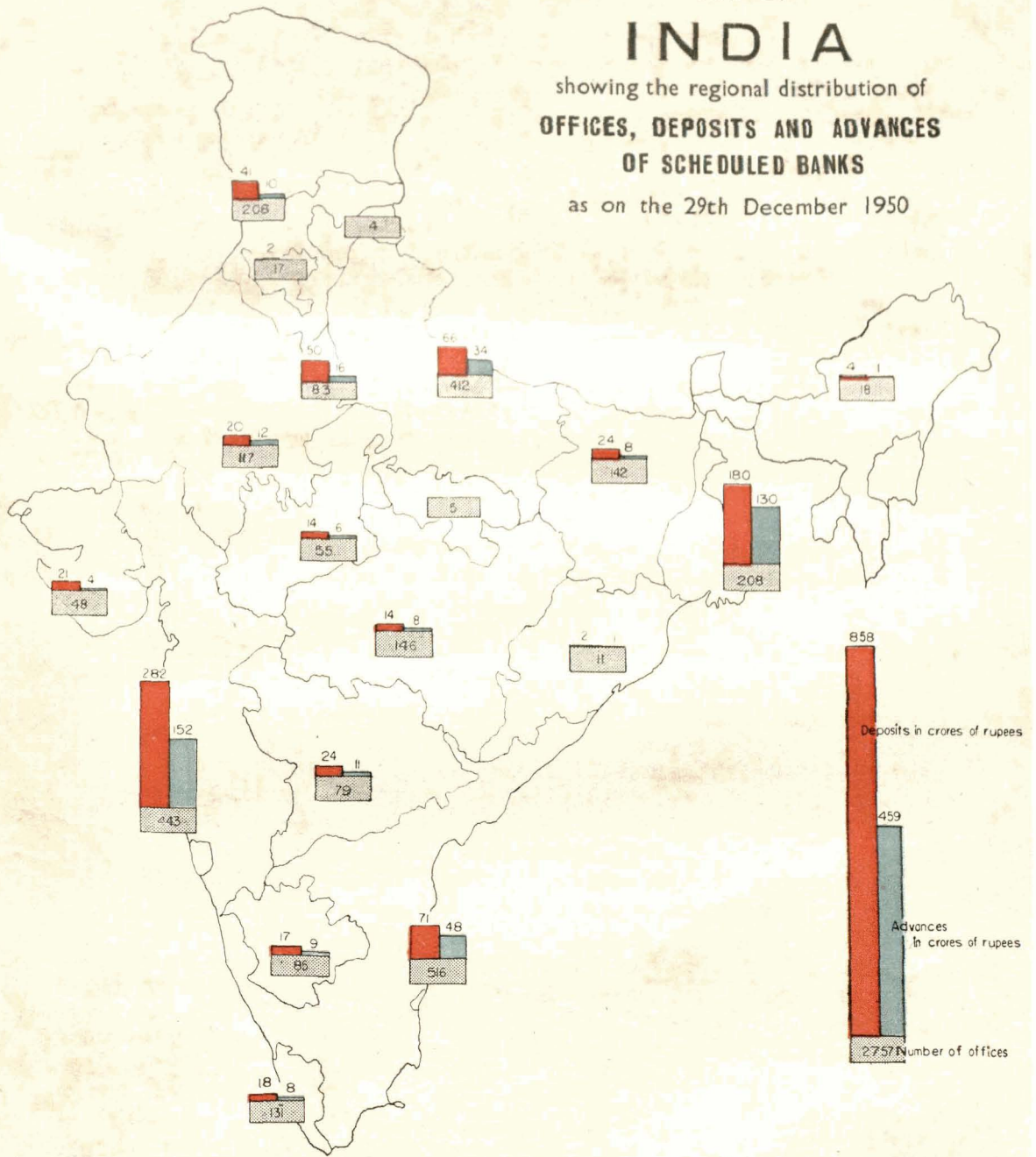
Ownership of Deposits of Scheduled Banks

Type of Deposit	December 1949 (88 Banks)				December 1950 (88 Banks)			
	Amount (Rs. crores)	Business Percen- tage of (1)	Personal Percen- tage of (1)	Others Percen- tage of (1)	Amount (Rs. crores)	Business Percen- tage of (5)	Personal Percen- tage of (5)	Others Percen- tage of (5)
	1	2	3	4	5	6	7	8
Demand	478·2	51·4	28·8	19·8	485·7	52·4	27·5	20·1
Savings	134·1	1·4	96·5	2·1	137·0	1·5	96·1	2·4
Time	214·2	23·6	59·4	17·0	226·7	25·7	56·5	17·8
Total	826·4	36·1	47·7	16·2	849·4	37·0	46·3	16·7

The increase in deposits of scheduled banks during 1950, as revealed by the three half-yearly surveys, amounted to Rs. 23 crores, although personal deposits declined by Rs. 1 crore; more than two-thirds of the increase accrued to business deposits (Rs. 17 crores). Almost all the main sub-categories of business deposits participated in the rise, the largest increase being recorded by financial (Rs. 7 crores) and trading (Rs. 5 crores) concerns.

The sample survey of the deposits of non-scheduled banks showed that at the end of 1950 time deposits accounted for three-fifths (59·1 per cent), demand deposits a little less than a quarter (23·6 per cent) and savings deposits a little more than one-

MAP OF
INDIA
 showing the regional distribution of
OFFICES, DEPOSITS AND ADVANCES
OF SCHEDULED BANKS
 as on the 29th December 1950



sixth (17.3 per cent) of total deposits. The table below gives some results of the half-yearly sample surveys of deposits of non-scheduled banks.

Ownership of Deposits of a Sample of Non-scheduled Banks

Type of Deposits	December 1949 (110 Banks)		June 1950 (98 Banks)		December 1950 (123 Banks)	
	Amount (Rs. crores)	Percentage	Amount (Rs. crores)	Percentage	Amount (Rs. crores)	Percentage
Demand ..	8.4	29.1	5.9	23.3	6.7	23.6
Savings ..	5.2	18.0	4.8	19.0	4.9	17.3
Time ..	15.4	52.9	14.6	57.7	16.8	59.1
Total ..	28.9	100.0	25.3	100.0	28.4	100.0

Over the year 1950 the share of time deposits of non-scheduled banks registered a substantial rise, the proportion to the total being 52.9 per cent in December 1949, 57.7 per cent in June 1950 and 59.1 per cent in December 1950; on the other hand, the proportion of demand deposits to the total fell from 29.1 per cent in December 1949 to 23.6 per cent in December 1950. Savings deposits were at about 18 per cent of the total for the three surveys. While personal deposits tended to rise during the year, business deposits tended to fall; the former rose from 56.4 per cent in December 1949 to 63.7 per cent in December 1950 and the latter declined from 32.2 per cent to 26.4 per cent. Of the demand deposits owned by business, the bulk was accounted for by trading and financial concerns (75 per cent).

State-wise Distribution of Deposits : The State-wise distribution of deposits of scheduled banks in 1949 and 1950 is shown in Statement 11. The increase in deposits during 1950 was not evenly distributed and in some States there was a decline, although in most cases the decline was small. The largest fall, which occurred in Delhi, was Rs. 5 crores. The highest rise was registered by Madras (Rs. 8.4 crores) and was followed by Bombay (Rs. 7.4 crores), Madhya Bharat (Rs. 6.6 crores), Hyderabad (Rs. 3.4 crores) and Travancore-Cochin (Rs. 3.3 crores). The relative position of various States to the total showed hardly any change: Bombay's share at 33 per cent continued to be the highest followed by West Bengal with 21 per cent. The share of Madras increased slightly from 7 to 8 per cent while that of Delhi decreased from 7 to 6 per cent. Bombay, West Bengal, Madras and Uttar Pradesh together held 70 per cent of the total deposits of scheduled banks. This brings out the uneven distribution of bank deposits over the several States in the country and shows that hardly any progress was made during 1950 in attracting deposits in what might be called underdeveloped States in respect of banking.

Classification of Banks by Size of Deposits : Statement 6 shows the assets and liabilities of banks classified according to the size of their deposits as on the last Friday of 1950. There were 205 banking companies, including four scheduled banks, which had deposits of less than Rs. 5 lakhs each; at the other end there were 11 banks (all scheduled) which had deposits exceeding Rs. 20 crores each. The total deposits of the former amounted to Rs. 3.4 crores as against Rs. 631 crores of the latter; while their advances amounted to Rs. 4.1 crores and Rs. 296 crores, respectively.

Thus, while advances formed 47 per cent of deposits in the case of the largest banks, they were 122 per cent in the case of the small banks. It would appear that amalgamation of very small banks into more economic units might contribute appreciably to improving their role in the mobilisation of savings.

Unclaimed Deposits : Statement 19A shows the amounts, as at the end of 1949, of unclaimed deposits, current, savings, fixed and others, which have not been operated upon for 10 years, this period in the case of fixed deposits being reckoned from the date of maturity of the deposits. Out of the 413 reporting companies only 161 reported unclaimed deposits. This may partly be due to the fact that banks incorporated after 1939 had no such deposits to report. The total of unclaimed deposits amounted to Rs. 1.01 crores and formed an insignificant proportion (0.12 per cent) of the total deposits of banks. Savings bank accounts constituted 65 per cent of the total number of accounts and nearly 53 per cent of the total of unclaimed deposits. In a majority of cases no reasons were given for the account not being operated for such a long period ; in others the most common reason appeared to be the death of the account holder, his heirs not having withdrawn the amount.

5. *Cash in Hand and Balances with the Reserve Bank* : At the end of 1950 the liquid resources, other than investments in government securities, of banks reporting in Form XIII of the Banking Companies Act, namely, cash in hand, balances with the Reserve Bank and with the agent of the Reserve Bank, balances with other banking companies in current account and money at call and short notice, totalled Rs. 127 crores as against Rs. 139 crores a year earlier. From the data in Statement 6, it would appear that both for scheduled as well as non-scheduled banks, the proportion of cash resources to deposits tends to increase with a reduction in the volume of deposits with a bank, while the proportion of investments to deposits tends to decrease. While the cash resources of non-scheduled banks remained fairly constant at Rs. 5-6 crores throughout the year, those of the scheduled banks were subject to seasonal variations. In the first quarter of the year cash resources of scheduled banks declined by Rs. 32 crores to Rs. 101 crores, but increased by Rs. 42 crores to Rs. 143 crores at the end of November. In December owing to the sharp increase in the credit extended, liquid resources declined to Rs. 121 crores.

Balances of the scheduled banks in excess of the statutory minimum of 5 per cent of demand liabilities and 2 per cent of time liabilities fluctuated seasonally with the movements in the ratio of cash in hand and balances with the Reserve Bank to total liabilities. Excess balances fell from Rs. 41 crores at the end of December 1949 to Rs. 9 crores in the middle of April at the peak of the busy season. In the subsequent four months they recovered to their original level, at which they remained till December 1950, when they fell sharply to Rs. 18 crores.

6. *Investments* : Statements 16 and 19 (i) and (ii) of the Statistical Tables referred to above show the data obtained in the half-yearly surveys of investments as at the end of December 1949, June 1950 and December 1950, which covered all the scheduled banks and a sample of non-scheduled banks. These investments, it may be noted, comprised the total investments of Indian banks and the investments against their Indian Union business of banks registered abroad. Total investments of scheduled banks increased from Rs. 402.5 crores at the end of December 1949 to Rs. 416.2 crores at the end of December 1950, the rise of nearly Rs. 14 crores occurring

almost wholly in the second half of the year: Rs. 8.7 crores of this increase was under Central and State government securities which also accounted for the bulk (88 per cent) of total investments. The increase in 'other investments' during the year was Rs. 4.9 crores, domestic investments accounting for Rs. 3.5 crores and foreign investments for Rs. 1.4 crores.

Investments of Scheduled Banks

(Amount in crores of rupees)

	December 1949		June 1950		December 1950	
	Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
No. of Reporting Banks	92		92		89	
I. Government securities maturing						
(a) Within 5 years	107.5	26.7	93.5	23.2	119.5	28.7
(b) 5-15 years	188.2	46.8	199.5	49.5	191.9	46.1
(c) Over 15 years.. ..	61.6	15.3	61.5	15.3	64.7	13.1
II. Other investments						
(1) Other domestic investments						
(a) Other trustee securities ..	5.1	1.3	5.4	1.3	7.1	1.7
(b) Shares and debentures ..	13.3	3.3	13.2	3.3	14.4	3.5
(c) Others	6.5	1.6	6.9	1.7	7.0	1.7
(2) Foreign investments	20.4	5.1	22.7	5.7	21.8	5.2
Total	402.5	100.0	402.7	100.0	416.2	100.0

The maturity distribution of investments in Central and State government securities shows a further improvement during the year under review. Long-dateds, (that is, securities maturing after 15 years) which had constituted 26.27 per cent of the total holdings in government securities from 1945 to 1947 and had declined thereafter to about 17.18 per cent fell further in the December 1950 survey to 15 per cent. During the second half of 1950 medium-dateds (that is, securities maturing in 5-15 years) fell from 56.3 per cent in June to 52.4 per cent in December while short-dateds (that is, securities maturing within 5 years) increased from 26.4 per cent to 32.7 per cent.

Foreign investments amounted to Rs. 21.8 crores in December 1950 as against Rs. 20.4 crores a year earlier and formed about 5 per cent of the total investments in each case. Investments in Pakistan increased over the year by about Rs. 2 crores but investments in the United Kingdom declined by about Rs. 1½ crores. Among the other domestic investments, the most important were shares and debentures of joint stock companies, trustee securities and real estate accounting for 3.5 per cent, 1.7 per cent and 1.4 per cent, respectively. Scheduled banks' holdings in industrial shares and debentures constituted more than half of their total holdings in all types of shares and debentures; nevertheless, the long-term finance provided by scheduled banks to industry, through such investments, was an insignificant fraction (2 per cent) of the total investments of scheduled banks.

The sample survey of non-scheduled banks in 1950 showed that their investments in Central and State government securities constituted about 79 per cent of the total investments. Their maturity pattern showed a decrease in the proportion of short-dateds over the year from 19·4 per cent to 16·2 per cent, in medium-dateds a decrease from 45·5 per cent to 44·5 per cent and in long-dateds an increase from 35·6 per cent to 39·3 per cent. Among the other investments of non-scheduled banks the most important were shares and debentures accounting for 10 per cent of the total investments and trustee securities and fixed deposits each accounting for about 3 per cent of the total.

Investments of a Sample of Non-scheduled Banks

(Amount in crores of rupees)

	December 1949		June 1950		December 1950	
	Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
No. of reporting banks	101		98		110	
I. Government securities maturing						
(a) Within 5 years	1·7	14·9	1·0	9·7	1·4	12·7
(b) 5-15 years	4·1	36·0	3·9	37·9	3·9	35·5
(c) Over 15 years	3·2	28·1	3·3	32·0	3·4	30·9
II. Other investments						
(1) Other domestic investments						
(a) Other trustee securities	0·3	2·6	0·2	2·0	0·3	2·7
(b) Shares and debentures	1·1	9·6	1·1	10·7	1·1	10·0
(c) Others	1·0	8·6	0·7	6·9	0·9	8·2
(2) Foreign investments	0·1	0·9	0·1	1·0	..	..
Total	11·4	100·0	10·3	100·0	11·0	100·0

Data regarding investments at more frequent intervals than the half-yearly surveys are available only in the monthly returns under Form XIII of the Banking Companies Act (Statements 1, 2 and 3). These returns show a small range of variations between Rs. 12 crores and Rs. 14 crores in the case of non-scheduled banks, their ratio to the total deposits moving between 32 and 36 per cent. In the case of scheduled banks, while other investments showed only minor changes, investments in government securities were subject to wide seasonal fluctuations. The ratio of investments to deposits declined during the first four months of the year from 45·0 per cent in December 1949 to 42·6 per cent in April 1950 rising thereafter until October to 46·7 per cent. In November and December it declined to 46·5 per cent and to 45·0 per cent, respectively. Ratios of investments to deposits at the end of 1950 for both scheduled and non-scheduled banks were practically the same as in 1949. Although ratios of investments to total deposits of both scheduled and non-scheduled banks appeared to have been generally satisfactory, there were a number of banking companies which had inadequate investments, while some banking companies had no investments at all in government securities.

Statement 24 classifies the banking companies according to their investments in government securities in relation to total deposits. This table shows that the number of banks whose ratio of investments to deposits was below 1 per cent declined from 151 in December 1949 to 123 in December 1950. A part of this fall is probably due to reduction in the number of reporting banks from 448 to 430. Also, as a result of the advice tendered by the Reserve Bank, some of the banks which held no government securities invested part of their resources in these securities. Nevertheless, at the end of 1950 there were still 12 scheduled banks and 111 non-scheduled banks whose investments were below 1 per cent of their total deposits. There were also 191 banking companies (28 scheduled and 163 non-scheduled) whose ratio of investments to deposits was less than 30 per cent.

The following table classifies banks according to the size of their investments in government securities in relation to their total advances as at the end of 1950 (Statement 25).

Banks Classified According to the Ratio of their Investments in Government Securities to Advances

Ratio of Investment to Advances	Number of Banks	
	1949	1950
Less than 1 per cent	140	115
1 to 49 per cent	218	225
50 to 99 per cent	49	56
100 per cent and over	41	34
Total ..	448	430

It will be seen that less than a quarter of the number of reporting banks had investments amounting to more than 50 per cent of their advances and a little over a quarter had less than 1 per cent.

7. *Advances*: The total of loans and advances and bills discounted of scheduled banks increased from Rs. 411 crores in December 1949 to Rs. 445 crores a year later. Statement 33 classifies reporting banks according to the ratio of their advances to total deposits at the end of June and December, 1949 and 1950. The changes in 1950 as compared to 1949 were minor. The number of banking companies whose ratio of advances to deposits exceeded 70 per cent was 308 at the end of 1950. It is thus clear that a large number of banking companies continued to show an over-extended position in respect of their advances, a feature which has been a frequent cause of bank failures. Banks in such a situation were therefore advised to reduce their advances to a reasonable level as promptly as possible.

The comparative position of advances of different classes of banking companies at the end of 1949 and 1950 is given below :

Distribution of Advances by Class of Banking Companies

(Amount in crores of rupees)

Class of Banking Companies	1949		1950	
	Advances (excl. due from Banks)	Percentage to total	Advances (excl. due from Banks)	Percentage to total
1. Exchange Banks	100	25	109	25
2. Other Scheduled Banks	272	68	307	69
3. Non-scheduled Banks [.. .. .	30	7	28	6
Total ..	402	100	444	100

It shows that the relative position of the different groups of banks was almost the same as in 1949 ; nearly 70 per cent of the total advances were accounted for by scheduled banks other than the exchange banks and the exchange banks accounted for a quarter of the total. It is relevant to mention here that these figures exclude foreign bills purchased and discounted which are considerable in the case of exchange banks. If these are added, the relative share of the exchange banks would be even higher.

Advances of Scheduled Banks according to Purpose : The quarterly surveys of advances of scheduled banks are set out in detail in Statement 18(i) of the Statistical Tables relating to Banks in India for the year 1950. The distribution of advances by purpose according to main categories only are shown below :

Distribution of Advances of Scheduled Banks According to Purpose

End of	Amount (Rs. crores)	Industry Percentage of (1)	Commerce Percentage of (1)	Agri- culture Percentage of (1)	Personal and Pro- fessional Percentage of (1)	Others Percentage of (1)
December 1949	438.5	30.4	51.4	1.9	8.7	7.6
March 1950	498.4	31.5	52.1	2.3	7.9	6.3
June „	475.7	32.5	50.1	3.2	8.2	6.0
September „	438.3	34.0	47.6	3.3	9.4	5.6
December „	475.6	32.0	51.7	2.3	8.9	5.1

The trend in the volume of advances reflects the seasonal fluctuations in the demand for bank credit. The volume of bank credit increased by Rs. 60 crores in the first quarter of 1950 and declined by an equivalent amount in the following two quarters. In the last quarter of 1950 with the onset of the new busy season it again rose by Rs. 37 crores. The seasonal trend was also reflected in the trend of advances to commerce, the total rising by Rs. 35 crores in the first quarter of 1950, declining by Rs. 51 crores in the next two quarters and rising again by Rs. 37 crores in the last quarter. Because of the seasonal fluctuations in the advances to commerce the proportion of industrial advances to the total tended to increase in the slack season and to diminish in the busy season. The range of variation in advances to industry during the year was Rs. 24 crores. Broadly, however, the share of the main groups in total advances has remained more or less steady, advances to industry constituting 30-34 per cent of the total, to commerce 48-52 per cent, to agriculture 2-3 per cent, and for personal and professional purposes 8-9 per cent. Advances to commerce accounted for the bulk of the advances of the scheduled banks. Production credit to agriculture was relatively insignificant. Although advances to industry were more or less steady during the year, there was a sharp rise of nearly Rs. 24 crores in the first quarter of 1950, the total increasing from Rs. 133 crores at the end of December 1949 to Rs. 157 crores at the end of March 1950. This was mainly attributable to the marked rise of Rs. 18 crores in advances to the sugar industry during the crushing season. Advances to the textile industry increased by Rs. 10 crores over the year as a result of heavy imports of raw cotton, mainly from the United States at higher prices which required larger accommodation to enable mills to build up stocks. Advances to sugar also recorded an increase of Rs. 3 crores over the year as the sugar mills were required to hold larger quantities in view of official restrictions on the sale and distribution of sugar. Advances to jute on the other hand were more or less stationary around Rs. 22 crores. Advances to the cotton textile industry claimed the largest share among industries, the proportion to the total varying between 6.6 per cent and 10.5 per cent during the year. It was followed by the jute industry and the sugar industry, advances to which ranged from 3.5 to 4.8 per cent and 1.7 to 5.2 per cent, respectively. Other industries which obtained a fair share were the engineering, other textiles and iron and steel.

Wholesale trade claimed more than half of the total advances to commerce and formed 25-30 per cent of total advances. Advances to wholesale trade in agricultural commodities showed a pronounced seasonal pattern rising by Rs. 21 crores in the first half of the year, declining by Rs. 25 crores in the following quarter and rising again by Rs. 14 crores in the last quarter. Similarly advances to banks and other financial institutions rose by Rs. 9 crores in the first quarter, declined by Rs. 15 crores in the next two quarters and rose again in the last quarter. Advances to bullion dealers and shroffs showed an almost continual rise of Rs. 6 crores to Rs. 18 crores at the end of 1950. Advances to dealers in government securities, stocks and shares showed little variation, the total ranging from Rs. 18 crores to Rs. 20 crores. Production credit to agriculture varied between Rs. 9 crores and Rs. 15 crores; as in the previous year a major portion of these advances was for the financing of commercial crops. Accommodation granted directly to farmers etc. for the purpose of buying implements, livestock etc. amounted to the insignificant figure of between Rs. 22 lakhs and Rs. 69 lakhs.

Advances of Scheduled Banks according to Security: Statement 18(ii) of the Statistical Tables referred to above gives in detail the distribution of scheduled banks' advances according to security. The bulk of the advances (86 per cent) was secured. The security against which the largest advances were granted at the end of 1950 was merchandise which accounted for about two-fifths (Rs. 179 crores) to one-half (Rs. 226 crores) of the total advances. Advances against government securities and shares accounted roughly for about one-tenth each of the total advances, but they were lower than a year earlier. Advances against bullion increased continually from 2·2 to 3·1 per cent while the share of real estate was more or less steady around 5 per cent. Advances against agricultural commodities other than food-grains rose by Rs. 17 crores to Rs. 81 crores over the year while those against food-grains did not show any marked change and the total under this category was comparatively small (Rs. 8 crores). Of total advances, bills purchased and discounted (inland and foreign) constituted about 14 per cent of the total, varying from Rs. 57 crores in December 1949 to Rs. 64 crores in 1950; of this documentary bills accounted for 9 per cent and clean bills 5 per cent.

Distribution of Advances of Scheduled Banks according to Security

End of	Amount (Rs. crores)	Govt. and Trustee Securi- ties Per- centage of (1)	Shares Percen- tage of (1)	Merchan- disc Percen- tage of (1)	Real Estate Percen- tage of (1)	Bullion Percen- tage of (1)	Other Securi- ties Per- centage of (1)	Unse- cured Percen- tage of (1)
	1	2	3	4	5	6	7	8
December 1949	.. 438·5	11·5	12·0	40·9	5·2	2·2	14·8	13·4
March 1950	.. 498·4	11·4	10·7	45·4	4·3	2·2	12·2	13·8
June „	.. 475·7	9·6	10·5	47·2	4·5	2·3	11·8	14·0
September „	.. 438·3	9·9	11·6	43·2	5·1	2·8	13·6	13·7
December „	.. 475·6	9·5	11·2	44·7	4·7	3·0	12·5	14·3

Advances of Non-scheduled Banks according to Purpose: Statement 18 (iii) of the Statistical Tables relating to Banks in India for the year 1950 shows the distribution of the advances of non-scheduled banks according to purpose for each quarter of 1950. Total advances of non-scheduled banks fluctuated between Rs. 40 and Rs. 43 crores in 1950 and formed about 8 per cent of the combined total advances of scheduled and non-scheduled banks. Thus while non-scheduled banks are more than four times the number of scheduled banks their advances are less than one-tenth of the latter. A little over two-fifths of the total advances of non-scheduled banks were to commerce, about 28 per cent for personal and professional purposes and about one-sixth to industry. Advances to agriculture were relatively minor at 5 per cent of the total. Among industries cotton textiles accounted for the largest share—about 4 to 6 per cent of the total—and among the advances to commerce, trade, wholesale and retail, accounted for about 29 per cent of the total. Retail trade figured more prominently in the advances of non-scheduled banks than in those of the scheduled banks, accounting for 10 per cent of the total advances of the former and

2 to 3 per cent of the latter. A large part of the total advances of non-scheduled banks are for personal and professional purposes, advances for this purpose by scheduled banks being less than 10 per cent.

The table below shows movements in non-scheduled bank credit classified by purpose of borrowing for each quarter of 1950 :

Distribution of Advances of Non-scheduled Banks according to Purpose

End of	Amount (Rs. crores)	Industry Percentage of (1)	Commerce Percentage of (1)	Agriculture Percentage of (1)	Personal and Pro- fessional Percentage of (1)	Others Percentage of (1)
	1	2	3	4	5	6
December 1949	43.5	19.2	40.5	5.1	29.3	6.0
March 1950	40.3	15.3	43.0	4.7	28.3	8.7
June "	42.4	16.0	45.4	5.2	27.5	5.9
September "	41.1	16.8	43.2	5.5	28.8	5.8
December "	43.0	18.0	40.7	5.3	27.8	8.3

Statement 18(iv) of the Statistical Tables referred to above shows in detail the classification of advances of non-scheduled banks according to security. While the bulk of the advances as in the case of scheduled banks was secured, the proportion of unsecured advances was considerably larger, being a little less than one-quarter of the total as against a little over one-eighth in the case of scheduled banks. The pattern of distribution of securities of advances by non-scheduled banks is significantly different from the pattern for scheduled banks. In the case of non-scheduled banks one-fifth of the advances were against merchandise and another one-fifth against real estate and a little less than one-fifth against bullion, while advances against shares were relatively small at 4.6 per cent and against government securities negligible. The greater prominence of real estate and bullion among advances of non-scheduled banks would seem to be attributable to a fairly large amount of consumer credit being granted by these banks whose activities in this respect are not very different from pawnshops. The advances against bullion for the most part include advances against gold and silver ornaments. Bills purchased and discounted (mainly unsecured) were about one-twentieth of the total advances. A classification of advances of non-scheduled banks according to security is shown in the table below :

Distribution of Advances of Non-scheduled Banks according to Security

End of	Amount (Rs. crores)	Govt. and Trustee Secu- rities Percentage of (1)	Shares Percen- tage of (1)	Merchan- dise Percen- tage of (1)	Real Estate Percen- tage of (1)	Bullion Percen- tage of (1)	Others Percen- tage of (1)	Unse- cured Percen- tage of (1)
	1	2	3	4	5	6	7	8
December 1949	43.5	0.5	6.6	22.4	18.7	17.3	13.6	20.9
March 1950	40.3	0.8	5.2	18.7	20.9	17.0	14.3	23.1
June "	42.4	0.4	4.6	23.7	19.8	14.9	12.9	23.7
September "	41.1	0.4	4.6	19.8	20.2	18.9	13.0	23.2
December "	43.0	0.4	3.9	19.2	20.2	18.9	13.6	23.7

State-wise Distribution of Advances : Advances in a majority of States (Statement 11) showed a rise which was more pronounced in Bombay where advances registered an increase of nearly Rs. 21 crores or about three-fifths of the rise for all States taken together. Despite this increase the relative position of the States did not change materially. Bombay and West Bengal continued to lead the States in respect of advances, the two together accounting for 62 per cent of the total advances.

8. *Earnings and Expenses of Indian Scheduled Banks* : Gross earnings of scheduled banks amounted to Rs. 29·0 crores—an increase of Rs. 30 lakhs over the previous year—while operating expenses rose by Rs. 70 lakhs to Rs. 21·8 crores. The bulk of the earnings continued to be derived from advances, the proportion to total earnings being 52 per cent as against 55 per cent in the previous year. Earnings from government securities constituted about 28 per cent of the total earnings.

Establishment expenses continued to increase in 1950 and absorbed Rs. 11·2 crores or nearly two-fifths (39 per cent) of the earnings as against Rs. 10·3 crores or 36 per cent in 1949 and Rs. 9·5 crores or 33 per cent in 1948. The increase is largely attributable to the higher emoluments accruing to bank personnel as a result of the Bank Award, by way of increase in salary, dearness allowances as well as certain additional amenities. The proportion of interest paid on deposits was slightly lower at 21·6 per cent as against 22·4 per cent in 1949 and 24·0 per cent in 1948.

Earnings and Expenses of Indian Scheduled Banks

(In crores of rupees)

	1949	1950
1. Gross earnings	28·7	29·0
2. Operating expenses	21·1	21·8
Establishment expenses	10·3	11·2
3. Net profits	7·9	6·6
Dividends	2·4	2·5
Provision for taxation	2·5	1·6
Employees' share (Bonus)	1·0	1·0
General reserves	0·6	0·6
Special reserves	1·9	1·2

As a result, the net profits declined sharply during the year by Rs. 1·3 crores to Rs. 6·6 crores. Nevertheless the amount paid as dividends increased steeply to 37 per cent of net profits in 1950 as against 30 per cent in 1949. Employees' share in the net profit also rose from 12 per cent to 15 per cent. On the other hand, provisions for taxes and allocations to special reserves declined from 32 and 24 per cent of net profits in 1949 to 25 and 18 per cent, respectively, in 1950. The amount allocated to general reserves was slightly higher at 10 per cent as against 8 per cent in 1949.

The ratio of current operating expenses to total earnings of Indian scheduled banks was 75 per cent as against 63 per cent in the case of exchange banks and 81 per cent in the case of the larger non-scheduled banks. Net profits of Indian scheduled banks represented 23 per cent of their total earnings as compared to 36 per cent for the exchange banks and 14 per cent for the larger non-scheduled banks.

9. *The All-India Industrial Tribunal (Bank Disputes) Award* : In order to obviate the difficulties caused by divergent and conflicting awards made in various States on disputes between bank employees and bank managements, the Government of India appointed the All-India Industrial Tribunal (Bank Disputes) in June 1949 to adjudicate on disputes relating to banking companies having branches in more than one State. The Tribunal's Award was published in August 1950 ; its main features are briefly summarised below.

Banks were divided into three classes namely, A banks having working resources of Rs. 25 crores and above, B banks between Rs. 7½ crores and Rs. 25 crores and C banks less than Rs. 7½ crores. The country was also classified into three areas generally corresponding to urban, semi-urban and rural areas. The pay scales prescribed for A banks and Class I areas (comprising Bombay, Delhi, Calcutta and Ahmedabad, including their respective suburbs) were higher than for B banks and Class II areas (towns and cities other than those in Class I) and these, in turn, were higher than those for C banks and Class III areas (places other than those in Classes I and II). The basic pay scales are based on the subsistence level as assumed in the report of the Office of the Economic Adviser to the Government of India on family budgets of middle class employees of the Central Government for the year 1946 and include certain amenities such as children's education, entertainment, life insurance etc. Dearness allowances have been linked to the cost of living index numbers at the various places, the rates varying from 5 per cent to 9¾ per cent of pay. The Tribunal observed that while the basic pay scales prescribed in the Award may be higher than those then prevailing, the rates of dearness allowances sanctioned by them were comparatively small on the ground that a substantial part of the dearness allowance was already absorbed in the basic pay. If any bank had in force better scales of pay than those laid down by the Tribunal, the former were to prevail.

Provident Fund with contributions by the employers and employees as under the Model Rules prepared by the Government of India was made compulsory. Payment of bonus was also made compulsory and was recognised not as a demand for profit sharing but as a means of making up the deficiency in the remuneration paid to employees. The rate of bonus payable was linked up with the rate of dividend to shareholders declared by the banks and was payable only if the rate of dividend declared exceeded 4 per cent. In the absence of a provision for pension, gratuity at prescribed scales was also laid down and the maximum was fixed at 15 months, 12 months and 6 months' salary for A, B and C banks, respectively. Certain other matters like leave rules, special allowances, and contribution by banks towards expense of medical treatment of employees, travelling and other allowances were also prescribed.

The Award reduced the number of working hours to 36 per week made up of 6½ hours on week days (excluding a lunch recess of half an hour) and 3½ hours on Saturday without recess. The Tribunal recommended that the recruitment of employees should be on the basis of their qualifications and retrenched or temporary employees should be given preference. Rules regarding termination of service were

also laid down. The Award was fairly comprehensive and touched upon all relevant matters not overlooking the likely effects of the increased burden imposed on certain small and uneconomic units which would be compelled to go out of business as a result. The Award was to be put into effect by A banks retrospectively from six months prior to its publication, by B banks immediately on its publication and by C banks six months after its publication.

The main Award was challenged in the Supreme Court on certain technical grounds and was subsequently declared void by that Court. Nevertheless by an understanding between bank managements and employees' unions, the pay scales, which in a majority of banks had been adjusted to those laid down in the Award, are to continue, pending consideration of the matter by a freshly appointed Tribunal. This has also been made legally binding on banks under section 7 of the Industrial Disputes (Amendment and Temporary Provisions) Act, 1951.

10. *Report of the Rural Banking Enquiry Committee* : The Rural Banking Enquiry Committee, which was appointed by the Government of India in November 1949 principally for exploring ways and means of extending banking facilities in rural areas and mobilising rural savings, submitted its report in May 1950. The main recommendations of the Committee are summarised below :

The Reserve Bank of India should open offices in the capitals of all the major States in the Union, and the Imperial Bank of India should extend its branches to taluka or tehsil towns where the volume of government transactions and business potentialities warrant such extension. Other commercial and co-operative banks should be encouraged to open branches in taluka towns, smaller towns and semi-urban areas. For the villages, the machinery of postal savings bank and co-operative societies should be expanded and more fully utilised and to enable the co-operative organisation to play its role, it should be strengthened and developed. The growth in the number of offices of various types of banks will not only assist in popularising the savings habit but also serve the credit needs of rural areas. One of the main difficulties in extending advances in such areas is the absence of warehouses in which agricultural products can be stored and which can issue valid receipts for the produce stored. The Committee has, therefore, recommended the establishment of a Warehousing Development Board with funds contributed by the Central and State Governments and the Reserve Bank ; this Board will be charged with the responsibility of actively promoting the building of warehouses in the country. For short and medium-term finance of agriculture, the existing State co-operative banks should be strengthened and their scope enlarged, and where this is not possible State Agricultural Credit Corporations should be established, leaving long-term finance for agriculture to be provided by specialised institutions such as land mortgage banks.

Among the ancillary facilities that may be needed to induce banks to expand to the interior, the Committee recommends liberalisation of remittance facilities by offering these on cheaper terms than those available at present, irrespective of the banks' maintaining accounts with the Reserve Bank or the Imperial Bank at the place from which remittance is desired, or of maintaining their own offices in that place. Facilities for remittances through treasuries and sub-treasuries are also recommended to be enlarged. These facilities along with those for the conversion and exchange of notes and coins at the Imperial Bank and treasuries and sub-treasuries, and for the

safe keeping of funds by permitting banks to keep their iron safes and chests in the strong rooms of treasuries and sub-treasuries, recommended by the Committee, will be beneficial to commercial banks. While rejecting direct assistance to banks in the shape of subsidies, special protection, underwriting of losses and keeping of interest-free balances, the Committee has laid emphasis on concerted attempts at removing impediments such as low productivity of agriculture, lack of communications, illiteracy, conservatism of villagers and restrictive legislation.

Schemes proposed by the Rural Banking Enquiry Committee are under active consideration and a new Department of Banking Development was set up in the Reserve Bank towards the end of the year under review to explore what practical measures are feasible to implement the Committee's recommendations. While no spectacular results can be expected in the short run, development along the lines recommended by the Committee may be expected to make a real contribution to the growth of banking on a sound basis.

11. *General Observations* : Some broad features emerge from the banking trends in 1950 reviewed in the foregoing paragraphs.

In the first place the number of banking offices has continued to diminish. This, however, as pointed out earlier, is not necessarily an unhealthy feature ; it may legitimately be regarded as a corrective to earlier indiscriminate expansion. As regards the banking offices of non-scheduled banks there is the further consideration that a reduction in their banking offices may have resulted from some banks ceasing to be banking companies within the meaning of the Banking Companies Act as a result of their confining themselves to non-banking business. However, what is not equally encouraging is that few applications were for opening new banking offices in places in which banking facilities did not already exist. The declining trend in banking offices, it may be noted, is not in conformity with the recommendations of the Rural Banking Enquiry Committee, which called for an extension of banking facilities to make good the present deficiency. The inadequacy of banking facilities for the country as a whole is brought into bold relief by the fact that there is only one banking office (including offices of the larger co-operative banks) in the Indian Union for every 70,000 of the population ; for places which are served by banking offices the ratio is one banking office for every 10,000 of the population. The unevenness of the distribution of banking offices is revealed by the fact that at the close of 1950, 47 per cent or 2,396 offices were in 175 towns having a population of 50,000 and above and 53 per cent or 2,681 offices in 1,379 places having a population of less than 50,000.

During the year an event of importance was the amalgamation, in accord with the suggestion in that regard made earlier by the Reserve Bank, of four scheduled banks in Bengal under the name of the United Bank of India, having paid-up capital and reserves of Rs. 3·66 crores. With the simplification of the procedure for amalgamation by the amendment in 1950 to the Banking Companies Act, amalgamations may be expected to grow in importance, as they afford a convenient method of strengthening banking companies, many of which at present would appear to be too small to be run economically under modern conditions. This would, however, tend to reduce banking offices in the short run, but would provide a more solid base for vigorous branch expansion later.

The inadequacy of paid-up capital to deposits in the case of certain banks, mainly, non-scheduled banks, has already been referred to. The statutory requirement of setting aside 20 per cent of the net profits to reserves had a beneficial effect on a large number of banking companies, although this was not reflected in the total for the scheduled banks, which are dominated by the few major Indian scheduled banks. At the end of 1949 there were only 11 scheduled banks which had reserves equal to or in excess of their paid-up capital and 10 scheduled banks which had reserves between 50 and 100 per cent of their paid-up capital; at the end of 1950 the figures were 19 and 9 respectively.

While deposits of banking companies increased during the year, it is clear that total deposits were unevenly divided in the various States of the Indian Union. Two States, namely, Bombay and West Bengal accounted for one half of total deposits and two-thirds of total advances. During the year several banks showed an over-extended credit position which needs to be rectified not only in the interest of the individual banks, but also in the interest of the economy, for such an increase serves to accentuate inflationary pressures. Increased credit has been a feature of world banking after the outbreak of hostilities in Korea, but in several countries measures have been taken to keep the expansion within bounds. Restrictions on credit and other monetary devices were in fact the principal method of combating the fresh inflationary pressures generated by rearmament and stockpiling programmes. The close relation between bank credit and the increase in money supply and through it of inflationary pressures has already been noticed in the introductory paragraphs to this chapter. Bank credit tended to increase the money supply in the Indian Union in 1950 while it had tended to contract in 1949. It has not been possible to estimate the extent of advances for speculative purposes, but in any scheme of pruning down of distribution of credit, this type of lending needs to be eliminated as it has little bearing on efforts to increase national output. To discourage the speculative hoarding of stocks, particularly of jute, a directive was issued by the Reserve Bank in April 1950 to recall all advances for the purchase of raw jute other than to mills and balers.

Although there has been a tendency since 1948 on the part of the banking system generally towards a balanced maturity distribution of its investments portfolio, investments in long-dateds still constitute more than one-sixth of the total investments. The lack of a balanced maturity distribution is still noticeable among the smaller banks which tend to keep a very high proportion of their total investments in long-dateds.

The effect of the Bank Award has been reflected in the earnings and expenses of banks during 1950. While earnings have increased they have been more than absorbed by the increase in establishment costs. Nevertheless dividends increased along with an increase in the bonus to the employees. This has been mainly achieved, it would appear, by reduced provision for taxation and reduced allocation to special reserves. During the year the structure of interest rates has shown some signs of hardening along with the increase in the yield on government securities following the suspension of official support for the larger part of the year. This tendency has continued beyond the year and may, in part, be attributed to the desire to meet increased costs by increased charges for banking facilities. The impact on the inflationary situation, however, would not be undesirable.

CHAPTER V

ACTIVITIES OF THE RESERVE BANK OF INDIA UNDER SECTION 17 OF THE RESERVE BANK OF INDIA ACT, 1934.

Financial Assistance from the Reserve Bank

Advances under section 17 (2) : In terms of section 36 (2) of the Banking Companies Act, 1949, the annual report should include the Reserve Bank's activities under clause (2) of section 17 of the Reserve Bank of India Act, 1934. As pointed out in the previous report, the effective use of this sub-section depends on the availability of a large amount of time bills and time promissory notes. The volume of usance bills held by the scheduled banks and the State co-operative banks showed no appreciable change during 1950, and the activities of the Reserve Bank under section 17(2) therefore continued to be limited. In fact, as will be observed from Statement 41, no scheduled bank availed itself of the facilities under clause (2)(a) of section 17 during 1950. However, advances to State co-operative banks under sub-section (2)(b), which had risen from Rs. 1.75 lakhs in 1946 to Rs. 1.21 crores in 1949, recorded a further improvement to Rs. 2.14 crores in 1950. With a view to enabling co-operative banks to avail themselves of the provisions of this sub-section on a larger scale, the Government of India, on the recommendation of the Reserve Bank, decided to extend the period of maturity provided in this sub-section from nine months to 12 months. The Reserve Bank of India (Amendment) Bill, 1950, embodying this and other amendments, was introduced in Parliament on the 19th April 1950. It was referred to a Select Committee on the 22nd November 1950 and the Select Committee's report was presented to Parliament on the 13th December 1950. The Select Committee recommended a further extension of the period of maturity of bills from 12 to 15 months.*

2. *Amount of advances by the Reserve Bank :* As in the previous years, the outstanding feature of the financial assistance rendered by the Reserve Bank to the scheduled banks and State co-operative banks was the preponderance of advances under section 17(4)(a) of the Reserve Bank of India Act. Statement 40, which brings out the comparative position of advances made to scheduled banks and State co-operative banks during 1949 and 1950, discloses that the total advances to these banks amounted to Rs. 42.55 crores in 1949 and to Rs. 19.10 crores in 1950. The unusually large advances in 1949 had been accounted for by the abnormal stringency in the money market associated with the heaviest balance of payment deficit in India's trade history and the consequent necessity for the Reserve Bank to offset part of the extreme monetary contraction that tended to result. 1950 witnessed instead a turn to a favourable balance of payments and an increase in money-supply, reflected partly in a rise of Rs. 43 crores in the scheduled banks' deposits during that year and, consequently, in the generally easy conditions that prevailed in the money market practically throughout 1950. Even during the busy season, money was not

* The Reserve Bank of India (Amendment) Bill, 1950, was passed by Parliament on the 27th April 1951.

as scarce as in the corresponding period of the previous year. As against a sharp fall in the total amount of advances, the number of loans showed an increase from 401 in 1949 to 478 in 1950. The number of loans to State co-operative banks increased from 103 to 207, but the number of loans to scheduled banks declined from 298 to 271. A study of Statement 40, which gives monthly figures of loans granted to scheduled banks and State co-operative banks in 1949 and 1950, reveals that the finance provided by the Reserve Bank was mainly seasonal in character. Advances between January and April 1950 varied from Rs. 1·92 crores to Rs. 4·45 crores, while those during the slack season from May to October 1950 ranged between Rs. 45 lakhs and Rs. 1·09 crores. With the onset of the busy season in November 1950, they displayed a rising tendency and amounted to Rs. 2·44 crores in December.

Statement 41 gives the sectionwise analysis of advances granted by the Reserve Bank since 1937. As already stated, the bulk of the advances was given under section 17(4)(a) which authorises the Reserve Bank to make advances against trustee securities. Out of the total loans of Rs. 19·10 crores granted during the year under review, those under section 17(4)(a) amounted to Rs. 15·71 crores. An advance of Rs. 6·54 lakhs was for the first time since 1937 made under section 17(4)(b) which authorises the Reserve Bank to grant advances against the security of gold or silver or documents of title to the same. It may be added that the accommodation was granted to a scheduled bank in West Bengal against the pledge of gold bars and sovereigns to enable to it tide over its difficulties. Advances aggregating Rs. 94·5 lakhs were made to State co-operative banks under section 17(4)(c).

3. *Emergency Advances* : As against emergency advances (under section 18) amounting to Rs. 76·07 lakhs and Rs. 85 lakhs granted by the Reserve Bank during the years 1948 and 1949, advances totalling Rs. 24·21 lakhs were made to one scheduled bank in West Bengal in February and March 1950 to enable it to tide over the difficulties created by the panic following the failure of the Nath Bank Ltd., in February 1950.

4. *Analysis of advances* : The following table sets out the purposes for which loans were granted, their number and the total amount advanced :—

Purpose of the loans	No. of loans	Amount (in crores of rupees)
(i) For general banking purposes such as an adverse clearing or branches' demand for funds etc.	258	11·23
(ii) For financing agriculture, marketing of crops, etc.	192	4·59
(iii) To meet heavy withdrawals of deposits.	28	3·28
	478	19·10

It will be observed from the above table that 58 per cent of the total amount of loans represented temporary accommodation required by banks for general banking purposes.

The table below classifies advances granted during 1949 and 1950 according to the rates of interest charged :—

Rate of Interest	No. of loans		Amount of loans (in crores of rupees)	
	1949*	1950	1949*	1950
(i) 1½ per cent	51	192	1·82	4·59
(ii) 2 per cent	17	28	1·05	3·28
(iii) 3 per cent	333	258	39·68	11·23

* Revised.

As stated in the previous report, the advances made by the Reserve Bank are generally charged at the Bank Rate. Advances at concessional rates of interest are, however, made to scheduled banks for meeting heavy withdrawals of deposits and to State co-operative banks for financing seasonal agricultural operations or the marketing of crops. It will be observed from the preceding table that advances at the concessional rate of 1½ per cent to State co-operative banks were substantially higher during 1950. Similarly, scheduled banks were allowed total advances of Rs. 3·28 crores at the concessional rate of 2 per cent during the year. It may be added that the scheduled banks to which these advances were made were all from the Calcutta area and the advances were granted during the crisis arising from the failure of the Nath Bank Ltd. in February 1950 when several banking companies were subjected to heavy withdrawals of deposits. The concessional rate of interest was withdrawn after the 30th June 1950.

5. *Conclusion* : It will be observed from the foregoing paragraphs that the Reserve Bank continued to render financial assistance to scheduled banks and State co-operative banks against eligible securities for their temporary requirements; emergency advances were also allowed as and when considered necessary. In addition, the Reserve Bank continued to purchase, at its discretion, Government securities from banks to replenish their cash balances. This made a material contribution towards stabilising conditions in the money market and replenishing to the extent necessary the cash resources of the banking system.

CHAPTER VI

SUGGESTIONS FOR THE STRENGTHENING OF BANKING BUSINESS

Section 36 (2) of the Act provides that the Reserve Bank shall include in the annual report its suggestions for the strengthening of banking business throughout the country. The Banking Companies Act itself has been framed with the object of promoting the development of joint stock banking on sound lines and its operation during the years 1949 and 1950 has had the effect of strengthening the banking system during the short period the Act has been in force. This has been achieved as a result of the salutary provisions of the Act itself and the removal of various defects in the working of individual banks noticed during the course of inspections or scrutiny of returns. The amalgamations of certain banking companies to which a reference has been made in Chapter III and the weeding out of banks which have been following unsound banking practices have also contributed in this direction. With the coming into force of some of the more important provisions of the Act, such as those relating to the maintenance of a minimum percentage of liabilities in liquid assets, minimum capital requirements, licensing etc. in 1951 and 1952, the standard of Indian banking may be expected to show a further improvement. The strengthening of banking business must necessarily take time, and during the first two years of the administration of the Act the Reserve Bank has availed itself of every opportunity to make suggestions for the improvement of banking business in the country. These may be broadly divided into three categories :—

- (1) Legislative proposals to the Central Government to correct defects in the banking system, to rectify lacunae in procedural matters or to meet the requirements of changing economic conditions.
- (2) Specific suggestions to individual banking companies to remove the defects in their working and to improve their methods of business.
- (3) General suggestions to banking companies by means of circular letters on matters of common interest.

2. *Legislative Measures* : Among the legislative measures enacted for the improvement of banking conditions in India, the amendments to the Banking Companies Act were the most important. These have already been dealt with in detail in Chapter II. The amendments designed to facilitate amalgamations and to speed up the disposal of winding up proceedings, however, need special mention. The desirability of bank amalgamations at the present stage of the development of Indian banking is obvious and requires no emphasis. Many of the banking companies are uneconomic units and with the increase in costs and overhead charges may experience difficulty in paying their way. Amalgamation in such cases will be likely to provide a solution to their difficulties provided the individual banks are in a position to meet the claims of their depositors. The revised procedure is intended to encourage bank amalgamations by obviating recourse to Courts of Law, by minimising the legal formalities and by eliminating the possibility of a few dissenting

shareholders holding up the scheme. The provisions of Part III of the Act, which relate to the suspension of business and winding up of banking companies, were also found to be inadequate in actual practice in the light of the experience of the Courts in the winding up proceedings of certain banking companies in West Bengal. This was mainly due to the fact that there was no provision for the quick disposal of cases relating to claims by or against a banking company in liquidation. Further, there were no effective penalties in cases of non-performance by the officers etc. of statutory obligations. These defects have been removed by the amending legislation. For reasons stated in paragraph 2 of Chapter III, the Government of India were also requested to extend the Indian Companies Act to areas to which it did not apply. The intention was to bring joint stock banks in those areas within the purview of the Banking Companies Act. The amendment to section 17(2)(b) of the Reserve Bank of India Act, which has been dealt with in paragraph 1 of Chapter V, is also expected to improve credit conditions in the country by enabling the Reserve Bank to grant financial accommodation to State co-operative banks on a larger scale.

3. *Suggestions to banks* : Suggestions made to individual banks related to various matters such as management, business methods, investment and lending policy, etc. Some suggestions have also been included in the earlier chapters of this report. The more important of these suggestions are recapitulated below for general information :—

(i) *Management* : It is essential that directors take adequate interest in the affairs of the banks and exercise effective supervision over the chief executive officers in order to ensure that the investments and advances which they make conform to the requisite criterion of liquidity and are in keeping with the interests of the depositors. It is also necessary for the head office to exercise effective control and supervision over the branches. For this purpose, the importance of employing staff with the requisite training and experience cannot be overemphasised. In banking, as in other spheres of economic activity, the degree of success attained by an institution will depend on the experience, skill and judgment of the persons entrusted with its management.

(ii) *Payment of dividends* : Banks should make sufficient provision for bad and doubtful debts or other unrealisable assets, depreciation on investments etc., before declaring dividends. Profits resulting from the revaluation of assets or sale of securities should also, as far as possible, be taken to reserves and not utilised for paying dividends. The number of banking companies, particularly non-scheduled banks, whose reserves are low in relation to their paid-up capital is still large, and the need for strengthening reserves therefore needs no emphasis. The operation of section 17 of the Banking Companies Act, which provides for the transfer of 20 per cent of the net profits to the reserve fund till the reserve fund equals the paid-up capital, will no doubt contribute to an improvement, but a larger allocation than the minimum provided for in the Act would considerably improve the position of several banks. The provision contained in section 17 should not be taken to imply that banks whose reserves equal or exceed the paid-up capital should utilise all the profits for the payment of dividend. The building up of reserves is a *sine qua non* for the stability of the banking system as it increases the capacity of the banks to withstand any possible losses and enhances the margin of security available to depositors.

(iii) *Advances* : Loans and advances constitute the most remunerative asset of banks, and in order to earn as large an income as possible, some banks employ the greater part of their resources which are not infrequently augmented by borrowings, in loans without regard to liquidity. The operation of section 24, which provides for the maintenance of 20 per cent of demand and time liabilities in the form of liquid assets, would no doubt act as a corrective, at least in the more extreme cases where the proportion of loans and advances to deposits exceeds even 100 per cent. As an overextended loan portfolio is one of the most frequent causes of bank failures, banks should try to lend only a reasonable portion of their deposits according to the accepted canons of sound banking, having due regard to the general economic conditions, the distribution of their deposits, etc. Banks should also make careful enquiries as to the purpose for which an advance is required and, where the facility is required for trade or seasonal purposes, see that periodical repayments are made. It is also essential to limit the proportion of unsecured loans or of loans against illiquid security such as immovable property. There should also be a diversification of the risks both with reference to the number of borrowers and the nature of security as far as possible.

(iv) *Investments* : While studying the trends of bank investments it was observed that in view of the disproportionately large amount of loans and advances of non-scheduled banks, the ratio of their investments in Government securities to total deposits was not adequate. It was observed that as many as 123 banking companies had either no investments in Government securities or their investments were below 1 per cent of their deposits. The need for a fair proportion of investments in Government securities which really form the second line of defence requires no emphasis.

(v) *Branch-banking* : It may be recalled in this connection that the Rural Banking Enquiry Committee recommended that, under existing conditions, it would be advisable to concentrate on the consolidation of the progress already achieved, and to plan further expansion on sound and cautious lines, rather than undertake any costly and hasty schemes of expansion of the banking system on the basis of over-optimistic expectations. Indiscriminate branch expansion, which was a phase of the growth of banking during the war period, is undesirable as unremunerative branches will impose an excessive strain on the banking system. The Committee further recommended that the Imperial Bank and other commercial banks should be allowed and encouraged to expand up to taluka (or tehsil) towns, mandis or market towns, or other towns of some commercial or industrial importance. In order that banks may be able to open offices in places which do not have adequate banking facilities, it is necessary that they should carefully examine the working of their offices at places which are over-banked and close unremunerative offices as soon as possible so as to ensure a regionally balanced development. The tendency on the part of all banks to open offices in the larger towns, in preference to rural areas, should be discouraged.

4. *Conclusion* : The progress made by Indian banks during 1950 in the matter of deposits, advances, etc. was on the whole satisfactory. Its continuance depends partly on world conditions and partly on the banks themselves following a cautious policy and trying to establish sound traditions of banking in India.

APPENDIX I

INTRODUCTORY NOTE TO THE STATEMENTS

The statements and graphs are based on the various returns periodically received by the Reserve Bank in terms of the Reserve Bank of India Act and the Banking Companies Act, as well as those specially called for by the Reserve Bank and other available information. Figures from 1939 have also been given wherever possible. The figures from year to year are not strictly comparable owing to various factors such as the separation of Burma, the partition of India, changes in the nature, scope and coverage of the returns, preparation of statements from different sources etc. Even the figures compiled from the different returns under the Banking Companies Act are not strictly comparable as the extent of the area covered by the Act has increased from time to time and the number of banking companies submitting returns has varied from month to month. As mentioned in the Report, the Banking Companies Act was extended to the whole of India except the State of Jammu and Kashmir from 18 March 1950. The number of banking companies submitting returns increased as a result of the extension of the Indian Companies Act to the merged States on 1 January 1950 and to Part C States on 16 April 1950. The number of banking companies submitting returns also varied owing to changes in the classification of companies into banking and non-banking, suspension of business by some banks and the intermittent submission of returns by others. The limitations of the data presented in each statement have as far as possible been explained by means of appropriate foot-notes to the statements.

STATEMENT I

LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES SUBMITTING RETURNS UNDER THE BANKING COMPANIES ACT, 1949

(As on the last Friday of each month in 1950)

	Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
Number of reporting banking companies ..	447	457	457	454	452	452	442	442	442	441	439	430
LIABILITIES												
Paid-up Capital*	30	30	40	41	42	41	41	41	41	41	41	40
Reserve Fund and other reserves ..	20	20	20	27	27	27	27	27	27	27	27	27
Total Paid-up Capital and Reserves*	65	65	66	68	69	68	68	68	68	68	68	67
Demand Deposits and contingency (unad- justed) accounts ..	509	571	577	583	580	579	589	581	585	591	591	581
Time Deposits ..	275	270	270	289	291	292	291	290	293	293	297	303
Total Deposits ..	843	847	853	872	871	871	880	871	878	884	888	884
Due to other banks ..	35	39	39	37	38	23	25	24	24	24	20	22
Other liabilities (including bills payable and branch adjustments) ..	47	58	63	67	68	69	66	65	69	69	67	71
Total Liabilities ..	990	1,010	1,020	1,044	1,036	1,032	1,039	1,028	1,039	1,045	1,043	1,044

(Amounts in crores of rupees)

ASSETS

Cash in hand, balances with the Reserve Bank and with the Agent of the Reserve Bank	95	96	94	99	110	114	121	121	126	107
<i>Percentage to Total Deposits</i> ..	11.3	11.3	10.8	11.4	12.6	13.1	13.8	13.7	14.2	12.1
Balances with other banking companies in current account and money at call and short notice	19	20	16	19	21	22	23	23	22	20
Investments in Government securities (including treasury bills)	354	348	342	344	354	362	374	381	380	367
Other investments	25	26	25	25	26	26	27	27	27	26
Total Investments	379	373	367	369	380	388	401	408	407	393
<i>Percentage to Total Deposits</i> ..	45.0	44.0	43.1	42.4	43.5	44.1	45.7	46.1	45.8	44.5
Loans, advances, cash credits, overdrafts, bills purchased and discounted (a)	416	426	455	477	457	440	416	411	411	444
Due from banks (b)	22	24	27	23	16	13	14	16	14	18
Total (a+b)	438	450	482	500	469	453	430	427	425	462
<i>Percentage to Total Deposits</i> ..	52.0	53.1	56.5	57.3	53.8	51.5	49.0	48.3	47.9	52.3
Premises, furniture, fixtures and other fixed assets	10	10	10	10	10	10	10	11	11	11
Capital expenses**	1	1	2	3	1	1	2	1	1	2
Other tangible assets	24	19	20	18	18	22	19	21	20	30
Total Assets	966	968	987	1,014	1,010	1,016	1,013	1,012	1,011	1,025

* The figures of paid-up capital of banking companies incorporated outside India are excluded as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

** Include preliminary expenses, organisation expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets.

Note: (1) As the figures of liabilities and assets of banking companies relate only to areas to which the Act extended, the totals of the liabilities and assets sides may not agree.

(2) The figures in this statement represent the totals of those in Statements 2 and 3, but owing to rounding off, the totals may not agree.

(3) Owing to rounding off, the individual items may not add up to the totals.

STATEMENT 2

LIABILITIES AND ASSETS IN INDIA OF SCHEDULED BANKS SUBMITTING RETURNS UNDER THE BANKING COMPANIES ACT, 1949

(As on the last Friday of each month in 1950)

	(Amounts in crores of rupees)											
	Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
Number of reporting banking companies ..	92	92	93	93	93	92	94	92	94	93	94	91
LIABILITIES												
Paid-up Capital*	33	33	34	34	35	34	35	34	35	34	35	34
Reserve Fund and other reserves ..	24	24	24	25	25	25	25	25	25	25	25	25
Total Paid-up Capital and Reserves*	57	57	58	59	60	59	60	59	60	59	60	59
Demand Deposits and contingency (unad- justed) accounts	554	559	564	570	567	565	576	568	572	578	578	568
Time Deposits	250	253	252	264	266	267	267	265	268	268	272	279
Total Deposits	804	812	816	834	833	832	843	833	840	846	850	847
Due to other banks	32	36	36	34	25	20	22	21	21	20	17	19
Other liabilities (including bills payable and branch adjustments)	45	56	61	65	66	67	64	63	67	67	65	69
Total Liabilities	937	961	970	992	984	980	989	977	988	993	992	994

ASSETS

Cash in hand, balances with the Reserve Bank and with the Agent of the Reserve Bank	92	93	88	91	96	107	116	111	118	118	123	103
<i>Percentage to Total Deposits</i>	11.4	11.5	10.8	10.9	11.5	12.9	13.8	13.3	14.0	13.9	14.6	12.2
Balances with other banking companies in current account and money at call and short notice	17	18	13	17	18	19	21	20	21	21	20	18
Investments in Government securities (including treasury bills)	343	339	333	333	335	344	352	357	364	371	370	357
Other investments	22	22	22	22	22	23	23	23	25	24	25	24
Total Investments	365	361	355	355	357	367	375	380	389	395	395	381
<i>Percentage to Total Deposits</i>	45.4	44.5	43.6	42.6	42.9	44.1	44.5	45.6	46.3	46.7	46.5	45.0
Loans, advances, cash credits, overdrafts, bills purchased and discounted (a)	385	397	425	447	440	427	411	396	386	380	380	416
Due from banks (b)	22	24	27	23	16	12	13	15	14	16	14	18
Total (a+b)	407	421	452	470	456	439	424	411	400	396	394	434
<i>Percentage to Total Deposits</i>	50.6	51.8	55.4	56.4	54.7	52.7	50.4	49.3	47.6	46.8	46.4	51.4
Premises, furniture, fixtures and other fixed assets	9	9	9	9	9	9	9	9	9	10	10	10
Capitalised expenses**	1	1	1	2	2	1	..	..	1	..	1	1
Other tangible assets	23	18	19	19	17	17	20	18	26	20	19	29
Total Assets	914	920	938	963	954	959	966	950	963	960	960	975

* The figures of paid-up capital of banking companies incorporated outside India are excluded as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

** Include preliminary expenses, organisation expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets.

Note : (1) As the figures of liabilities and assets of banking companies relate only to areas to which the Act extended, the totals of the liabilities and assets sides may not agree.

(2) Owing to rounding off, the individual items may not add up to the total.

STATEMENT 3

LIABILITIES AND ASSETS IN INDIA OF NON-SCHEDULED BANKS SUBMITTING RETURNS UNDER THE BANKING COMPANIES ACT, 1949

(As on the last Friday of each month in 1950)

	Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
Number of reporting banking companies ..	355	365	364	361	359	360	348	350	348	348	345	339
LIABILITIES												
Paid-up Capital* ..	6	6	6	7	7	7	6	7	6	7	6	6
Reserve Fund and other reserves ..	2	2	2	2	2	2	2	2	2	2	2	2
Total Paid-up Capital and Reserves* ..	8	8	8	9	9	9	8	9	8	9	8	8
Demand Deposits and contingency (unad-justed) accounts ..	14	12	13	13	13	14	13	13	13	13	13	13
Time Deposits ..	25	23	24	25	25	25	24	25	25	25	25	24
Total Deposits ..	39	35	37	38	38	39	37	38	38	38	38	37
Due to other banks ..	3	3	3	3	3	3	3	3	3	4	3	3
Other liabilities (including bills payable and branch adjustments) ..	2	2	2	2	2	2	2	2	2	2	2	2
Total Liabilities ..	53	49	50	52	52	52	50	51	51	52	51	50

STATEMENT 4

PRINCIPAL RATIOS OF REPORTING BANKING COMPANIES

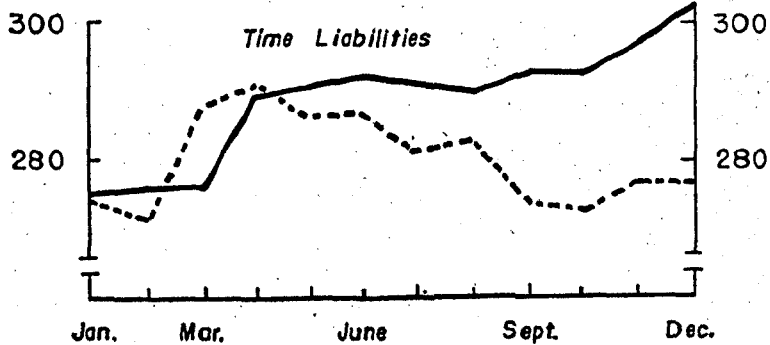
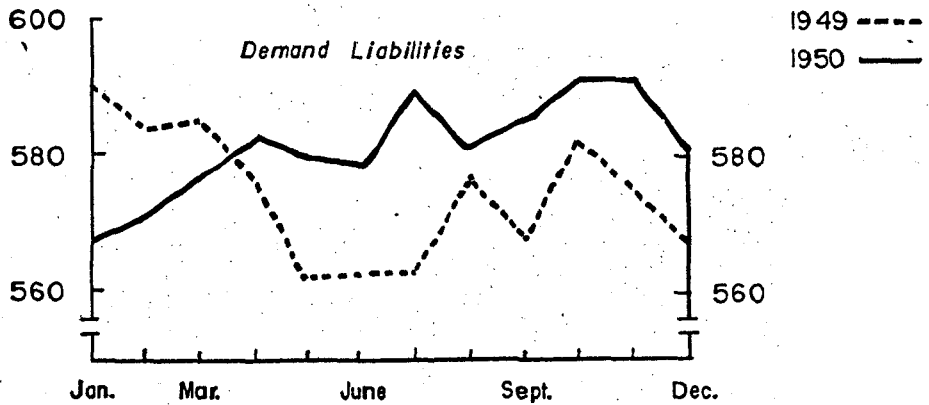
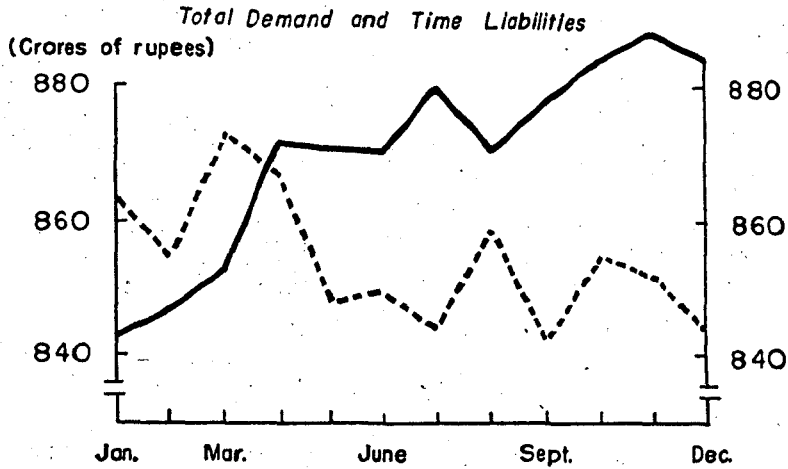
(As on the last Friday of 1949 and 1950)

Ratio of	Class of banking companies	Percentage	
		30th December 1949	29th December 1950
Reserves to Paid-up Capital*	Scheduled	73	74
	Non-scheduled	33	33
	Total	67	68
Demand Deposits to Total Deposits	Scheduled	68	67
	Non-scheduled	37	35
	Total	67	66
Time Deposits to Total Deposits	Scheduled	32	33
	Non-scheduled	63	65
	Total	33	34
Total Paid-up Capital and Reserves to Total Deposits*	Scheduled	9	9
	Non-scheduled	20	21
	Total	9	9
Borrowings from other banks to Total Deposits	Scheduled	3	2
	Non-scheduled	7	8
	Total	3	2
Cash in hand, balances with the Reserve Bank and with the Agent of the Reserve Bank to Total Deposits	Scheduled	15	12
	Non-scheduled	9	11
	Total	14	12
Balances with other banks and money at call and short notice to Total Deposits	Scheduled	2	2
	Non-scheduled	5	5
	Total	2	2
Investments in Government securities (including treasury bills) to Total Deposits	Scheduled	42	42
	Non-scheduled	25	26
	Total	42	42
Total Investments to Total Deposits	Scheduled	45	45
	Non-scheduled	33	32
	Total	44	45
Loans and Advances (including cash credits, overdrafts, bills purchased and discounted) to Total Deposits	Scheduled	46	49
	Non-scheduled	75	76
	Total	47	50
Capitalised Expenses to Total Paid-up Capital and Reserves*	Scheduled	1	1
	Non-scheduled	7	8
	Total	2	2

* In calculating the respective ratios, the figures of banking companies incorporated outside India have been excluded as they are not required to show the particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

GRAPH 1

LIABILITIES OF BANKING COMPANIES IN INDIA 1949-1950



STATEMENT 5

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

(As on the 29th December 1950)

		(Amounts in lakhs of rupees)									
		LIABILITIES					ASSETS				
Size of Paid-up Capital and reserves	Class of banking companies	Number of banking companies* but less than Rs. 5 lakh	Paid-up Capital and reserves	Demand Deposits	Time Deposits	Total Deposits	Cash in hand, balances with banks and money at call and short notice	Loans, advances, cash credits, overdrafts, bills purchased and counted (excluding due from banks)	Investments in Government securities (including treasury bills)	Other investments	
I.—Below Rs. 50,000	.. Non-scheduled	72	17 (21)	19 (24)	61 (76)	80	12 (15)	75 (94)	4	3	
II.—Rs. 50,000 and above but less than Rs. 1 lakh	.. Non-scheduled	75	55 (24)	57 (25)	1,75 (75)	2,32	46 (20)	2,02 (87)	27 (12)	12 (5)	
III.—Rs. 1 lakh and above but less than Rs. 5 lakhs	.. Non-scheduled	141	3,21 (19)	5,39 (32)	11,33 (68)	16,72	2,74 (16)	12,68 (76)	4,48 (27)	82 (5)	
IV.—Rs. 5 lakhs and above	.. Scheduled	74	59,15 (9)	439,62 (65)	238,46 (35)	678,08	96,73 (14)	305,11 (45)	308,42 (45)	22,97 (3)	
	.. Non-scheduled	47	3,86 (22)	6,77 (39)	10,69 (61)	17,46	2,62 (15)	12,84 (74)	4,96 (28)	1,38 (8)	
	Total	121	63,01 (9)	446,39 (64)	249,15 (36)	695,54	99,35 (14)	317,95 (46)	313,38 (45)	24,35 (4)	
TOTAL OF ALL GROUPS	Scheduled	74	59,15 (9)	439,62 (65)	238,46 (35)	678,08	96,73 (14)	305,11 (45)	308,42 (45)	22,97 (3)	
	Non-scheduled	335	7,79 (21)	12,92 (35)	24,38 (65)	37,30	5,94 (16)	28,29 (76)	9,75 (26)	2,35 (6)	
	GRAND TOTAL	409	66,94 (9)	452,54 (63)	262,84 (37)	715,38	102,67 (14)	333,40 (47)	318,17 (44)	25,32 (4)	

* Excludes banking companies incorporated outside India as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

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

STATEMENT 6

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

(As on the 29th December 1950)

		(Amounts in lakhs of rupees)									
		LIABILITIES					ASSETS				
Size of deposits	Class of banking companies	Number of reporting banking companies	Paid-up Capital* and reserves	Demand Deposits	Time Deposits	Total Deposits	Cash balances with banks and money at call and short notice	Loans, advances, cash credits, and bills purchased and counted (excluding due from banks)	Investments in Government securities (including treasury bills)	Other investments	
I.—Below Rs. 5 lakhs	Scheduled ..	..	28 (933)	2 (67)	1 (33)	3 (33)	1 (33)	25 (833)	1 (33)	1 (33)	1
	Non-scheduled ..	..	2,16 (64)	98 (29)	2,38 (71)	3,36 (21)	72 (21)	3,89 (116)	42 (13)	42 (13)	24 (7)
	TOTAL ..	205	2,44 (72)	1,00 (29)	2,39 (71)	3,39 (22)	73 (22)	4,14 (122)	43 (13)	43 (13)	25 (7)
II.—Rs. 5 lakhs and above but less than Rs. 10 lakhs	Scheduled ..	..	11 (138)	5 (63)	3 (37)	8 (37)	1 (13)	14 (175)	..	..	4 (50)
	Non-scheduled ..	..	1,26 (35)	1,16 (32)	2,60 (68)	3,65 (18)	66 (18)	3,28 (90)	73 (20)	73 (20)	26 (7)
	TOTAL ..	49	1,37 (37)	1,20 (32)	2,53 (68)	3,73 (18)	66 (18)	3,42 (92)	73 (20)	73 (20)	30 (8)
III.—Rs. 10 lakhs and above but less than Rs. 50 lakhs	Scheduled ..	..	2,30 (35)	3,10 (47)	3,43 (53)	6,53 (37)	2,41 (37)	5,63 (86)	1,91 (29)	1,91 (29)	68 (10)
	Non-scheduled ..	..	3,06 (19)	5,86 (37)	9,83 (63)	15,69 (18)	2,82 (18)	11,67 (74)	4,54 (29)	4,54 (29)	73 (5)
	TOTAL ..	92	5,35 (24)	8,96 (40)	13,26 (60)	22,22	5,23 (24)	17,30 (78)	6,45 (29)	6,45 (29)	1,41 (6)

IV.—Rs. 50 lakhs and above but less than Rs. 1 crore	Scheduled ..	12	1,86 (23)	3,36 (42)	4,68 (58)	8,04	2,47 (31)	5,78 (72)	2,11 (26)	48 (6)
	Non-scheduled ..	13	1,03 (12)	3,02 (35)	5,72 (65)	8,74	1,27 (15)	5,76 (66)	2,66 (30)	83 (9)
	TOTAL ..	25	2,89 (17)	6,38 (38)	10,40 (62)	16,78	3,74 (22)	11,54 (69)	4,77 (28)	1,31 (8)
V.—Rs. 1 crore and above but less than Rs. 5 crores	Scheduled ..	29	8,69 (19)	35,96 (53)	31,96 (47)	67,92	14,34 (21)	37,84 (56)	27,94 (41)	2,29 (3)
	Non-scheduled ..	4	34 (6)	1,93 (33)	3,98 (67)	5,91	50 (8)	3,75 (63)	1,43 (24)	29 (5)
	TOTAL ..	33	9,03 (12)	37,89 (51)	35,94 (49)	73,83	14,84 (20)	41,59 (56)	29,37 (40)	2,58 (3)
VI.—Rs. 5 crores and above but less than Rs. 10 crores	Scheduled ..	11	8,34 (11)	51,37 (66)	27,04 (34)	78,41	15,51 (20)	46,79 (60)	24,12 (31)	2,83 (4)
	Non-scheduled ..	..	..	..	..	..	..	..	..	..
	TOTAL ..	11	8,34 (11)	51,37 (66)	27,04 (34)	78,41	15,51 (20)	46,79 (60)	24,12 (31)	2,83 (4)
VII.—Rs. 10 crores and above but less than Rs. 20 crores	Scheduled ..	4	1,88 (3)	33,73 (62)	20,31 (38)	54,04	7,80 (14)	23,48 (43)	21,82 (40)	3,63 (7)
	Non-scheduled ..	..	..	..	..	..	..	..	..	..
	TOTAL ..	4	1,88 (3)	33,73 (62)	20,31 (38)	54,04	7,80 (14)	23,48 (43)	21,82 (40)	3,63 (7)
VIII.—Rs. 20 crores and over	Scheduled ..	11	36,08 (6)	440,69 (70)	190,78 (30)	631,47	78,30 (12)	296,13 (47)	279,12 (44)	14,18 (2)
	Non-scheduled ..	..	..	..	..	..	..	..	..	..
	TOTAL ..	11	36,08 (6)	440,69 (70)	190,78 (30)	631,47	78,30 (12)	296,13 (47)	279,12 (44)	14,18 (2)
TOTAL OF ALL GROUPS	Scheduled ..	91	59,54 (7)	568,28 (67)	278,24 (33)	846,52	120,85 (14)	416,04 (49)	357,03 (42)	24,14 (3)
	Non-scheduled ..	339	7,84 (21)	12,94 (35)	24,41 (65)	37,35	5,96 (16)	28,35 (76)	9,78 (26)	2,35 (6)
	GRAND TOTAL 430	430	67,38 (8)	581,22 (66)	302,65 (34)	883,87	126,81 (14)	444,39 (50)	366,81 (42)	26,49 (3)

* In column No. 4, paid-up capital of banking companies incorporated outside India has been excluded as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

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

STATEMENT 7

CIRCLEWISE DISTRIBUTION OF PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF REPORTING BANKING COMPANIES (As on the 29th December 1950)

(Amounts in lakhs of rupees)

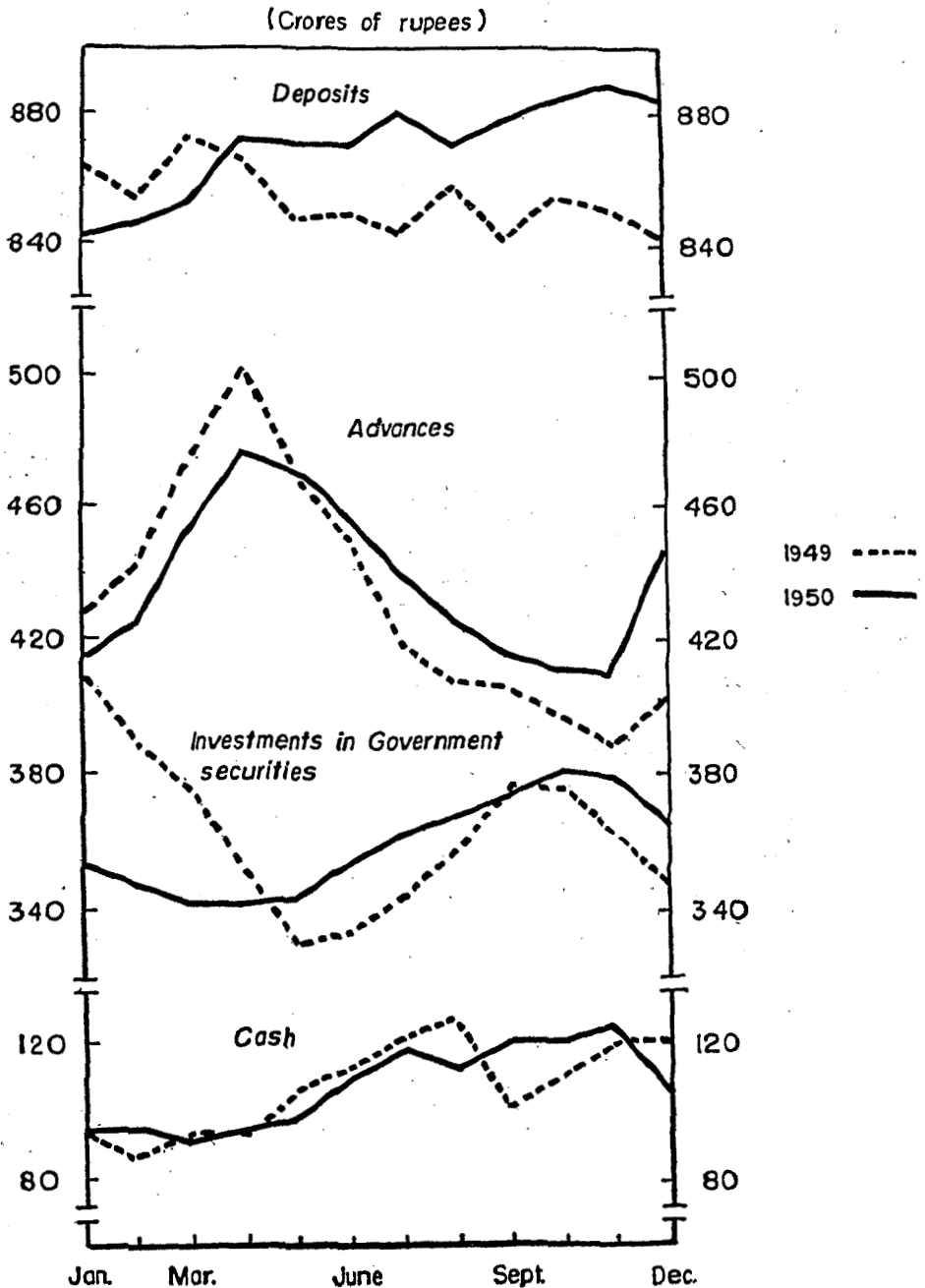
Circle@	Class of banking companies	Number of reporting banking companies	Paid-up Capital*	Reserves	Demand Deposits	Time Deposits	Total Deposits	Due to other banks	Cash in hand, balances with banks and money at call and short notice	Investments in Government securities (including treasury bills)	Other investments and dis-counted (including due from banks)	Loans, advances, cash credits, overdrafts bills purchased and dis-counted (including due from banks)
BOMBAY	Scheduled	31	10,98	9,19	211,16 (68)	99,56 (32)	310,72	5,15	50,95 (16)	127,23 (41)	12,07	145,92 (47)
	Non-scheduled	49	1,39	40	4,21 (54)	3,61 (46)	7,82	89	1,72 (22)	2,65 (34)	78	5,13 (66)
CALCUTTA	Scheduled	26	13,75	10,40	300,20 (72)	117,84 (28)	418,04	11,16	49,50 (12)	181,24 (43)	5,29	226,69 (54)
	Non-scheduled	72	1,40	26	2,42 (43)	3,18 (57)	5,60	27	73 (13)	1,12 (20)	41	4,45 (79)
DELHI	Scheduled	11	4,03	2,33	28,87 (51)	27,20 (49)	56,07	55	9,56 (17)	25,25 (45)	2,35	27,06 (48)
	Non-scheduled	16	31	20	52 (32)	1,09 (68)	1,61	14	16 (10)	42 (26)	29	1,18 (73)
KANPUR	Scheduled	4	1,39	30	3,33 (53)	2,91 (47)	6,24	45	1,00 (16)	2,74 (44)	63	3,38 (54)
	Non-scheduled	22	41	16	1,00 (34)	1,91 (66)	2,91	21	60 (21)	1,27 (44)	13	1,61 (55)
MADRAS	Scheduled	19	4,26	2,91	24,72 (45)	30,73 (55)	55,45	1,91	9,83 (18)	20,57 (37)	3,80	30,90 (56)
	Non-scheduled	180	2,37	94	4,79 (25)	14,62 (75)	19,41	1,10	2,75 (14)	4,32 (22)	74	16,02 (83)
TOTAL	Scheduled	91	34,41	25,13	568,28 (67)	278,24 (33)	846,52	19,22	120,84 (14)	357,03 (42)	24,14	433,95 (51)
	Non-scheduled	339	5,88	1,96	12,94 (35)	24,41 (65)	37,35	2,61	5,96 (16)	9,78 (26)	2,35	28,39 (76)
	GRAND TOTAL	430	40,29	27,09	581,22 (66)	302,65 (34)	883,87	21,83	126,80 (14)	366,81 (42)	26,49	462,34 (52)

@ Indicates the office of the Reserve Bank of India to which the banking companies submit their returns under the Banking Companies Act, 1949.
* Excludes figures of banking companies incorporated outside India as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

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

GRAPH 2

DEPOSITS, ADVANCES, CASH AND INVESTMENTS IN GOVERNMENT
SECURITIES OF BANKING COMPANIES IN INDIA
1949-1950



STATEMENT 8

DEPOSITS, ADVANCES AND INVESTMENTS IN GOVERNMENT SECURITIES IN INDIA OF DIFFERENT CLASSES OF REPORTING BANKING COMPANIES

(As on the last Friday of each month in 1950)

Class of banking companies	(Amounts in crores of rupees)											
	Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
NUMBER OF REPORTING BANKING COMPANIES												
Exchange banks	15	15	15	15	15	15	15	15	15	15	15	15
Other scheduled banks ..	77	77	78	78	78	77	79	77	79	78	79	76
Total Scheduled Banks ..	92	92	93	93	93	92	94	92	94	93	94	91
Non-scheduled banks ..	355	365	364	361	359	360	348	350	348	348	345	389
Total of all Banking Companies ..	447	457	457	454	452	452	442	442	442	441	439	430
TOTAL DEMAND AND TIME DEPOSITS												
Exchange banks	161	165	156	162	161	155	158	157	158	162	165	164
Other scheduled banks ..	643	647	660	672	672	677	685	676	682	684	685	683
Total of all Scheduled Banks ..	804	812	816	834	833	832	843	833	840	846	850	847
Non-scheduled banks ..	39	35	37	38	38	39	37	38	38	38	38	37
Total of all Banking Companies ..	843	847	853	872	871	871	880	871	878	884	888	884

LOANS, ADVANCES, CASH CREDITS, OVERDRAFTS, BILLS PURCHASED
AND DISCOUNTED (EXCLUDING DUE FROM BANKS)

Exchange banks	99 (62)	105 (67)	109 (67)	110 (68)	113 (73)	108 (68)	103 (66)	100 (63)	99 (61)	100 (61)	109 (67)
Other scheduled banks.. .	286 (45)	320 (48)	338 (50)	330 (49)	314 (46)	303 (44)	293 (43)	286 (42)	281 (41)	280 (41)	307 (45)
Total of all Scheduled Banks	385 (48)	425 (52)	447 (54)	440 (53)	427 (51)	411 (49)	396 (48)	386 (46)	380 (45)	380 (45)	416 (49)
Non-scheduled banks .. .	31 (80)	30 (81)	30 (79)	31 (82)	30 (77)	29 (78)	30 (79)	30 (79)	31 (82)	31 (82)	28 (76)
Total of all Banking Companies	416 (49)	455 (53)	477 (55)	471 (54)	457 (52)	440 (50)	426 (49)	416 (47)	411 (47)	411 (46)	444 (50)

INVESTMENTS IN GOVERNMENT SECURITIES (INCLUDING TREASURY BILLS)

69

Exchange banks	46 (29)	46 (30)	46 (28)	45 (28)	46 (30)	46 (29)	46 (29)	47 (30)	47 (29)	47 (28)	46 (28)
Other scheduled banks .. .	297 (46)	287 (43)	287 (43)	290 (43)	298 (44)	306 (45)	311 (46)	317 (46)	324 (47)	323 (47)	311 (46)
Total of all Scheduled Banks	343 (43)	333 (41)	333 (40)	335 (40)	344 (41)	352 (42)	357 (43)	364 (43)	371 (44)	370 (44)	357 (42)
Non-scheduled banks .. .	11 (28)	9 (24)	9 (24)	9 (24)	10 (26)	10 (27)	10 (26)	10 (26)	10 (26)	10 (26)	10 (27)
Total of all Banking Companies	354 (42)	342 (40)	342 (39)	344 (39)	354 (41)	362 (41)	367 (42)	374 (43)	381 (43)	380 (43)	367 (42)

Note: (1) Figures are based on the returns under the Banking Companies Act, 1949.

(2) Figures in brackets indicate percentages of individual items to total deposits of banking companies in each category.

STATEMENT 9

CONSOLIDATED POSITION OF SCHEDULED BANKS IN INDIA AS DISCLOSED IN THEIR
 RETURNS UNDER SECTION 42 OF THE RESERVE BANK OF INDIA ACT, 1934

(For each month during 1949 and 1950)

Particulars	Year	(Amounts in crores of rupees)											
		Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
Number of reporting banking companies	.. 1949	95	96	95	96	94	94	94	94	94	94	94	94
	1950	94	95	94	95	95	95	95	95	95	95	96	95
Demand Liabilities	.. 1949	653 (32)	643 (32)	634 (33)	624 (32)	605 (32)	595 (27)	593 (25)	599 (27)	598 (28)	600 (24)	595 (19)	586 (20)
	1950	589 (23)	596 (27)	591 (26)	598 (26)	590 (21)	585 (15)	595 (17)	593 (16)	597 (17)	601 (18)	601 (19)	599 (19)
Percentage to Total Liabilities	.. 1949	69	69	69	68	68	68	68	69	69	69	69	69
	1950	69	69	69	69	68	68	69	68	68	69	68	68
Time Liabilities	.. 1949	295 (..)	292 (..)	287 (..)	287 (..)	283 (..)	281 (..)	276 (..)	270 (..)	268 (..)	265 (..)	267 (..)	269 (1)
	1950	269 (1)	269 (1)	265 (1)	268 (1)	272 (1)	274 (1)	273 (1)	273 (1)	275 (1)	275 (1)	278 (2)	282 (2)
Percentage to Total Liabilities	.. 1949	31	31	31	32	32	32	32	31	31	31	31	31
	1950	31	31	31	31	32	32	31	32	32	31	32	32
Total Demand and Time Liabilities	.. 1949	948 (32)	935 (32)	921 (33)	911 (32)	888 (32)	876 (27)	869 (25)	869 (27)	866 (28)	865 (24)	862 (19)	855 (21)
	1950	858 (24)	865 (28)	856 (27)	866 (27)	862 (22)	859 (16)	868 (18)	866 (17)	872 (18)	876 (19)	879 (21)	881 (21)

Cash	1949	36	35	36	37	37	33	33	34	33	34	33
	1950	34	33	34	37	34	34	32	35	32	35	35
Balances with the Reserve Bank ..	1949	59	53	52	65	74	89	74	64	74	75	74
	1950	62	51	49	53	65	65	75	74	74	76	66
Total Cash and Balances with the Reserve Bank	1949	95	88	87	102	111	122	107	97	107	109	107
	1950	96	84	83	90	99	99	107	109	107	111	101
<i>Percentage to Total Liabilities ..</i>	1949	10	10	11	12	13	14	13	11	13	13	13
	1950	11	10	10	10	11	11	12	12	12	13	11
Excess balances with the Reserve Bank	1949	21	15	16	29	39	54	39	29	29	40	39
	1950	27	16	14	18	30	30	39	39	39	40	30
Advances	1949	441	471	486	459	430	408	404	401	401	386	390
	1950	410	437	467	448	436	422	409	404	404	400	415
Bills Discounted	1949	19	18	19	15	14	15	13	13	13	14	15
	1950	16	17	14	11	11	11	10	10	10	12	13
Total Advances and Bills Discounted	1949	460	473	505	474	444	423	417	414	414	400	405
	1950	426	442	481	459	447	433	419	414	414	412	428
<i>Percentage to Total Liabilities ..</i>	1949	49	53	55	54	51	49	48	48	48	46	47
	1950	50	53	56	53	52	50	48	47	47	47	49

Note : (1) The figures are monthly averages of the weekly returns submitted by scheduled banks under the provisions of section 42 of the Reserve Bank of India Act, 1934, and relate to their business in India only.

(2) Borrowings from banks are included in the figures of demand and time liabilities and are shown separately in brackets.

STATEMENT 10

CONSOLIDATED POSITION OF SCHEDULED BANKS IN INDIA AS DISCLOSED IN THEIR RETURNS UNDER SECTION 42 OF THE RESERVE BANK OF INDIA ACT, 1934

(From 1939 to 1950)

Particulars	(Amounts in crores of rupees)											
	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
Number of reporting banks	58	60	64	60	65	78	87	93	97	98	95	95
	U N D I V I D E D I N D I A											
Demand Liabilities	135	156	200	273	419	561	631	722	698	768	611	594
Percentage to Total Liabilities	56	59	65	73	76	76	72	70	67	70	69	69
Time Liabilities	106	106	107	101	131	182	241	310	344	329	311	278
Percentage to Total Liabilities	44	41	35	27	24	24	28	30	33	30	31	31
Total Demand and Time Liabilities	241	262	307	374	550	743	872	1,032	1,042	1,097	991	867
Cash	7	8	9	12	18	26	32	41	40	41	38	35
Balances with the Reserve Bank	16	30	38	53	60	86	87	85	96	86	*	61
Total Cash and Balances with the Reserve Bank	23	38	47	65	78	112	119	126	136	127	*	101
Percentage to Total Liabilities	10	14	15	17	14	15	14	12	13	12	*	11
Excess balances with the Reserve Bank	7	20	26	37	37	54	51	43	54	46	*	31
Advances	117	132	119	97	137	206	269	373	428	451	418	428
Bills Discounted	5	4	5	3	4	10	15	20	18	18	17	13
Total Advances and Bills Discounted	122	136	124	100	141	216	284	393	446	469	435	441
Percentage to Total Liabilities	51	52	41	27	26	29	33	38	43	43	44	51

* Separate figures for the Indian Union are not available.

Note: (1) The figures represent yearly averages.

(2) Borrowings from other banks are included in the figures of demand and time liabilities. The figures of borrowings are shown separately in brackets for 1949 and 1950.

STATEMENT II
REGIONAL DISTRIBUTION OF OFFICES, DEPOSITS AND ADVANCES IN INDIA
OF REPORTING SCHEDULED BANKS
(As on the last Friday of 1949 and 1950)

(Amounts in lakhs of rupees)

STATE	No. of banks operating in the State				OFFICES							DEPOSITS					ADVANCES		
	(1)	1949		1950	1949		1950		(7)	1949		1950		(11)	1949		1950		(15)
		(2)	(3)	(4)	(5)	(6)	(8)	(9)		(10)	(12)	(13)	(14)						
Assam	..	5	3	26	1	18	1	5,42	1	4,34	..	2,88	1	1,07	..	..	..	..	..
Bihar	..	15	14	139	5	142	5	23,16	3	23,83	..	9,38	2	8,01	..	..	..	..	..
Bombay	..	56	56	432	16	443	16	274,14	33	281,53	..	130,88	31	151,66	..	..	..	..	..
Delhi	..	33	31	85	3	83	3	55,23	7	50,27	..	15,04	4	15,62	..	..	..	..	..
Himachal Pradesh	..	2	2	5	..	4	..	44	..	23	..	..	..	..	..	..	..	..	..
Hyderabad	..	14	14	70	2	79	3	20,61	..	24,02	..	7,29	1	10,62	..	..	..	..	..
Madhya Bharat	..	9	8	46	2	55	2	7,77	1	14,35	..	3,80	1	6,17	..	..	..	..	..
Madhya Pradesh	..	16	16	151	5	146	5	14,19	2	14,19	..	7,45	2	8,35	..	..	..	..	..
Madras	..	42	41	534	19	516	18	62,16	7	70,56	..	45,66	11	48,13	..	..	..	..	..
Mysore	..	16	16	84	3	85	3	17,88	2	16,97	..	8,62	2	9,27	..	..	..	..	..
Orissa	..	7	5	14	1	11	..	2,01	..	1,80	..	..	..	..	..	..	..	..	..
Patiala and East Punjab States Union	..	3	3	10	..	17	1	1,99	1	1,80	..	14	..	37	..	..	..	..	..
Punjab	..	28	25	221	8	208	8	41,94	5	41,19	..	8,48	2	10,27	..	..	..	..	..
Rajasthan	..	15	14	120	4	117	4	22,80	3	20,15	..	8,33	2	12,15	..	..	..	..	..
Saurashtra	..	12	10	43	2	48	2	20,01	2	21,15	..	2,07	..	3,61	..	..	..	..	..
Travancore-Cochin	..	18	17	131	5	131	5	14,68	2	17,96	..	11,17	3	8,42	..	..	..	..	..
Uttar Pradesh	..	31	26	429	15	412	15	68,06	8	65,70	..	30,72	7	33,98	..	..	..	..	..
Vindhya Pradesh	..	3	4	4	..	5	..	18	..	23	..	8	..	10	..	..	..	..	..
West-Bengal	..	43	40	212	8	208	8	179,37	21	179,53	..	131,22	31	130,47	..	..	..	..	..
Others	..	16	14	32	1	29	1	10,33	1	8,16	..	1,11	..	70	..	..	..	..	..
TOTAL	..	2,788	100	2,757	100	842,37	100	856,23	100	425,29	100	459,97	100	130,47	100	29	70	100	22

Note: Figures were obtained from the banks and are in respect of 92 scheduled banks in 1949 and 91 scheduled banks in 1950. They relate to the whole of India including the State of Jammu and Kashmir.

STATEMENT II A

REGIONAL DISTRIBUTION OF OFFICES, DEPOSITS AND ADVANCES IN INDIA OF SCHEDULED BANKS IN RELATION TO POPULATION

(As on the 29th December 1950)

State	Population*	Offices	Popula- tion per office	Deposits (in lakhs of rupees)	Per Capita Deposits Rs.	Advances (in lakhs of rupees)	Per Capita Advances Rs.
Assam	91,29,442	18	5,07,191	4,34	4.8	1,07	1.2
Bihar	4,02,18,916	142	2,83,232	23,83	5.9	8,01	2.0
Bombay	3,59,43,559	443	81,137	281,53	78.3	151,66	42.2
Delhi	17,43,992	83	21,012	50,27	288.2	15,62	89.6
Himachal Pradesh	9,89,437	4	2,47,359	23	2.3	2	0.2
Hyderabad	1,86,52,964	79	2,36,113	24,02	12.9	10,62	5.7
Madhya Bharat	79,41,642	55	1,44,393	14,35	18.1	6,17	7.8
Madhya Pradesh	2,13,27,898	146	1,46,081	14,19	6.7	8,35	3.9
Madras	5,69,52,332	516	1,10,373	70,56	12.4	48,13	8.5
Mysore	90,71,678	85	1,06,726	16,97	18.7	9,27	10.2
Orissa	1,46,44,293	11	13,31,299	1,89	1.3	98	0.7
Patiala and East Punjab States Union	34,68,631	17	2,04,037	1,89	5.4	37	10.7
Punjab	1,26,38,611	208	60,763	41,19	32.6	10,27	8.1
Rajasthan	1,52,97,979	117	1,30,752	20,15	13.2	12,15	7.9
Saurashtra	41,36,005	48	86,167	21,15	51.1	3,61	8.7
Travancore-Cochin	92,65,157	131	70,726	17,96	19.4	8,42	9.0
Uttar Pradesh	6,32,54,118	412	1,53,529	65,79	10.4	33,98	5.4
Vindhya Pradesh	35,77,431	5	7,15,486	23	0.6	10	0.3
West Bengal	2,47,86,683	208	1,19,167	179,53	72.4	130,47	52.6
Others	38,50,856	29	1,32,788	8,16	21.2	70	1.8
TOTAL	35,68,91,624	2,757	1,29,449	858,23	24.0	459,97	12.9

* 1951 census figures as reported in the Press.

Note: Figures were obtained from the banks and are in respect of 91 scheduled banks.

STATEMENT 12

RATIO OF PAID-UP CAPITAL AND RESERVES TO DEPOSITS OF
COMMERCIAL BANKS IN INDIA, THE UNITED KINGDOM
AND THE UNITED STATES OF AMERICA

(From 1939 to 1950)

End of the year	INDIA (INDIAN JOINT STOCK BANKS)			UNITED KINGDOM (Eleven Clearing Banks)	UNITED STATES OF AMERICA (All Commercial Banks)
	Scheduled banks (excluding Exchange banks) (Ratio per cent)	Non-scheduled banks (Ratio per cent)	All banking companies (Ratio per cent)	(Ratio per cent)	(Ratio per cent)
1939 ..	13	25	14	6	14
1940 ..	12	24	13	5	13
1941 ..	10	25	12	4	12
1942 ..	8	19	9	4	10
1943 ..	7	15	7	4	8
1944 ..	7	12	7	3	7
1945 ..	6	11	7	3	7
1946 ..	6	11	7	3	8
1947 ..	6	15	7	3	8
1948 ..	7 (8)	16 (17)	8 (9)	2	8
1949 ..	9	20	9	2	8
1950 ..	9	21	9	2	8

Note: (1) **INDIA**—For the years 1939-1948, the ratios have been calculated on the basis of the figures available in the Statistical Tables relating to Banks in India. For the years 1949 and 1950, the ratios have been calculated on the basis of the figures received from banking companies under the Banking Companies Act, 1949. Ratios in brackets for 1948 are in respect of the Indian Union only.

- (2) **UNITED KINGDOM**—Ratios have been calculated on the basis of the figures available in the Bankers', Insurance Managers' and Agents' Magazine.
- (3) **UNITED STATES OF AMERICA**—Ratios have been calculated on the basis of the figures available in the Federal Reserve Bulletin.

STATEMENT 13

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

(As on the 29th December 1950)

Circle*	Class of banking companies	Number of banking companies having no reserves	Number of banking companies having reserves less than 50% of the paid-up capital	Number of banking companies having reserves equal to or more than 50% but less than the paid-up capital	Number of banking companies having reserves equal to or more than the paid-up capital	Total number of banking companies
(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOMBAY	Scheduled	..	14	4	5	23
	Non-scheduled	6	36	3	4	49
CALCUTTA	Scheduled	..	13	1	3	17
	Non-scheduled	13	45	4	8	70
DELHI	Scheduled	1	5	..	5	11
	Non-scheduled	3	5	2	5	15
KANPUR	Scheduled	..	2	..	2	4
	Non-scheduled	3	11	3	4	21
MADRAS	Scheduled	..	11	4	4	19
	Non-scheduled	3	106	37	34	180
TOTAL	Scheduled	1	45	9	19	74
	Non-scheduled	28	203	49	55	335
GRAND TOTAL		29	248	58	74	409

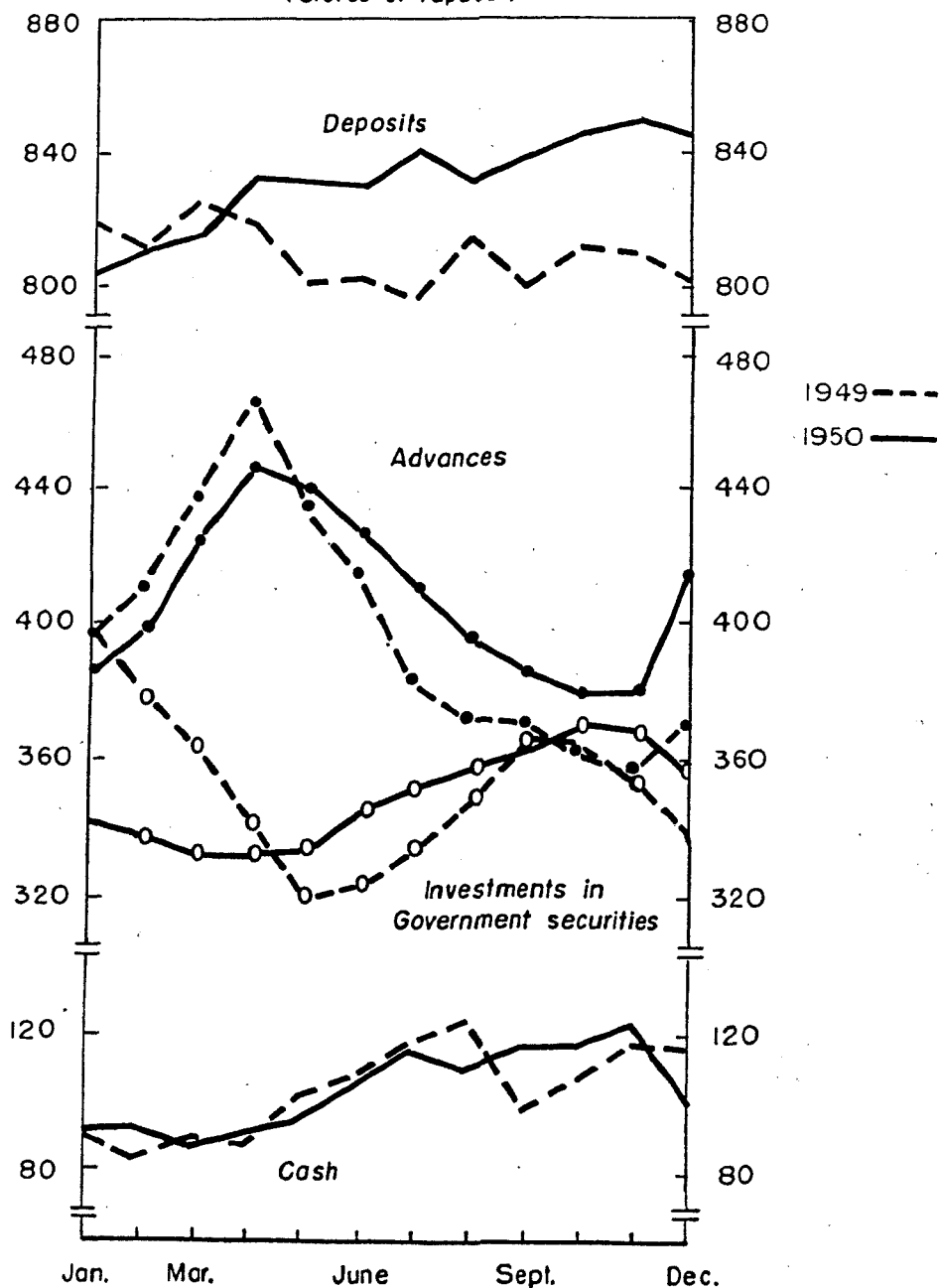
* Indicates the office of the Reserve Bank to which the banking companies submit their returns under the Banking Companies Act, 1949.

Note: The statement excludes banking companies incorporated outside India as they are not required to show particulars of their paid-up capital in their monthly returns under the Banking Companies Act, 1949.

GRAPH 3

DEPOSITS, ADVANCES, CASH AND INVESTMENTS IN GOVERNMENT
SECURITIES OF SCHEDULED BANKS

1949-1950
(Crores of rupees)

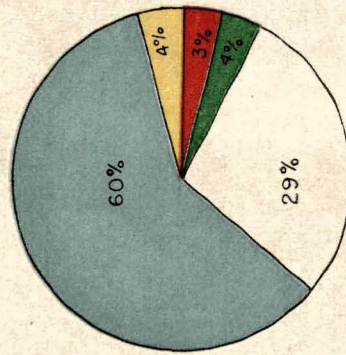


STATEMENT 14

COMPOSITION OF DEPOSITS OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES (From January to December 1950)

Country	Currency	(Amounts in millions)											
		Janu- ary	Febru- ary	March	April	May	June	July	August	Septem- ber	Octo- ber	Novem- ber	Decem- ber
INDIA (Scheduled and Non-scheduled Banks)		Rs.											
	(a) Demand Deposits	5,676	5,715	5,769	5,827	5,800	5,796	5,882	5,812	5,849	5,909	5,911	5,812
	(b) Time Deposits	2,755	2,760	2,758	2,890	2,915	2,917	2,914	2,900	2,927	2,931	2,971	3,037
	TOTAL (a+b)	8,431	8,475	8,527	8,717	8,715	8,713	8,796	8,712	8,776	8,840	8,882	8,839
UNITED STATES OF AMERICA		\$											
(All Commercial Banks)													
	(a) Demand Deposits	94,740	94,300	92,480	92,810	94,150	95,485	96,040	97,180	97,940	98,590	99,810	104,733
	(b) Time Deposits	36,290	36,450	36,630	36,770	36,790	36,907	36,590	36,400	36,360	36,350	36,070	36,503
	TOTAL (a+b)	131,030	130,750	129,110	129,580	130,940	132,392	132,630	133,580	134,300	134,940	135,880	141,226
UNITED KINGDOM (London Clearing Banks)		£											
	(a) Demand Deposits	3,860	3,650	3,620	3,700	3,670	3,700	3,760	3,750	3,800	3,910	3,890	3,990
	(b) Time Deposits	2,030	2,000	1,970	1,970	1,980	2,040	2,020	2,030	2,060	2,100	2,140	2,110
	TOTAL (a+b)	5,890	5,650	5,590	5,670	5,650	5,740	5,780	5,780	5,860	6,010	6,030	6,100
CANADA (Chartered Banks)		\$ C.											
	(a) Demand Deposits	2,406	2,391	2,399	2,330	2,453	2,538	2,493	2,618	2,709	2,822	2,824	2,770
	(b) Time Deposits	4,494	4,537	4,572	4,560	4,557	4,538	4,529	4,543	4,582	4,559	4,543	4,658
	TOTAL (a+b)	6,900	6,928	6,971	6,890	7,010	7,076	7,022	7,161	7,291	7,381	7,367	7,328

COMPOSITION OF THE WORKING CAPITAL OF BANKING COMPANIES IN INDIA

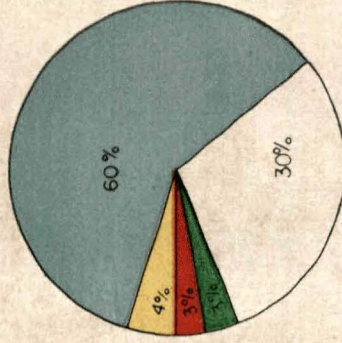


1949

Category	Crores of rupees
Paid up Capital	39
Reserves	27
Demand Deposits	574
Time Deposits	280
Borrowings	34
(Average)	954

1950

Category	Crores of rupees
Paid up Capital	41
Reserves	27
Demand Deposits	581
Time Deposits	289
Borrowings	28
(Average)	966



STATEMENT 16

COMPOSITION OF DEPOSITS OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES (From 1939 to 1950)

Country	Currency	(Amounts in millions)											
		1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
INDIA (Scheduled Banks)													
	Rs.												
(a) Demand Liabilities*	..	1,392 (58)	1,665 (63)	2,128 (66)	3,351 (75)	5,008 (76)	6,161 (75)	6,726 (71)	7,301 (69)	6,489 (67)	6,372 (68)	5,649 (68)	5,798 (67)
(b) Time Liabilities*	..	1,009 (42)	968 (37)	1,084 (34)	1,110 (25)	1,573 (24)	2,029 (25)	2,802 (29)	3,310 (31)	3,161 (33)	2,967 (32)	2,685 (32)	2,830 (33)
TOTAL (a+b)	..	2,401	2,633	3,212	4,461	6,581	8,190	9,528	10,611	9,650	9,339†	8,334†	8,628†
UNITED STATES OF AMERICA													
(All Commercial Banks) \$													
(a) Demand Deposits	..	32,513 (68)	38,558 (71)	44,349 (74)	61,431 (79)	75,569 (80)	91,653 (79)	105,921 (78)	92,446 (73)	95,711 (73)	94,654 (72)	96,136 (73)	104,723 (74)
(b) Time Deposits	..	15,331 (32)	15,844 (29)	15,952 (26)	16,395 (21)	19,350 (20)	24,184 (21)	30,241 (22)	33,930 (27)	35,360 (27)	35,921 (28)	36,328 (27)	36,503 (26)
TOTAL (a+b)	..	47,844	54,402	60,301	77,826	94,919	115,837	136,162	126,376	131,071	130,575	132,464	141,226
UNITED KINGDOM													
(London Clearing Banks) £													
(a) Demand Deposits	..	1,290 (56)	1,650 (62)	2,020 (65)	2,260 (67)	2,530 (67)	2,870 (67)	3,070 (66)	3,580 (66)	3,710 (65)	3,870 (65)	3,920 (66)	3,990 (65)
(b) Time Deposits	..	1,000 (44)	1,020 (38)	1,080 (35)	1,130 (33)	1,220 (33)	1,390 (33)	1,570 (34)	1,860 (34)	1,970 (35)	2,040 (35)	2,040 (34)	2,110 (35)
TOTAL (a+b)	..	2,290	2,670	3,100	3,390	3,750	4,260	4,640	5,440	5,680	5,910	5,960	6,100
CANADA (Chartered Banks)													
	\$ C.												
(a) Demand Deposits	..	853 (33)	1,031 (39)	1,268 (43)	1,499 (47)	1,697 (47)	1,862 (43)	2,063 (42)	2,291 (40)	2,296 (38)	2,544 (39)	2,426 (35)	2,770 (38)
(b) Time Deposits	..	1,741 (67)	1,641 (61)	1,669 (57)	1,673 (53)	1,948 (53)	2,423 (57)	2,865 (58)	3,469 (60)	3,740 (62)	4,057 (61)	4,433 (60)	4,558 (62)
TOTAL (a+b)	..	2,594	2,672	2,937	3,172	3,645	4,285	4,928	5,760	6,036	6,601	6,859	7,328

SOUTH AFRICA (Commercial Banks) £.S.A.

(a) Demand Deposits	76 (76)	100 (80)	124 (84)	169 (86)	196 (83)	223 (83)	264 (82)	292 (86)	337 (86)	336 (89)	296 (90)	332 (89)
(b) Time Deposits†	24 (24)	25 (20)	23 (16)	28 (14)	39 (17)	47 (17)	57 (18)	48 (14)	55 (14)	41 (11)	33 (10)	40 (11)
TOTAL (a+b)	100	125	147	197	235	270	321	340	392	377	329	372

AUSTRALIA (Nine Trading Banks) £.A.

(a) Demand Deposits**	132 (39)	155 (43)	180 (47)	231 (54)	287 (58)	347 (61)	383 (63)	428 (67)	466 (70)	576 (73)	693 (76)	887 (78)
(b) Time Deposits††	203 (61)	205 (57)	204 (53)	192 (46)	210 (42)	224 (39)	223 (37)	207 (33)	203 (30)	213 (27)	222 (24)	247 (22)
TOTAL (a+b)	335	360	384	423	497	571	606	635	669	789	915	1,134††

PAKISTAN (Scheduled Banks) Rs.

(a) Demand Liabilities	..	..	..	..	..	..	..	..	..	..	..	..
(b) Time Liabilities	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL (a+b)	..	..	..	..	..	..	..	..	..	1,070†	1,091†	1,123†

* Besides deposits the figures include small amounts of certain other liabilities. † Excludes borrowings from other banks. ‡ Include savings deposits. ** Not bearing interest. †† Bearing interest. ††† Average for first three weeks only.
 Note: (1) Figures in brackets represent percentages to total deposits.
 (2) Source

INDIA

.. Returns received from banks under section 42 of the Reserve Bank of India Act, 1934

UNITED STATES OF AMERICA .. Federal Reserve Bulletin
 .. International Financial Statistics

UNITED KINGDOM

CANADA

.. Statistical Summary of the Bank of Canada

SOUTH AFRICA

.. South African Bankers' Journal

AUSTRALIA

.. Statistical Bulletin of the Commonwealth Bank of Australia

PAKISTAN

.. Reserve Bank of India Bulletin

Remarks

Figures as on the last Friday of every year. The figures for 1947 exclude liabilities in Pakistan.

Year-end figures.

Figures for 1939-46 are averages of weekly figures for December every year; thereafter approximately at the end of the year.

Year-end figures.

Year-end figures.

Average of weekly figures for December every year.

Average of weekly figures for December every year. Pakistan had no scheduled bank up to the end of 1947.

STATEMENT 17

OWNERSHIP OF DEPOSITS OF SCHEDULED BANKS IN INDIA

(As on the 31st December 1950)

(Amounts in lakhs of rupees)

Class of depositors	DEMAND DEPOSITS		SAVINGS DEPOSITS		TIME DEPOSITS		TOTAL DEPOSITS	
	Amount	Percentage to total demand deposits	Amount	Percentage to total savings deposits	Amount	Percentage to total time deposits	Amount	Percentage to total deposits
I.—BUSINESS DEPOSITS:								
(1) Manufacturing concerns	50,24	10.34	..	..	..	..	50,24	5.91
(2) Trading concerns	126,22	25.99	..	..	37,80	16.67	164,02	19.31
(3) Transport concerns	9,24	1.90	..	..	..	..	9,24	1.09
(4) Mining	4,27	0.88	..	..	..	..	4,27	0.50
(5) Plantations	8,40	1.73	..	..	..	..	8,40	0.99
(6) Financial								
(a) Banks	..	..	..	..	..	..	..	..
(b) Insurance companies	..	..	..	..	..	..	..	..
(c) Co-operative banks, societies and other financial	56,11	11.55	..	..	11,71	5.16	67,82	7.98
(7) Others	..	..	..	..	..	..	..	..
Total Business Deposits	254,48	52.40	1,95	1.42	58,20	25.67	314,63*	37.04
II.—PERSONAL DEPOSITS	133,36	27.46	131,77	96.17	128,07	56.48	393,20	46.29
III.—OTHERS	87,50	18.02	3,30	2.41	39,09	17.24	129,89	15.29
IV.—UNCLASSIFIED DEPOSITS (Below Rs. 500)	10,33	2.13	..	..	1,39	0.61	11,72	1.38
TOTAL	485,66	100.00	137,02	100.00	226,75	100.00	849,43	100.00
	(57.17)		(16.13)		(26.70)			

* Includes savings deposits amounting to Rs. 1,95 lakhs for which break-down is not available.

Note: (1) The figures in brackets represent the percentages of the respective items to total deposits.

(2) Details of percentages may not add up to totals because of rounding off. Similarly, the totals also may not agree.

(3) The figures relate to 88 scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 18

OWNERSHIP OF DEPOSITS OF SCHEDULED BANKS IN INDIA

(Amounts in lakhs of rupees)

Class of depositors	31st December 1949		31st December 1950	
	Amount	Percentage to total deposits	Amount	Percentage to total deposits
I.				
BUSINESS DEPOSITS :				
(1) Manufacturing concerns	.. 49,56	5.99	50,24	5.91
(2) Trading concerns	.. 159,09	19.25	164,02	19.31
(3) Transport concerns	.. 7,88	0.95	9,24	1.09
(4) Mining	.. 4,07	0.49	4,27	0.50
(5) Plantations	.. 6,61	0.80	8,40	0.99
(6) Financial	.. 61,04	7.39	67,82	7.98
(7) Others	.. 7,91	0.96	8,69	1.02
Total Business Deposits	.. 298,02*	36.05	314,63†	37.04
II				
PERSONAL DEPOSITS	.. 394,34	47.72	393,20	46.29
III				
OTHERS	.. 122,11	14.78	129,89	15.29
IV				
UNCLASSIFIED DEPOSITS (Below Rs. 500)	.. 11,97	1.45	11,72	1.38
GRAND TOTAL	.. 826,44	100.00	849,43	100.00

* Includes savings deposits amounting to Rs. 1,86 lakhs for which break-down is not available.

† Includes savings deposits amounting to Rs. 1,95 lakhs for which break-down is not available.

Note : The figures relate to 88 scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 19

OWNERSHIP OF DEMAND DEPOSITS IN INDIA AND THE UNITED STATES OF AMERICA

INDIA				UNITED STATES OF AMERICA			
31st December 1950				31st January 1951			
Class of depositors	Amount (in lakhs of rupees)	Percent- age to total deposits		Class of depositors	Amount (in billions of dollars)	Percent- age to total deposits	
I				I			
BUSINESS CONCERNS				DOMESTIC BUSINESSES			
<i>(a) Non-financial :</i>				<i>(a) Non-financial :</i>			
(i) Manufacturing and mining ..	54,51	11		(i) Manufacturing and mining ..	19.5	22	
(ii) Trade ..	1,26,22	26		(ii) Trade ..	13.9	16	
(iii) Transport concerns ..	9,24	2		(iii) Public Utilities ..	4.4	5	
(iv) Others ..	8,40	2		(iv) Others ..	5.4	6	
Total non-financial ..	1,98,37	41		Total non-financial ..	43.2	49	
<i>(b) Financial :</i>				<i>(b) Financial :</i>			
(i) Banks ..	34,48	7		(i) Insurance companies ..	2.8	3	
(ii) Insurance companies ..	8,88	2		(ii) Others ..	5.6	6	
(iii) Others ..	12,75	3		Total financial ..	8.4	10	
Total financial ..	56,11	12					
Total Business Concerns (a+b) ..	2,54,48	53		Total Domestic Businesses (a+b) ..	51.6	59	
II				II			
PERSONAL DEPOSITS .. 1,33,36 27				INDIVIDUALS			
				(i) Farmers ..	7.0	8	
				(ii) Others ..	23.8	27	
				Total Individuals ..	30.8	35	
III				III			
OTHERS .. 87,50 18				OTHERS			
				(i) Trust Funds ..	1.6	2	
				(ii) Non-profit Associations ..	3.0	3	
				(iii) Foreigners, etc. ..	0.6	1	
				Total Others ..	5.3	6	
IV				IV			
UNCLASSIFIED DEPOSITS				UNCLASSIFIED DEPOSITS			
(Below Rs. 500) ..	10,33	2					
GRAND TOTAL ..	4,85,66	100		GRAND TOTAL ..	87.7	100	

Note : (1) **India**—The figures were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

(2) **United States of America**—The figures have been obtained from the Federal Reserve Bulletin (May 1951).

(3) Details of percentages may not add up to totals owing to rounding off; similarly the totals also may not agree.

STATEMENT 19 A

UNCLAIMED DEPOSITS HELD BY BANKING COMPANIES IN INDIA

(As on the 31st December 1949)

Circle*	No. of banking companies which submitted returns	No. of banking companies showing unclaimed accounts	Nature of accounts and amounts held in each						(Amounts in lakhs of rupees)			
			CURRENT		SAVINGS		FIXED		OTHERS		TOTAL	
			No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount		
BOMBAY ..	33	33	17,052 (30)	8.34 (27)	38,094 (68)	18.66 (61)	148 (1)	2.74 (9)	738 (1)	0.84 (3)	56,032	30.58
CALCUTTA ..	116	33	21,044 (33)	13.77 (21)	40,064 (64)	33.94 (52)	227 (1)	13.31 (20)	1,566 (2)	4.60 (7)	63,901	65.62
DELHI ..	18	7	235 (25)	0.30 (14)	665 (69)	0.59 (27)	46 (5)	1.09 (49)	9 (1)	0.21 (10)	945	2.19
KANPUR ..	26	12	214 (33)	0.05 (17)	416 (63)	0.09 (30)	22 (3)	0.15 (50)	9 (1)	0.01 (3)	661	0.30
MADRAS ..	220	76	1,476 (24)	0.49 (25)	3,380 (56)	0.91 (46)	73 (1)	0.49 (25)	1,139 (19)	0.07 (4)	6,068	1.96
TOTAL ..	413	161	40,021 (31)	22.95 (23)	82,609 (65)	54.19 (53)	516 (1)	17.78 (18)	3,461 (3)	5.73 (6)	1,26,607	100.65

* Indicates the office of the Reserve Bank of India to which the banking companies submit their returns under the Banking Companies Act, 1949.

Note : Figures in brackets indicate the percentages of the individual items to their respective totals in each circle.

STATEMENT 20

INVESTMENTS OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES

(From January to December 1950)

Country	Cur- rency	(Amounts in millions)											
		January	February	March	April	May	June	July	August	Sept- ember	Octo- ber	Nov- ember	Dec- ember
INDIA (Scheduled and Non-scheduled Banks)	Rs.	3,786 (45)	3,731 (44)	3,673 (43)	3,675 (42)	3,690 (42)	3,790 (44)	3,875 (44)	3,931 (45)	4,012 (46)	4,076 (46)	4,069 (46)	3,933 (45)
UNITED STATES OF AMERICA (All Commercial Banks)	\$	78,290 (60)	77,470 (59)	76,670 (59)	76,530 (59)	77,080 (59)	76,972 (38)	76,340 (58)	76,030 (57)	74,630 (56)	74,600 (55)	73,870 (54)	74,426 (53)
UNITED KINGDOM (London Clearing Banks)	£	2,139 (36)	1,974 (35)	1,947 (35)	1,904 (34)	1,867 (33)	1,794 (31)	1,817 (31)	1,867 (32)	1,936 (33)	2,001 (33)	1,992 (33)	1,933 (33)
CANADA (Chartered Banks)	\$.C.	4,365 (63)	4,391 (63)	4,453 (64)	4,398 (64)	4,408 (63)	4,276 (60)	4,240 (60)	4,478 (62)	4,336 (61)	4,349 (59)	4,280 (58)	4,286 (58)
SOUTH AFRICA (Commercial Banks)	£.S.A.	127 (39)	131 (40)	134 (41)	134 (40)	136 (40)	139 (44)	139 (41)	139 (41)	139 (40)	138 (39)	139 (39)	140 (38)
AUSTRALIA (Nine Trading Banks)	£.A.	122 (13)	124 (13)	128 (13)	123 (12)	121 (12)	117 (12)	122 (12)	113 (12)	111 (11)	114 (11)	114 (10)	121* (11)

* Average for first three weeks only.

Note: (1) Figures in brackets represent percentages to total deposits.

(2) Country Source

INDIA Based on monthly returns of reporting banking companies submitted under the Banking Companies Act, 1949

UNITED STATES OF AMERICA Federal Reserve Bulletin

UNITED KINGDOM Bankers', Insurance Managers' and Agents' Magazine

CANADA Statistical Summary of the Bank of Canada

SOUTH AFRICA South African Bankers' Journal

AUSTRALIA Statistical Bulletin of the Commonwealth Bank of Australia

Remarks

The figures represent investments in Government securities and others and are as on the last Friday of the month.

The figures represent investments in United States Government obligations and other securities and are as on the last Wednesday of the month except in June and December when they are on the last day of the month.

Investments include Treasury Deposit Receipts. The figures are as on the third Wednesday of the month except in June and December when they are on the last day of the month.

The figures represent investments in all securities and are as at the end of the month.

Figures are as at the end of each month.

The figures represent investments in Government and Municipal securities and Treasury Bills. They are averages of weekly figures.

STATEMENT 21

INVESTMENTS OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES

(From 1939 to 1950)

Country	Currency	(Amounts in millions)											
		1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
INDIA (Scheduled Banks excluding Exchange Banks)	Rs.	745 (41)	910 (45)	1,229 (52)	2,182 (62)	2,972 (55)	3,807 (56)	4,332 (54)	4,247 (48)	4,490 (50)	4,409 (50)	3,544 (52)	3,676 (53)
UNITED STATES OF AMERICA (All Commercial Banks)	\$	23,430 (49)	25,129 (46)	29,032 (48)	48,172 (92)	65,978 (70)	83,886 (72)	97,936 (72)	82,871 (66)	78,226 (60)	71,811 (55)	77,232 (58)	74,426 (53)
UNITED KINGDOM (London Clearing Banks)	£	609 (27)	1,085 (41)	1,757 (37)	2,016 (59)	2,461 (66)	2,831 (66)	2,757 (59)	2,987 (55)	2,771 (49)	2,875 (49)	2,305 (39)	1,983 (33)
CANADA (Chartered Banks)	\$ C.	1,646 (63)	1,531 (57)	1,759 (60)	2,293 (72)	2,940 (81)	3,611 (84)	4,038 (82)	4,232 (73)	3,874 (64)	4,268 (65)	4,345 (63)	4,286 (58)
SOUTH AFRICA (Commercial Banks)	£ S.A.	17 (17)	32 (26)	49 (33)	53 (27)	64 (27)	65 (24)	82 (26)	93 (27)	103 (26)	117 (31)	123 (37)	140 (38)
AUSTRALIA (Nine Banks)	£ A.	53 (16)	97 (27)	111 (29)	124 (29)	145 (29)	175 (31)	183 (30)	115 (18)	73 (11)	91 (12)	122 (13)	121* (11)

* Average for first three weeks only.

Note : (1) Figures in brackets indicate the percentages of investments to total deposits.

(2)	Country	Source	Remarks
INDIA	..	For the years 1939-1948, Statistical Tables relating to Banks in India. For 1949 and 1950 figures obtained for the surveys conducted by the Reserve Bank.	Government securities and others as at the end of December every year.
UNITED STATES OF AMERICA	..	Federal Reserve Bulletin	United States Government obligations and other securities as at the end of December every year.
UNITED KINGDOM	..	Bankers', Insurance Managers' and Agents' Magazine	Investments and Treasury Deposit Receipts as at the end of December every year.
CANADA	..	Statistical Summary of the Bank of Canada	All securities as at the end of December every year.
SOUTH AFRICA	..	South African Bankers' Journal	Investments as at the end of December every year.
AUSTRALIA	..	Statistical Bulletin of the Commonwealth Bank of Australia	Government and Municipal securities and Treasury Bills. Average of weekly figures for December every year.

STATEMENT 22

ANALYSIS OF INVESTMENTS OF SCHEDULED BANKS

(As on the 31st December 1949 and 1950)

(Amounts in crores of rupees)

Investments in	31st December 1949			31st December 1950		
	Amount	Percentage to group total	Percentage to total investments	Amount	Percentage to group total	Percentage to total investments
A. GOVERNMENT SECURITIES :						
Central Government ..	328.05	91.81	81.51	332.73	90.91	79.94
State Governments ..	29.23	8.18	7.26	33.09	9.04	7.95
Others, mainly postal ..	0.04	..	..	0.18	0.05	0.04
TOTAL OF A ..	357.32	100.00	88.77	366.00	100.00	87.93
B. OTHER INVESTMENTS IN INDIA :						
Other trustee securities ..	5.10	20.56	1.27	7.10	24.96	1.71
Fixed deposits	0.45	1.81	0.11	0.42	1.48	0.10
Shares and debentures of joint stock companies ..	13.28	53.55	3.30	14.37	50.51	3.45
Real estate	4.78	19.27	1.19	5.75	20.21	1.88
Bullion	0.59	2.38	0.15	0.02	0.07	..
Others	0.60	2.42	0.15	0.79	2.78	0.19
TOTAL OF B ..	24.80	100.00	6.17	28.45	100.00	6.84
C. FOREIGN INVESTMENTS :						
In Pakistan	6.96	34.08	1.73	8.90	40.88	2.14
In the United Kingdom ..	6.65	32.62	1.65	5.33	24.48	1.28
In other countries ..	6.80	33.30	1.69	7.54	34.63	1.81
TOTAL OF C ..	20.42	100.00	5.07	21.77	100.00	5.23
TOTAL (A+B+C) ..	402.54		100.00	416.22		100.00

Note : (1) Details of percentages may not add up to totals because of rounding-off. Similarly, the totals also may not agree.

(2) The figures relate to 92 scheduled banks in 1949 and 89 in 1950 and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 23

MATURITY DISTRIBUTION OF INVESTMENTS OF SCHEDULED BANKS IN GOVERNMENT SECURITIES

(From 1945 to 1950)

		SECURITIES MATURING				(Amounts in lakhs of rupees)		
	Number of banks	Treasury bills	SECURITIES MATURING			Total securities including treasury bills	Total resources*	Percentage of total securities to total resources
			Within 5 years	Between 5 and 10 years	Between 10 and 15 years				After 15 years
December 1945	..	23,24 (4.69)	124,41 (25.09)	125,04 (25.22)	94,48 (19.06)	128,61 (25.94)	981,76	50.50
"	..	16,00 (3.23)	90,85 (18.38)	118,92 (24.08)	132,04 (26.73)	136,27 (27.58)	1,105,14	44.71
"	..	30,63 (6.33)	116,87 (24.16)	110,85 (22.94)	97,02 (20.05)	128,41 (26.53)	1,121,47	43.14
"	..	4,40 (0.98)	129,45 (28.76)	93,04 (20.67)	143,66 (31.92)	79,61 (17.69)	1,008,52	44.64
"	..	6,15 (1.72)	101,39 (28.37)	95,94 (26.85)	92,28 (25.83)	61,56 (17.23)	905,57	39.46
June 1950	..	3,20 (0.90)	90,28 (25.47)	100,10 (28.25)	99,40 (28.04)	61,46 (17.34)	924,65	38.33
December 1950	..	4,10 (1.12)	115,36 (31.52)	83,16 (22.72)	108,72 (29.71)	54,66 (14.93)	941,09	38.89

* The item of total resources is made up of paid-up capital, reserves and demand and time liabilities. In the case of Exchange Banks, only the total of demand and time liabilities is taken into account.

Note : (1) Figures in brackets represent the percentages of the items to total securities including treasury bills.
(2) These figures were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 24

CLASSIFICATION OF THE NUMBER OF REPORTING BANKING COMPANIES ACCORDING TO THE RATIO OF THEIR INVESTMENTS IN GOVERNMENT SECURITIES (INCLUDING TREASURY BILLS) TO TOTAL DEPOSITS

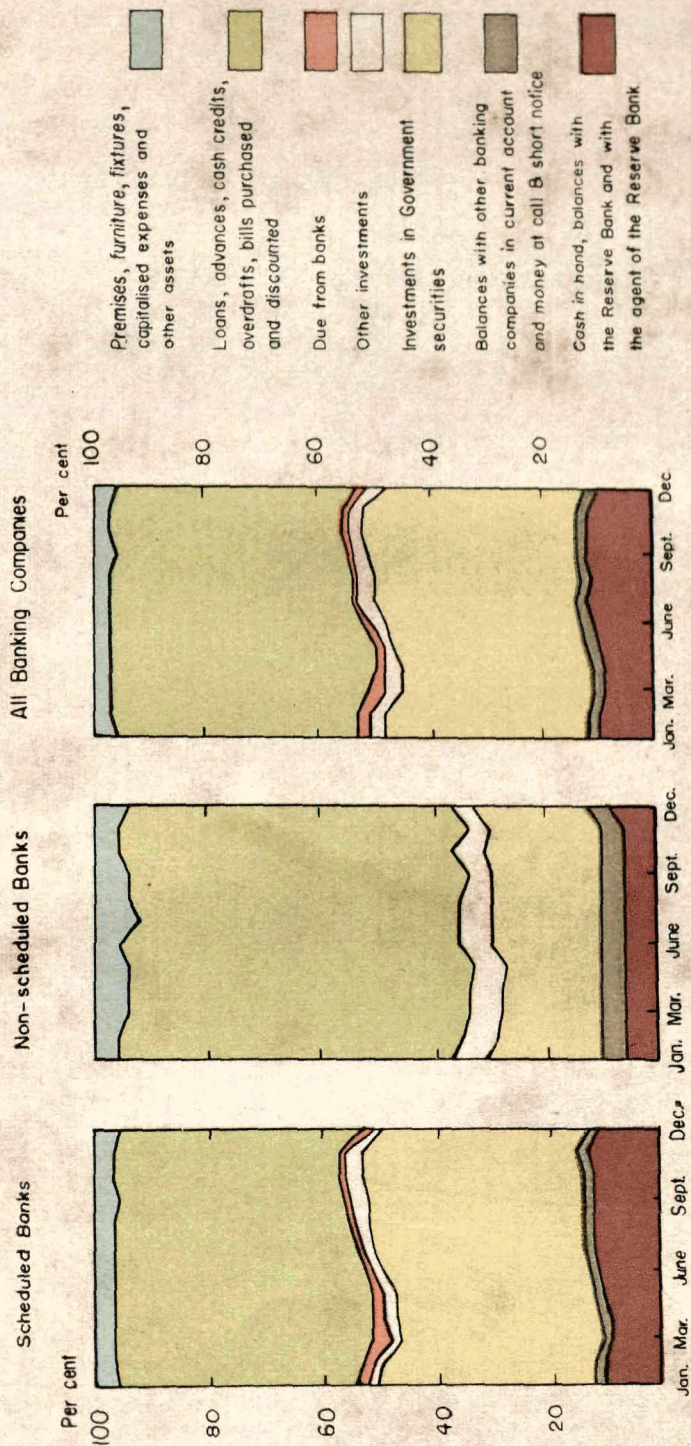
(As on the last Friday of June and December 1949 and 1950)

Percentage of investments in Government securities to total deposits	1949				1950						
	JUNE		DECEMBER		JUNE		DECEMBER				
	Sche- duled Banks	Non-sche- duled Banks	Sche- duled Banks	Non-sche- duled Banks	Sche- duled Banks	Non-sche- duled Banks	Sche- duled Banks	Non-sche- duled Banks			
From 1 to 10	16	156	172	14	137	151	12	139	151	12	111
From 11 to 20	5	108	113	5	87	92	5	81	86	6	79
From 21 to 30	6	46	52	8	50	58	8	49	57	10	55
From 31 to 40	13	39	52	11	27	38	13	30	43	12	29
From 41 to 50	18	24	42	13	24	37	22	25	47	19	23
From 51 to 80	13	9	22	18	14	32	13	8	21	12	16
81 and above	14	10	24	14	12	26	14	19	33	13	17
TOTAL	93	399	492	90	358	448	92	360	452	91	339

No invest-
ments or invest-
ments below
1 per cent . .

PERCENTAGE COMPOSITION OF ASSETS OF BANKING COMPANIES IN INDIA

1950



STATEMENT 25

CIRCLEWISE CLASSIFICATION OF THE NUMBER OF REPORTING BANKING
COMPANIES ACCORDING TO THE SIZE OF THEIR INVESTMENTS IN
GOVERNMENT SECURITIES (INCLUDING TREASURY BILLS)
IN RELATION TO THEIR TOTAL ADVANCES

(As on the 29th December 1950)

Percentage of investments to advances	CIRCLE*					Total
	Bombay	Calcutta	Delhi	Kanpur	Madras	
I.—LESS THAN 1						
Exchange banks	2	4	..	..	..	6
Other scheduled banks	1	2	3	..	..	6
Total	3	6	3	..	..	12
Non-scheduled banks	9	38	8	5	43	103
Total of Scheduled and Non-scheduled Banks	12	44	11	5	43	115
II.—FROM 1 TO 49						
Exchange banks	2	4	..	..	..	6
Other scheduled banks	5	4	3	2	12	26
Total	7	8	3	2	12	32
Non-scheduled banks	28	32	3	10	120	193
Total of Scheduled and Non-scheduled Banks	35	40	6	12	132	225
III.—FROM 50 to 99						
Exchange banks .. ..	..	..	..	..	..	..
Other scheduled banks	11	9	3	1	4	28
Total	11	9	3	1	4	28
Non-scheduled banks	9	..	2	2	16	28
Total of Scheduled and Non-scheduled Banks	20	9	5	3	19	56
IV.—100 AND OVER						
Exchange banks	2	1	..	..	..	3
Other scheduled banks	8	2	2	1	3	16
Total	10	3	2	1	3	19
Non-scheduled banks	3	2	3	5	2	15
Total of Scheduled and Non-scheduled Banks	13	5	5	6	5	34
TOTAL OF ALL GROUPS						
Exchange banks	6	9	..	..	..	15
Other scheduled banks	25	17	11	4	19	76
Total	31	26	11	4	19	91
Non-scheduled banks	49	72	16	22	180	339
GRAND TOTAL	80	98	27	26	199	430

*Indicates the office of the Reserve Bank of India to which the banking companies submit their returns under the Banking Companies Act, 1949.

Note: Advances include loans, cash credits, overdrafts and bills purchased and discounted but exclude due from banks.

STATEMENT 26

ADVANCES OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES (From January to December 1950)

Country	(Amounts in millions)												
	Cur- rency	January	February	March	April	May	June	July	August	Sept- ember	Oct- ober	Nov- ember	Dec- ember
INDIA (Scheduled and Non-scheduled Banks)	Rs.	4,165 (49)	4,257 (50)	4,547 (53)	4,770 (55)	4,707 (54)	4,568 (52)	4,397 (50)	4,265 (49)	4,157 (47)	4,112 (47)	4,109 (46)	4,444 (50)
UNITED STATES OF AMERICA (All Commercial Banks)	\$	42,940 (33)	43,130 (33)	43,650 (34)	43,800 (34)	44,080 (34)	44,796 (34)	45,980 (35)	47,270 (35)	48,930 (36)	49,850 (37)	51,510 (38)	52,249 (37)
UNITED KINGDOM (London Clearing Banks)	£	2,755 (47)	2,734 (48)	2,699 (48)	2,807 (50)	2,835 (50)	2,986 (52)	2,981 (52)	2,938 (51)	2,960 (50)	3,012 (50)	3,055 (51)	3,052 (50)
CANADA (Chartered Banks)	\$ C.	2,364 (34)	2,383 (34)	2,427 (35)	2,452 (36)	2,457 (35)	2,553 (36)	2,479 (35)	2,491 (35)	2,574 (35)	2,680 (36)	2,901 (39)	2,910 (39)
SOUTH AFRICA (Commercial Banks)	£ S.A.	118 (36)	114 (35)	111 (34)	109 (33)	109 (32)	113 (33)	120 (36)	125 (37)	130 (37)	132 (38)	135 (38)	138 (37)
AUSTRALIA (Nine Trading Banks)	£ A.	401 (43)	400 (41)	405 (40)	415 (41)	414 (41)	427 (43)	441 (44)	444 (45)	449 (45)	465 (44)	477 (43)	491* (43)
PAKISTAN (Scheduled Banks)	Rs.	475 (43)	511 (46)	542 (47)	554 (48)	527 (45)	502 (42)	484 (40)	503 (42)	546 (48)	597 (53)	668 (60)	738 (66)

* Average of first three weeks only.

Note : (1) Advances include bills purchased and discounted.
(2) Figures in brackets represent percentages to total deposits.

(3)	Country	Source	Remarks
INDIA		Based on monthly returns of reporting banking companies submitted under the Banking Companies Act, 1949.	Figures as on the last Friday of the month.
UNITED STATES OF AMERICA		Federal Reserve Bulletin	Figures as on the last Wednesday of the month except in June and December when they are on the last day of the month.
UNITED KINGDOM		Bankers', Insurance Managers' and Agents' Magazine	Figures as on the third Wednesday of the month except in June and December when they are on the last day of the month.
CANADA		Statistical Summary of the Bank of Canada	Month-end figures. Loans abroad are excluded.
SOUTH AFRICA		South African Bankers' Journal	Month-end figures.
AUSTRALIA		Statistical Bulletin of the Commonwealth Bank of Australia	Average of weekly figures.
PAKISTAN		Reserve Bank of India Bulletin	Average of figures as on Fridays.

STATEMENT 27

ADVANCES OF COMMERCIAL BANKS IN INDIA AND IN SOME FOREIGN COUNTRIES (From 1939 to 1950)

Country	Currency	(Amounts in millions)											
		1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
INDIA (Scheduled Banks)	.. Rs.	1,432 (60)	1,001 (38)	1,252 (39)	983 (22)	1,676 (25)	2,492 (30)	3,272 (34)	4,652 (44)	4,049 (42)	4,421 (46)	4,106 (48)	4,452 (50)
UNITED STATES OF AMERICA (All Commercial Banks)	.. \$	17,238 (36)	18,800 (35)	21,714 (36)	19,221 (25)	19,117 (20)	21,644 (19)	26,083 (19)	31,122 (25)	38,057 (29)	42,488 (33)	42,965 (32)	52,249 (37)
UNITED KINGDOM (London Clearing Banks)	.. £	1,336 (58)	1,172 (44)	978 (32)	970 (29)	876 (23)	900 (21)	1,184 (28)	1,591 (29)	1,999 (35)	2,119 (36)	2,632 (44)	3,052 (50)
CANADA (Chartered Banks)	.. \$ C.	1,141 (44)	1,148 (43)	1,202 (41)	1,199 (38)	1,205 (33)	1,303 (31)	1,525 (31)	1,642 (29)	2,104 (35)	2,249 (34)	2,404 (35)	2,910 (39)
SOUTH AFRICA (Commercial Banks)	.. £ S.A.	54 (54)	43 (34)	43 (29)	38 (19)	39 (17)	43 (16)	47 (15)	91 (27)	117 (30)	156 (41)	126 (38)	138 (37)
AUSTRALIA (Nine Trading Banks)	.. £ A.	287 (86)	278 (77)	274 (72)	244 (58)	231 (46)	206 (36)	209 (34)	261 (41)	336 (50)	372 (47)	404 (44)	491* (43)
PAKISTAN (Scheduled Banks)	.. Rs.	..	..	..	..	..	..	..	..	..	394 (37)	422 (38)	738 (66)

*Average of first three weeks only.

Note : (1) Advances include bills purchased and discounted.

(2) Figures in brackets represent percentages to total deposits.

(3)	Country	Source	Remarks
INDIA	..	Returns from banks under section 42 of the Reserve Bank of India Act, 1934	Figures as on the last Friday of every year.
UNITED STATES OF AMERICA	..	Federal Reserve Bulletin	Year-end figures.
UNITED KINGDOM	..	Bankers', Insurance Managers' and Agents' Magazine	Year-end figures.
CANADA	..	Statistical Summary of the Bank of Canada	Year-end figures. Loans abroad are excluded.
SOUTH AFRICA	..	South African Bankers' Journal	Year-end figures.
AUSTRALIA	..	Statistical Bulletin of the Commonwealth Bank of Australia	Average of weekly figures for December every year.
PAKISTAN	..	Reserve Bank of India Bulletin	Average of weekly figures for December every year.

STATEMENT 28

ADVANCES OF BANKING COMPANIES ANALYSED ACCORDING TO THE PURPOSE OF THE ADVANCE

(As on the 31st December 1950)

(Amounts in crores of rupees)

Particulars	SCHEDULED BANKS			NON-SCHEDULED BANKS			ALL BANKING COMPANIES		
	Amount (2)	Percentage of (2) to group total (3)	Percentage of (-) to total advances (4)	Amount (5)	Percentage of (5) to group total (6)	Percentage of (5) to total advances (7)	Total of (2) and (5) (8)	Percentage of (8) to group total (9)	Percentage of (8) to total advances (10)
I									
ADVANCES TO INDUSTRY									
(1) Textiles :									
(a) Cotton (ginning, pressing, weaving, etc.)	39.33	25.8	8.3	2.56	33.1	6.0	41.89	26.2	8.1
(b) Jute	21.72	14.3	4.6	0.13	1.7	0.3	21.85	13.6	4.2
(c) Other textiles	8.00	5.3	1.7	0.25	3.2	0.6	8.25	5.2	1.6
(2) Iron and Steel	7.18	4.7	1.5	0.33	4.3	0.8	7.51	4.7	1.4
(3) Coal, other mining and quarrying	3.34	2.2	0.7	0.15	1.9	0.4	3.49	2.2	0.7
(4) Engineering	13.79	9.1	2.9	0.48	6.2	1.1	14.27	8.9	2.8
(5) Sugar	10.52	6.9	2.2	0.57	7.4	1.3	11.09	6.9	2.1
(6) Cement	0.78	0.5	0.2	..	..	..	0.78	0.5	0.2
(7) Public utilities (e.g. transport and communi- cations, gas, electricity, etc.)	5.20	3.4	1.1	0.64	8.3	1.5	5.84	3.6	1.1
(8) Others	42.51	27.9	8.9	2.61	33.7	6.1	45.12	28.2	8.7
TOTAL OF I	152.36	100.0	32.0	7.74	100.0	18.0	160.10	100.0	30.9

II										
ADVANCES TO COMMERCE										
(9) Wholesale trade :										
(i) Agricultural commodities	60.28	24.5	12.7	3.11	17.8	7.3	63.39	24.0	12.2	
(ii) Other goods	79.10	32.1	16.6	4.45	25.4	10.4	83.55	31.7	16.1	
(10) Retail trade	11.73	4.8	2.5	4.38	25.0	10.2	16.11	6.1	3.1	
(11) Dealers in Government Securities, stocks, shares, etc.	19.14	7.8	4.0	1.65	9.4	3.8	20.79	7.9	4.0	
(12) Bullion dealers and shroffs	17.66	7.2	3.7	0.80	4.6	1.9	18.46	7.0	3.6	
(13) Advances to banks and other financial institutions	34.12	13.9	7.2	0.32	1.8	0.7	34.44	13.1	6.6	
(14) Others	24.10	9.8	5.1	2.79	16.0	6.5	26.89	10.2	5.2	
TOTAL OF II	246.13	100.0	51.8	17.49	100.0	40.7	263.62	100.0	50.8	
III										
ADVANCES TO AGRICULTURE										
(15) Food crops (wheat, rice, other cereals, dals, etc.)	0.51	4.6	0.1	0.57	23.2	1.3	1.08	8.2	0.2	
(16) Other agricultural produce (jute, cotton, tobacco, oil seeds, tea, coffee, etc.)	9.55	37.1	2.0	0.60	26.5	1.4	10.15	76.8	2.0	
(17) Advances for implements, live-stock, etc.	0.27	2.5	0.1	0.14	6.2	0.4	0.41	3.1	0.1	
(18) Others	0.63	5.8	0.1	0.95	42.0	2.2	1.58	12.0	0.3	
TOTAL OF III	10.96	100.0	2.3	2.26	100.0	5.3	13.22	100.0	2.5	
IV										
PERSONAL										
(19) PERSONAL	39.32		8.3	11.02		25.7	50.34		9.7	
V										
PROFESSIONAL										
(20) PROFESSIONAL	2.83		0.6	0.92		2.1	3.75		0.7	
VI										
ALL OTHERS										
(21) ALL OTHERS	24.03		5.1	3.54		8.3	27.57		5.3	
GRAND TOTAL	475.63		100.0	42.97		100.0	518.60		100.0	

Note: (1) Details of percentages may not add up to totals because of rounding off. Similarly, the totals also may not agree.
(2) The figures relate to 88 scheduled banks and 436 non-scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 29

ADVANCES OF SCHEDULED BANKS ANALYSED ACCORDING TO
THE PURPOSE OF THE ADVANCE

(As on the 31st December 1949 and 1950)

(Amounts in crores of rupees)

Particulars	31st December 1949*			31st December 1950		
	Amount	Percentage of (2) to group total	Percentage of (2) to total advances	Amount	Percentage of (5) to group total	Percentage of (5) to total advances
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I						
ADVANCES TO INDUSTRY						
(1) Textiles :						
(a) Cotton (ginning, pres- sing, weaving, etc.)	29.13	21.9	6.6	39.33	25.8	8.3
(b) Jute ..	21.13	15.9	4.8	21.72	14.3	4.6
(c) Other textiles ..	8.55	6.4	1.9	8.00	5.3	1.7
(2) Iron and steel ..	7.30	5.5	1.7	7.18	4.7	1.5
(3) Coal, other mining and quarrying ..	3.06	2.3	0.7	3.34	2.2	0.7
(4) Engineering ..	13.54	10.2	3.1	13.79	9.1	2.9
(5) Sugar ..	7.50	5.6	1.7	10.52	6.9	2.2
(6) Cement ..	0.97	0.7	0.2	0.78	0.5	0.2
(7) Public utilities (e.g., trans- port and communica- tions, gas, electricity, etc.)	5.56	4.2	1.3	5.20	3.4	1.1
(8) Others ..	36.45	27.4	8.3	42.51	27.9	8.9
✓ TOTAL OF I ..	133.19	100.0	30.3	152.36	100.0	32.0
II						
ADVANCES TO COMMERCE						
(9) Wholesale trade :						
(i) Agricultural com- modities ..	50.37	22.4	11.5	60.28	24.5	12.7
(ii) Other goods ..	73.82	32.8	16.8	79.10	32.1	16.6
(10) Retail trade ..	12.91	5.7	2.0	11.73	4.8	2.5

(Contd.)

STATEMENT 29—(concl'd).

(Amounts in crores of rupees)

Particulars	31st December 1949*			31st December 1950		
	Amount	Percentage of (2) to group total	Percentage of (2) to total advances	Amount	Percentage of (5) to group total	Percentage of (5) to total advances
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(11) Dealers in Government securities, stocks, shares, etc. ..	19.17	8.5	4.4	19.14	7.8	4.0
(12) Bullion dealers and shroffs ..	11.74	5.2	2.7	17.66	7.2	3.7
(13) Advances to banks and other financial institutions ..	36.57	16.2	8.3	34.12	13.9	7.2
(14) Others ..	20.60	9.1	4.7	24.10	9.8	5.1
✓ TOTAL OF II ..	225.18	100.0	51.4	246.13	100.0	51.8
III						
ADVANCES TO AGRICULTURE						
(15) Food crops (wheat, rice, other cereals, dals, etc.) ..	0.39	4.6	0.1	0.51	4.6	0.1
(16) Other agricultural produce (jute, cotton, tobacco, oilseeds, tea, coffee, etc.) ..	7.55	88.7	1.7	9.55	87.1	2.0
(17) Advances for implements, live-stock, etc. ..	0.22	2.6	0.1	0.27	2.5	0.1
(18) Others ..	0.35	4.1	0.1	0.63	5.8	0.1
✓ TOTAL OF III ..	8.51	100.0	2.0	10.96	100.0	2.3
IV						
(19) PERSONAL ..	34.69		7.9	39.32		8.3
V						
(20) PROFESSIONAL ..	3.63		0.8	2.83		0.6
VI						
(21) ALL OTHERS ..	33.30		7.6	24.03		5.1
GRAND TOTAL ..	438.51		100.0	475.63		100.0

* Revised.

Note: (1) Details of percentages may not add up to totals because of rounding off. Similarly, the totals also may not agree.

(2) The figures relate to 88 scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 30

BANK ADVANCES IN GREAT BRITAIN

(Amounts in thousands of £ Sterling)

Group	February 1950		May 1950		August 1950		November 1950		Percentage to total advances
	£	%	£	%	£	%	£	%	
(1) Coal Mining	5,670	0.3	5,604	0.3	5,706	0.3	5,347	0.3	0.3
(2) Quarrying, etc. .. .	4,235	0.3	4,345	0.3	4,128	0.2	4,118	0.2	0.2
(3) Iron and Steel and Allied Trades .. .	23,806	1.4	24,902	1.5	19,524	1.2	19,153	1.1	1.1
(4) Non-ferrous Metals .. .	6,410	0.4	6,346	0.4	6,848	0.4	5,147	0.3	0.3
(5) Engineering, etc. .. .	96,019	5.8	91,409	5.3	92,551	5.5	92,391	5.5	5.5
(6) Shipping and Shipbuilding .. .	16,216	1.0	15,483	0.9	14,823	0.9	15,460	0.9	0.9
(7) Transport and Communications .. .	18,196	1.1	16,323	1.0	16,071	0.9	16,076	1.0	1.0
(8) Cotton .. .	9,153	0.6	9,152	0.5	10,130	0.6	8,639	0.5	0.5
(9) Wool .. .	18,667	1.1	22,069	1.3	25,958	1.5	21,005	1.2	1.2
(10) Other Textiles .. .	33,064	2.0	36,478	2.1	36,395	2.2	33,034	2.0	2.0
(11) Leather and Rubber .. .	11,687	0.7	15,251	0.9	17,391	1.0	13,947	0.8	0.8
(12) Chemicals .. .	21,035	1.3	24,703	1.4	25,403	1.5	16,715	1.0	1.0
(13) Agriculture and Fishing .. .	151,882	9.2	159,969	9.3	171,472	10.1	171,220	10.2	10.2
(14) Food, Drink and Tobacco .. .	115,188	7.0	127,285	7.4	110,797	6.6	130,540	7.8	7.8
(15) Retail Trade .. .	173,522	10.6	188,760	11.0	178,618	10.6	179,353	10.7	10.7
(16) Entertainment .. .	32,533	2.0	32,700	1.9	30,659	1.8	28,854	1.7	1.7
(17) Builders and Contractors .. .	64,593	3.9	64,161	3.8	64,695	3.8	62,933	3.7	3.7
(18) Building Materials .. .	13,708	0.8	13,921	0.8	14,638	0.9	14,587	0.9	0.9
(19) Unclassifiable Industry and Trade .. .	90,579	5.5	91,376	5.3	95,497	5.6	95,627	5.7	5.7
(20) Local Government Authorities .. .	90,063	5.5	84,460	4.9	95,334	5.6	93,825	5.6	5.6
(21) Public Utilities (Other than Transport) .. .	79,147	4.8	90,362	5.3	47,645	2.8	42,009	2.5	2.5
(22) Churches, Charities, Hospitals, etc. .. .	10,654	0.6	10,810	0.6	11,571	0.7	11,559	0.7	0.7
(23) Stockbrokers .. .	5,774	0.4	5,347	0.3	4,237	0.3	5,195	0.3	0.3
(24) Other financial .. .	140,297	8.5	151,856	8.9	167,020	9.9	178,907	10.6	10.6
(25) Personal and Professional .. .	413,983	25.2	422,059	24.6	424,111	24.6	417,594	24.8	24.8
TOTAL	1,645,881	100.0	1,715,111	100.0	1,691,222	100.0	1,683,235	100.0	100.0

Source: The Banker (January 1951)

STATEMENT 31

ADVANCES OF BANKING COMPANIES ANALYSED ACCORDING TO THE NATURE OF THE SECURITY (As on the 31st December 1950)

(Amounts in crores of rupees)

Nature of security	SCHEDULED BANKS			NON-SCHEDULED BANKS			ALL BANKING COMPANIES		
	Amount (2)	Percentage of (2) to group total (3)	Percentage of (2) to total advances (4)	Amount (5)	Percentage of (5) to group total (6)	Percentage of (5) to total advances (7)	Total of (2) and (5) (8)	Percentage of (8) to group total (9)	Percentage of (8) to total advances (10)
I.—SECURED ADVANCES									
(1) Secured by Government and trustee securities	45.08	11.1	9.5	0.17	0.5	0.4	45.25	10.3	8.7
(2) Secured by bullion, including gold and silver ornaments	14.71	3.6	3.0	8.11	24.7	18.9	22.82	5.2	4.4
(3) Secured by shares of joint stock companies	53.27	13.1	11.2	1.69	5.2	3.9	54.96	12.5	10.6
(4) Secured by merchandise :									
(i) Pledged to the banking company under the banking company's lock and key :									
(a) Food grains	6.66	1.6	1.4	0.74	2.3	1.7	7.40	1.7	1.4
(b) Other agricultural commodities	29.39	7.2	6.2	2.44	7.4	5.7	31.83	7.2	6.1
(c) Non-agricultural commodities	42.32	10.4	8.9	2.23	6.3	5.2	44.55	10.1	8.6
(ii) Hypothecated to the banking company :									
(a) Foodgrains	1.95	0.5	0.4	0.05	0.2	0.1	2.00	0.5	0.4
(b) Other agricultural commodities	51.17	12.6	10.8	0.44	1.3	1.0	51.61	11.7	10.0
(c) Non-agricultural commodities	80.99	19.9	17.0	2.35	7.2	5.5	83.34	18.9	16.1
(5) Secured by real estate :									
(a) Agricultural land	1.76	0.4	0.4	1.47	4.5	3.4	3.23	0.7	0.6
(b) Other properties	20.54	5.0	4.3	7.23	22.1	16.8	27.77	6.3	5.4
(6) Against fixed deposits :									
(i) With the banking company	11.27	2.8	2.4	2.88	8.8	6.7	14.15	3.2	2.7
(ii) With other banking companies	0.11	0.03	0.03	0.14	0.4	0.3	0.25	0.1	0.1
(iii) With other secured advances	48.34	11.9	10.2	2.83	8.6	6.6	51.17	11.6	9.9
TOTAL OF I	407.55	100.0	85.7	32.78	100.0	76.3	440.33	100.0	84.9
II.—UNSECURED ADVANCES	68.07	16.7	14.3	10.19	23.7	23.7	78.26	15.1	15.1
TOTAL OF I & II	475.63		100.0	42.97	100.0	100.0	518.60	100.0	100.0

Note : (1) Details of percentages may not add up to totals because of rounding off. Similarly, the totals also may not agree.
 (2) The figures relate to 88 scheduled banks and 436 non-scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 32

ADVANCES OF SCHEDULED BANKS ANALYSED ACCORDING TO
THE NATURE OF THE SECURITY

(As on the 31st December 1949 and 1950)

(Amounts in crores of rupees)

Nature of security (1)	31st December 1949*			31st December 1950		
	Amount (2)	Percentage of (2) to group total (3)	Percentage of (2) to total advances (4)	Amount (5)	Percentage of (5) to group total (6)	Percentage of (5) to total advances (7)
I						
SECURED ADVANCES						
(1) Secured by Government and trustee securities ..	50.45	13.3	11.5	45.08	11.1	9.5
(2) Secured by bullion including gold and silver ornaments ..	9.60	2.5	2.2	14.71	3.6	3.0
(3) Secured by shares of joint stock companies ..	52.61	13.9	12.0	53.27	13.1	11.2
(4) Secured by merchandise :						
(i) Pledged to the banking company under the banking company's lock and key :						
(a) Foodgrains ..	5.98	1.6	1.4	6.66	1.6	1.4
(b) Other agricultural commodities ..	20.46	5.4	4.7	29.39	7.2	6.2
(c) Non-agricultural commodities ..	40.23	10.6	9.2	42.32	10.4	8.9
(ii) Hypothecated to the banking company :						
(a) Foodgrains ..	2.46	0.6	0.6	1.95	0.5	0.4
(b) Other agricultural commodities ..	43.71	11.5	10.0	51.17	12.6	10.8
(c) Non-agricultural commodities ..	66.48	17.5	15.2	80.99	19.9	17.0
(5) Secured by real estate :						
(a) Agricultural land ..	1.68	0.4	0.4	1.76	0.4	0.4
(b) Other properties ..	21.13	5.6	4.8	20.54	5.0	4.3
(6) Against fixed deposits :						
(a) With the banking company ..	12.54	3.3	2.9	11.27	2.8	2.4
(b) With other banking companies ..	0.51	0.1	0.1	0.11	..	..
(7) Other secured advances ..	51.98	13.7	11.9	48.34	11.9	10.2
TOTAL OF I ..	379.82	100.0	86.6	407.55	100.0	85.7
II						
UNSECURED ADVANCES	58.69		13.4	68.07		14.3
TOTAL OF I & II ..	438.51		100.0	475.63		100.0

* Revised.

Note : (1) Details of percentages may not add up to totals because of rounding off. Similarly, the totals also may not agree.

(2) The figures relate to 88 scheduled banks and were obtained for the surveys conducted by the Department of Research and Statistics of the Reserve Bank of India.

STATEMENT 33

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

(As on the last Friday of June and December 1949 and 1950)

Percentage of advances* to total deposits	1949						1950					
	JUNE			DECEMBER			JUNE			DECEMBER		
	Scheduled Banks	Non- scheduled Banks	Total	Scheduled Banks	Non- scheduled Banks	Total	Scheduled Banks	Non- scheduled Banks	Total	Scheduled Banks	Non- scheduled Banks	Total
From 1 to 30 ..	9	9	18	7	5	12	8	11	19	4	7	11
From 31 to 50 ..	18	20	38	27	22	49	26	21	47	29	23	52
From 51 to 70 ..	32	39	71	26	41	67	30	35	65	26	33	59
From 71 to 100 ..	15	122	137	13	109	122	15	115	130	18	117	135
Above 100 ..	19	187	206	17	167	184	13	178	191	14	159	173
TOTAL ..	93	377	470	90	344	434	92	360	452	91	339	430

* Include loans, cash credits, overdrafts, bills purchased and discounted but exclude due from banks.

STATEMENT 34

OFFICES OF SCHEDULED AND NON-SCHEDULED BANKS

(From 1938 to 1950)

	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948		1949	1950
											Indian Union*	Pakistan		
SCHEDULED BANKS														
Imperial Bank of India ..	358	381	390	401	392	398	419	426	443	437	367	81	377	382
Exchange banks ..	93	99	101	99	82	84	79	77	77	79	62	21	65	64
Other scheduled banks ..	677	798	860	954	974	1,400	1,977	2,454	2,960	3,025	2,534	132	2,475	2,379
TOTAL ..	1,128	1,278	1,351	1,454	1,448	1,882	2,475	2,957	3,480	3,541	2,963	234	2,917	2,825
Non-scheduled banks ..	343	673	811	1,014	1,260	1,531	1,985	2,378	2,041	1,991	1,711	58	1,861	1,798
TOTAL OF ALL BANKS ..	1,471	1,951	2,162	2,468	2,708	3,413	4,460	5,335	5,521	5,532	4,674	292	4,778	4,623

* Revised.

Note : (1) The statement includes offices in Burma up to 1941. Figures from 1942 to 1947 relate to undivided India. For 1948, offices in the Indian Union and Pakistan have been shown separately. The figures for 1949 and 1950 relate only to the Indian Union.

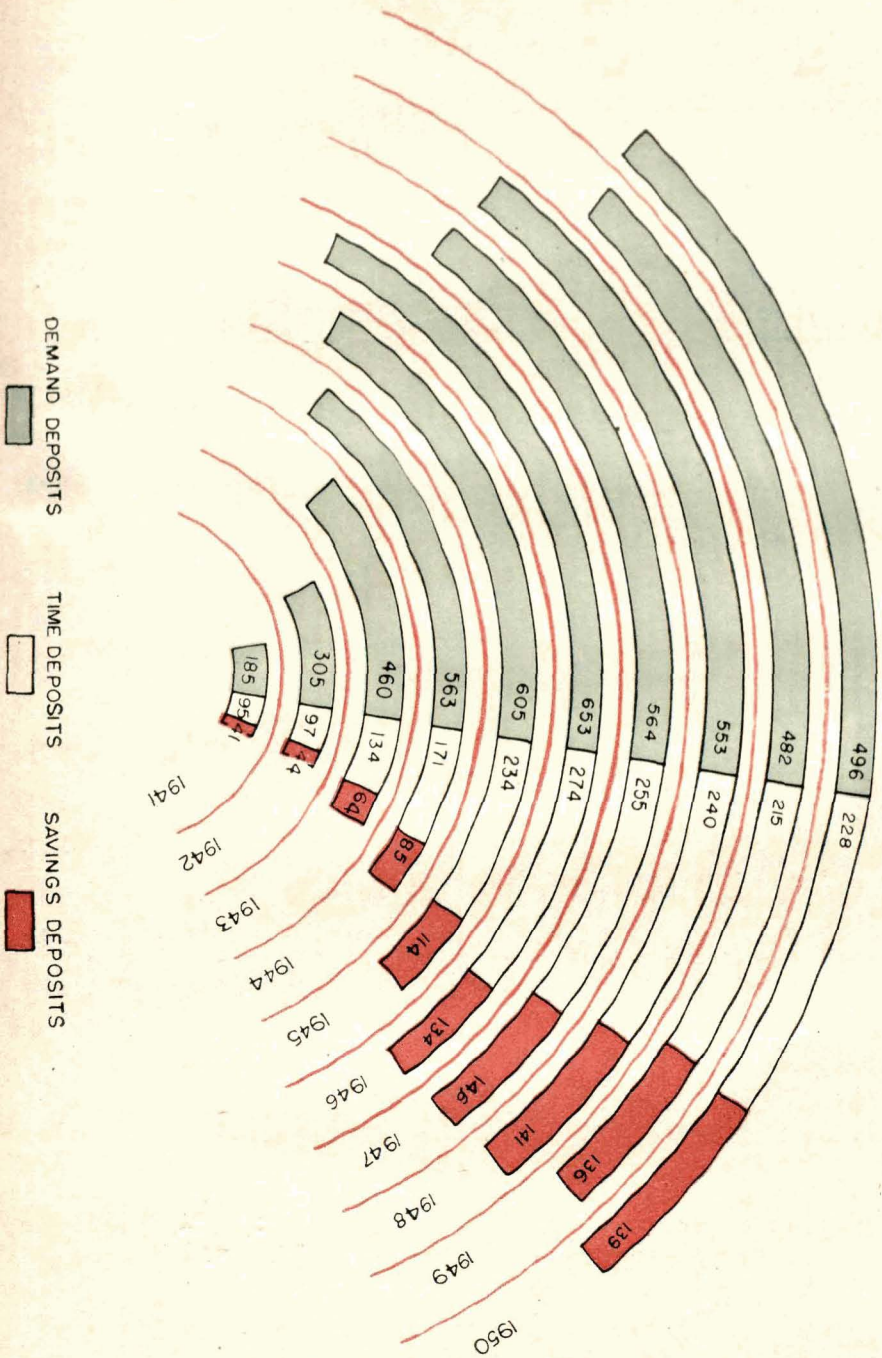
(2) Up to 1948, figures for non-scheduled banks exclude those of banks having paid-up capital and reserves of less than Rs. 50,000.

(3) Figures for the years 1938 to 1948 have been taken from the Statistical Tables relating to Banks in India. Figures for 1949 and 1950 have been compiled from available information.

COMPOSITION OF DEPOSITS OF SCHEDULED BANKS IN INDIA

1941 - 1950

(Crores of rupees)



DEMAND DEPOSITS



TIME DEPOSITS



SAVINGS DEPOSITS



STATEMENT 35

NUMBER OF OFFICES OF BANKING COMPANIES
IN THE BIGGER TOWNS

(As at the end of 1949 and 1950)

STATE	Number of towns with a population* of 50,000 and over but less than 1,00,000 and served by banks		Number of offices		Number of towns with a population* of 1,00,000 and over and served by banks		Number of offices	
	1949	1950	1949	1950	1949	1950	1949	1950
Ajmer	1	10	10	
Assam
Bhopal	1	3	3	..	..	..
Bihar	8	57	50	3	52	43
Bombay	9	76	74	6	255	247
Delhi	1	28	26	1	70	69
Hyderabad	2	6	7	1	13	15
Jammu and Kashmir	1	11	9	1	11	10
Madhya Bharat	1	6	6	2	21	19
Madhya Pradesh	5	30	27	2	45	44
Madras	21	193	177	6	253	234
Manipur	1	3	3	..	..	..
Mysore	4	62	62
Orissa	1	9	8	..	..	..
Patiala and East Punjab States Union	1	4	4	..	..	..
Punjab	1	6	7	5	89	83
Rajasthan	2	8	8	3	40	37
Saurashtra	3	19	21	1	5	5
Travancore-Cochin	3	102	101	..	..	..
Uttar Pradesh	11	62	62	12	218	197
Vindhya Pradesh
West Bengal	7	36	27	2(3)	368	312
TOTAL	79	659	620	50(51)	1,512	1,387

* Population according to 1941 census.

Note: (1) The figures in brackets, wherever they occur, indicate the number of towns served by banks in 1949; in other cases, there was no change.

(2) The figures have been compiled from the information available in the Department of Banking Operations of the Reserve Bank of India.

STATE

REGIONAL DISTRIBUTION OF TOWNS SERVED

(As on the 31st

STATE	Population* less than 5,000			Population* 5,000 and over but less than 10,000			Population* 10,000 and over but less than 20,000		
	Number of towns			Number of towns			Number of towns		
	Served by banking companies	Not served by banking companies	Total	Served by banking companies	Not served by banking companies	Total	Served by banking companies	Not served by banking companies	Total
1	2	3	4	5	6	7	8	9	10
GROUP I									
Assam	7	4	11	5	1	6	7	..	7
Bihar	1	3	4	8	25	33	18	12	30
Bombay	5	36	41	29	72	101	41	34	75
Madhya Pradesh .. ..	..	8	8	5	54	59	19	17	36
Madras	1	16	17	44	142	186	61	65	126
Orissa .. ..	..	1	1	2	14	16	3	5	8
Punjab	3	12	15	18	24	42	14	4	18
Uttar Pradesh	12	131	143	19	133	152	34	38	72
West Bengal	1	6	7	4	17	21	14	14	28
TOTAL	30	217	247	134	482	616	211	189	400
GROUP II									
Hyderabad .. ..	..	..	..	..	..	..	..	..	..
Jammu and Kashmir	1	29	30	3	..	3	3	..	3
Madhya Bharat .. ..	..	..	..	..	..	..	..	..	..
Mysore .. ..	..	..	..	..	..	..	..	..	..
Patiala and East Punjab States Union	2	2	4	6	7	13	10	1	11
Rajasthan .. ..	..	..	..	..	..	..	..	..	..
Saurashtra .. ..	..	10	10	3	23	26	2	13	15
Travancore-Cochin .. ..	..	..	..	..	..	..	..	..	..
Vindhya Pradesh .. ..	..	..	..	..	..	..	..	..	..
TOTAL	3	41	44	12	30	42	15	14	29
GROUP III									
Ajmer .. ..	..	..	..	..	..	..	..	..	..
Bhopal .. ..	..	..	..	..	..	..	..	..	..
Coorg .. ..	..	..	..	..	..	..	..	..	..
Cutch .. ..	..	4	4	..	1	1	..	1	1
Delhi .. ..	..	..	..	..	..	..	..	..	..
Himachal Pradesh	1	4	5	2	..	2	..	..	..
Manipur .. ..	..	..	..	..	..	..	..	..	..
Tripura .. ..	..	..	..	..	..	..	1	..	1
TOTAL	1	8	9	2	1	3	1	1	2
GRAND TOTAL	34	266	300	148	513	661	227	204	431

* Population according to 1911 census.

† Excludes 17 towns the population of which is not known and which are not served by banking

Note: The figures have been compiled from the information available in the Department of Banking

MENT 36**AND NOT SERVED BY BANKING COMPANIES***December 1950)*

Population* 20,000 and over but less than 50,000			Population* 50,000 and over but less than 1,00,000			Population* 1,00,000 and over			Population* not known			
Number of towns			Number of towns			Number of towns			Number of towns			
Served by banking companies	Not served by banking companies	Total	Served by banking companies	Not served by banking companies	Total	Served by banking companies	Not served by banking companies	Total	Served by banking companies	Not served by banking companies	Total	
11	12	13	14	15	16	17	18	19	20	21	22	23
2	..	2	..	..	..	..	..	..	23	44	5	49
11	2	13	8	..	8	3	..	3	23	72	42	114
23	1	24	9	..	9	6	..	6	66	179	143	322
15	1	16	5	..	5	2	..	2	8	54	80	134
53	6	59	21	..	21	6	..	6	122	308	229	537
2	1	3	1	..	1	..	..	..	2	10	21	31
17	..	17	1	..	1	5	..	5	27	85	40	125
32	5	37	11	1	12	12	..	12	33	153	308	461
16	12	28	7	..	7	2	1	3	47	91	50	141
171	28	199	63	1	64	36	1	37	351	996	918	1,914
..	..	..	2	..	2	1	..	1	47	50	..	50
..	..	..	1	..	1	1	..	1	2	11	29	40
..	..	..	1	..	1	2	..	2	19	22	..	22
..	..	..	..	..	..	4	..	4	31	35	..	35
5	2	7	1	..	1	..	..	..	20	44	12	56
..	..	..	2	..	2	3	..	3	72	77	..	77
10	..	10	3	..	3	1	..	1	1	20	46	66
..	..	..	3	..	3	..	..	..	144	147	..	147
..	..	..	..	..	..	..	..	..	22	22	..	22
15	2	17	13	..	13	12	..	12	358	428	87	515
..	..	..	..	..	..	1	..	1	2	3	..	3
..	..	..	1	..	1	..	..	..	1	2	..	2
..	..	..	..	..	..	..	..	..	4	4	..	4
2	..	2	..	..	..	..	..	..	..	2	6	8
..	..	..	1	..	1	1	..	1	..	2	..	2
..	..	..	..	..	..	..	..	..	5	8	4	12
..	..	..	1	..	1	..	..	..	..	1	..	1
..	..	..	..	..	..	..	..	..	11	12	..	12
2	..	2	3	..	3	2	..	2	23	34	10	44
188	30	218	79	1	80	50	1	51	732	1,458	1,015†	2,473†

companies.

Operations of the Reserve Bank of India.

STATEMENT 37

REGIONAL DISTRIBUTION OF OFFICES IN INDIA OF REPORTING BANKING COMPANIES

(Changes during 1950 and the number of offices as on the 31st December 1950)

STATE	Number of offices opened				Number of offices closed				Net increase (+) or decrease (-) during the year				Number of offices as on the 31st December 1950				
	Exch-ange banks		Non-sche-duled banks		Exch-ange banks		Non-sche-duled banks		Exch-ange banks		Non-sche-duled banks		Exch-ange banks		Non-sche-duled banks		
	Other	Total	Other	Total	Other	Total	Other	Total	Other	Total	Other	Total	Other	Total	Other	Total	
Ajmer	11	4	15
Assam	1	2	..	1	..	..	..	..	..	41	34	75
Bhopal	1	1	..	..	..	..	..	..	..	..	..	..	3	3	6
Bihar	5	5	..	4	6	..	4	..	..	..	..	..	142	31	173
Bombay	13	13	..	15	19	..	2	..	..	..	..	..	429	168	612
Coorg	1	1	..	..	..	..	..	..	..	..	..	..	3	3	6
Cutch	2	..	2
Delhi	1	3	..	3	3	..	..	..	..	..	..	..	72	10	93
Himachal Pradesh	1	1	..	1	1	..	..	..	..	..	..	..	5	..	5
Hyderabad	10	10	..	2	2	..	..	..	..	..	..	..	80	..	80

Madhya Bharat	..	..	2	..	5	..	5	..	-3	..	..	56	..	56
Madhya Pradesh	..	..	3	..	7	..	7	..	-4	..	..	151	8	159
Madras	..	..	6	1	28	..	26	..	-22	-25	10	507	475	992
Manipur	..	..	..	..	..	..	..	..	..	..	..	2	1	3
Mysore	..	..	1	..	..	..	..	..	+1	..	..	86	11	97
Orissa	..	..	..	..	3	..	..	..	-3	..	..	12	5	17
Patiala and East Punjab States Union	..	..	4	..	..	..	..	..	+4	..	..	15	..	15
Punjab	..	..	4	1	12	3	3	16	-1	-8	5	212	37	254
Rajasthan	..	..	7	..	8	..	..	8	..	-1	..	118	..	118
Saurashtra	..	..	8	..	3	..	..	3	+6	..	..	47	2	49
Travancore-Cochin	..	..	1	..	4	..	..	4	-3	..	..	130	75	205
Tripura	..	..	..	..	..	..	..	..	..	..	..	2	12	14
Uttar Pradesh	..	..	5	1	21	2	2	23	-16	-1	2	425	66	493
Vindhya Pradesh	..	..	1	..	..	..	..	..	+1	..	..	5	..	5
West Bengal	..	..	3	..	11	8	8	19	-8	-8	20	192	118	330
TOTAL	..	1	78	3	128	46	175	..	-50	-43	63	2,748	1,063	3,874
Number of reporting banking companies											15	79	373	467

Note : The figures are based on the returns in Form IX submitted by banking companies under the Banking Companies Act, 1949, and relate to their offices in the whole of India except the State of Jammu and Kashmir.

STATEMENT 38

REGIONAL DISTRIBUTION OF THE NUMBER OF PLACES IN INDIA
AT WHICH BANKING COMPANIES WERE GRANTED OR REFUSED
PERMISSION TO OPEN OFFICES DURING 1950

STATE	Number of places in respect of which permission was granted	Number of places in respect of which permission was refused
Ajmer .. .. .	..	2
Assam .. .. .	..	2
Bhopal	1	..
Bihar	3	..
Bombay	9	6
Delhi	1	..
Himachal Pradesh	1	..
Hyderabad	3	..
Madhya Bharat	2(1)	..
Madhya Pradesh	2	2
Madras	10	2(1)
Mysore	3	..
Orissa	1	..
Patiala and East Punjab States Union	4	..
Punjab	4(1)	1
Rajasthan	9(2)	3
Saurashtra	7	..
Uttar Pradesh	4	5
Vindhya Pradesh	1	..
West Bengal	2	2
TOTAL	67(4)	25(1)

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

STATEMENT 39

PARTICULARS OF LOANS GRANTED TO SCHEDULED BANKS AND STATE CO-OPERATIVE BANKS

(During each month in 1950)

Month	BOMBAY*			CALCUTTA*			DELHI*			KANPUR*			MADRAS*			TOTAL	
	No. of bor- rowing banks	No. of Am- ount loans	Am- ount rupees	No. of bor- rowing banks	No. of Am- ount loans	Am- ount rupees	No. of bor- rowing banks	No. of Am- ount loans	Am- ount rupees	No. of bor- rowing banks	No. of Am- ount loans	Am- ount rupees	No. of bor- rowing banks	No. of Am- ount loans	Am- ount rupees	No. of loans	Amount
January	4	10	1,45,00	3	8	35,00	1	2	1,50	2	5	8,10	2	39	47,10	64	2,36,70
February	4	14	1,38,00	5	21	2,98,31	2	3	1,87	2	4	4,25	1	2	2,20	44	4,44,63
March	4	13	1,79,25	4	8	33,21	..	..	..	2	4	3,10	2	2	6,10	27	2,21,66
April	3	13	95,50	3	5	16,50	..	..	..	3	12	9,65	2	75	70,60	105	1,92,25
May	3	8	48,00	3	5	10,45	1	1	70	3	9	5,85	2	5	5,60	28	70,60
June	3	6	80,50	3	9	24,00	..	..	..	3	6	4,75	..	..	..	21	1,09,25
July	3	5	17,75	1	5	33,00	1	1	1,00	3	8	6,75	2	14	20,10	33	78,60
August	2	7	22,80	3	6	23,25	1	1	1,00	5	13	8,90	2	17	13,20	44	69,15
September	2	7	16,50	1	3	4,70	..	..	..	4	9	8,60	2	8	15,20	27	45,00
October	1	4	6,25	1	2	4,00	1	1	1,00	3	10	13,00	1	2	26,00	19	50,25
November	4	16	91,55	2	3	1,70	1	1	10	4	6	6,35	1	7	48,50	33	1,48,20
December	3	19	2,10,50	1	1	1,00	2	2	3,00	3	7	9,00	1	4	20,00	33	2,43,50
TOTAL	122	10,51,60	10,51,60	76	4,85,12	4,85,12	12	10,17	10,17	93	88,30	88,30	175	2,74,60	478	19,09,79	

* Indicates the office of the Reserve Bank of India at which the loans were granted.

STATEMENT 40

ADVANCES TO SCHEDULED BANKS AND
STATE CO-OPERATIVE BANKS*(During 1949 and 1950)*

(Amounts in thousands of rupees)

Month	1949*		1950	
	Number of loans	Amount	Number of loans	Amount
January	22	11,75,00	64	2,36,70
February	32	2,29,50	44	4,44,63
March	46	3,49,36	27	2,21,66
April	46	2,95,40	105	1,92,25
May	46	6,02,00	28	70,60
June	33	4,24,42	21	1,09,25
July	27	3,47,52	33	78,60
August	23	37,30	44	69,15
September	33	1,72,05	27	45,00
October	22	1,92,95	19	50,25
November	30	45,80	33	1,48,20
December	41	3,83,25	33	2,43,50
TOTAL ..	401	42,54,55	478	19,09,79

* Revised.

STATE

SECTIONWISE ANALYSIS OF ADVANCES TO SCHEDULED

(From 1937

Year ending the 31st December	No. of loans	Section 17(2)		Total advances under Section 17(2)			Section 17(4)(a)		
		Sched- uled banks	State Co-ope- rative banks	Sched- uled banks	State Co-ope- rative banks	Total	Scheduled banks	State Co- operative banks	Total
1	2	3	4	5	6	7	8	9	10
1937 ..	34	3,22	..	3,22	..	3,22	69,00	..	69,00
1938 ..	43	1,50	..	1,50	..	1,50	12,96	5,00	17,96
1939 ..	14	..	..	..	..	..	2,86,90	..	2,86,90
1940 ..	30	..	..	..	..	..	23,02	24,00	47,02
1941 ..	11	..	..	..	..	..	59,25	5,00	64,25
1942 ..	15	..	..	..	..	..	63,90	20,00	83,90
1943 ..	48	..	..	..	..	..	4,03,00	..	4,03,00
1944 ..	26	..	..	..	..	..	2,52,90	20,00	2,72,90
1945 ..	27	..	..	..	..	..	1,75,25	..	1,75,25
1946 ..	91	..	1,75	..	1,75	1,75	24,69,50	30,21	24,99,71
1947 ..	80	..	1,80	..	1,80	1,80	3,07,65	..	3,07,65
1948 ..	153	..	4,35	..	4,35	4,35	21,25,99	1,16,50	22,42,49
1949*	401	..	1,20,76	..	1,20,76	1,20,76	34,75,72	5,73,07	40,48,79
1950 ..	478	..	2,13,50	..	2,13,50	2,13,50	13,40,94	2,30,10	15,71,04
GRAND TOTAL	1,451	4,72	3,42,16	4,72	3,42,16	3,46,88	110,65,98	10,23,88	120,89,86

* Revised.

Note: The references are to the sections

MENT 41

BANKS AND STATE CO-OPERATIVE BANKS

to 1950)

(Amounts in thousands of rupees)

Section 17(4)(a)	Section 17(4)(c)			Section 17(8)	Section 18(1)(3)	Grand Total		
	Sched- uled banks	Sched- uled banks	State Co- operative banks			Total	Scheduled banks	Scheduled banks	Scheduled banks	State Co- operative banks	Total
11	12	13	14	15	16	17	18	19
..	72,22	..	72,22
..	4,06	..	4,06	2,50	..	21,02	5,00	26,02
..	2,86,90	..	2,86,90
..	4,15	..	4,15	..	..	27,17	24,00	51,17
..	59,25	5,00	64,25
..	63,90	20,00	83,90
..	..	50	50	..	..	4,03,00	50	4,03,50
..	2,52,90	20,00	2,72,90
..	1,75,25	..	1,75,25
..	..	1,00	1,00	..	..	24,69,50	32,96	25,02,46
..	3,07,65	1,80	3,09,45
..	..	1,50	1,50	..	76,07	22,02,06	1,22,35	23,24,41
..	85,00	35,60,72	6,93,83	42,54,55
6,54	..	94,50	94,50	..	24,21	13,71,69	5,38,10	19,09,79
6,54	8,21	97,50	1,05,71	2,50	1,85,28	112,73,23	14,63,54	127,36,77

of the Reserve Bank of India Act, 1934.

STATE

LIABILITIES AND ASSETS OF THE SEVERAL CLASSES

Number of Banks (1)	SCHEDULED					
	Imperial Bank of India		Major Indian Scheduled Banks*		Other Indian Scheduled Banks	
	1	1	7	8	68	65
	1949	1950	1949	1950	1949	1950
	(2)	(3)	(4)	(5)	(6)	(7)
A.—LIABILITIES						
(1) Capital :						
(i) Authorised ..	11,25	11,25	22,70	26,70	66,64	52,64
(ii) Issued ..	11,25	11,25	17,25	20,50	34,55	28,06
(iii) Subscribed ..	11,25	11,25	14,61	17,86	33,87	27,23
(iv) Called—up ..	5,63	5,63	9,47	12,14	21,24	17,79
(v) Calls in arrears ..	..	..	..	2	16	15
(vi) Paid-up capital (iv—v) ..	5,63	5,63	9,47	12,12	21,08	17,64
(vii) Calls received in advance ..	..	..	..	..	4	4
(viii) Forfeited shares ..	..	..	..	..	1	5
(2) Reserve Fund :						
(i) Under Section 17 of the Banking Com- panies Act, 1949 ..	..	..	2,61	7,01	1,42	1,50
(ii) General Reserve Fund	6,30	6,33	6,80	3,20	5,05	3,77
(iii) Dividend Equalisa- tion Fund ..	..	..	..	..	4	10
(iv) Reserve for Bad and Doubtful Debts ..	..	..	..	..	2,35	2,24
(v) Other Reserves ..	..	..	88	1,32	84	80
Total of Item (2) ..	6,30	6,33	10,29	11,53	9,70	8,41
(3) Deposits & other Accounts :						
(i) Fixed ..	40,27	41,73	86,38	97,62	61,95	53,16
(ii) Savings ..	30,98	30,47	60,01	71,42	39,87	29,45
(iii) Current and Contingency Accounts ..	179,48	159,44	167,21	180,22	94,57	88,62
Total of Item (3) ..	250,73	231,64	313,60	349,26	196,39	171,24
(4) Borrowings from other Banks, Agents, etc.:						
(i) In India ..	..	..	4,40	6,09	15,67	10,01
(ii) Outside India ..	..	3,33	41	1,25	35	15
(a) Secured ..	..	3,33	4,81	7,34	15,48	9,91
(b) Unsecured ..	..	..	1	N.A.	55	25
(5) Bills Payable ..	3,40	3,35	5,74	6,95	2,42	4,15
(6) Bills for collection being bills receivable per contra :						
(i) Payable in India ..	18	21	8,07	10,80	10,07	9,32
(ii) Payable outside India ..	12	21	1,87	2,37	2,70	2,60
(7) Other Liabilities ..	1,73	3,81	4,90	6,80	6,07	4,65
(8) Acceptances, Endorse- ments and other Obli- gations per contra ..	1	..	4,39	26,62	5,45	5,69
(9) Profit carried to next year's Account ..	55	49	1,33	1,44	1,26	1,00
TOTAL LIABILITIES OR ASSETS ..	268,64	254,99	364,48	435,22	271,22	233,95

MENT 42

OF JOINT STOCK BANKS, 1949 AND 1950

(Amounts in lakhs of Rupees)

Foreign Banks		Total		NON-SCHEDULED BANKS		ALL BANKS	
16	14	92	88	446	361	538	449
1949	1950	1949	1950	1949	1950	1949	1950
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	..	100,59	90,59	40,62	29,08	141,21	119,67
..	..	63,05	59,81	18,23	14,28	81,28	74,09
..	..	59,73	56,34	12,77	10,38	72,50	66,72
..	..	36,34	35,56	9,08	7,36	45,42	42,92
..	..	16	17	30	20	46	37
..	..	36,18	35,39	8,78	7,16	44,06	42,55
..	..	4	4	6	5	10	9
..	..	1	5	7	2	8	7
..	..	4,03	8,51	40	41	4,43	8,92
..	..	18,15	13,30	1,79	1,74	19,94	15,04
..	..	4	10	3	2	7	12
..	..	2,35	2,24	35	38	2,70	2,62
..	..	1,72	2,12	78	68	2,50	2,80
..	..	26,29	26,27	3,36	3,23	29,65	29,50
30,36	33,42	218,96	225,93	30,40	27,23	249,36	253,16
10,45	10,76	141,31	142,10	5,72	8,08	147,03	150,18
125,03	128,29	566,29	556,57	21,62	17,03	587,91	573,60
165,85	172,47	926,57	924,61	57,73	52,34	984,30	976,95
5,84	5,19	25,91	21,29	3,78	2,77	29,69	24,06
3,72	5,68	4,48	10,41	9	4	4,57	10,45
53	30	20,82	20,88	3,82	2,78	24,64	23,66
9,03	10,57	9,59	10,82	5	3	9,64	10,85
2,71	3,14	14,27	17,59	14	14	14,41	17,73
11,67	10,55	29,99	30,88	1,29	1,27	31,28	32,15
5,59	5,62	10,28	10,80	12	7	10,40	10,87
19,78	16,05	32,48	31,31	2,04	1,83	34,52	33,14
6,77	15,47	16,62	47,78	27	42	16,89	48,20
24	12	3,38	3,05	62	69	4,00	3,74
232,38	234,60	1,136,72	1,158,76	78,35	70,04	1,215,07	1,228,80

(Contd).

STATE

LIABILITIES AND ASSETS OF THE SEVERAL CLASSES

Number of Banks (1)	SCHEDULED					
	Imperial Bank of India		Major Indian Scheduled Banks*		Other Indian Scheduled Banks	
	1	1	7	8	68	65
	1949	1950	1949	1950	1949	1950
	(2)	(3)	(4)	(5)	(6)	(7)
B.—ASSETS						
(10) Cash :						
(i) In hand and with Reserve Bank ...	52,43	23,41	39,08	38,18	30,83	29,51
(ii) Balances with other banks in current account :						
(a) In India ..	3	1	5,25	5,92	8,78	7,05
(b) Outside India..	14,44	4,76	5,57	6,65	2,74	2,95
(iii) Balances with other banks in Savings and Fixed deposit accounts :						
(a) In India ..	..	..	14	1,55	57	63
(b) Outside India..	27	27	..	4	6	1
(11) Money at call and short notice	1,23	3,03	2,59	2,34	1,13	53
(12) Investments :						
(i) Securities of Central and State Govern- ments and Trustee Securities ..	98,42	109,18	142,10	147,82	74,25	65,40
(ii) Shares	13	13	6,15	6,99	5,25	4,13
(iii) Debentures or Bonds	..	..	2,26	3,68	1,94	1,20
(iv) Other Investments..	8,29	12,24	6,22	5,28	1,75	82
(v) Gold .. ..	..	..	..	..	7	..
(13) Bills discounted and purchased :						
(a) Payable in India ..	5,39	4,95	11,87	17,33	8,72	11,07
(b) Payable outside India	30	2,57	2,57	4,55	1,41	1,56
(14) Loans, Advances, Cash Credits and Overdrafts :						
(a) In India ..	78,27	78,66	109,91	138,64	95,34	77,95
(b) Outside India ..	6,36	12,49	7,44	7,79	9,81	4,27
Particulars of Items (13) and (14) :						
(a) Debts considered good—fully secured	82,56	91,09	112,10	141,65	85,12	68,96

MENT 42—(contd.)

OF JOINT STOCK BANKS, 1949 AND 1950

(Amounts in lakhs of Rupees)

BANKS							
Foreign Banks		Total		NON-SCHEDULED BANKS		ALL BANKS	
16	14	92	88	446	361	538	449
1949	1950	1949	1950	1949	1950	1949	1950
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
15,79	14,75	138,13	105,85	6,05	4,79	144,18	110,64
1,82	1,80	15,88	14,78	4,10	3,35	19,98	18,13
1,77	1,76	24,52	16,12	10	8	24,62	16,20
..	..	71	2,18	1,15	98	1,86	3,16
37	12	70	44	..	1	70	45
5,59	6,64	10,54	12,54	7	15	10,61	12,69
47,27	48,65	362,04	371,05	16,26	13,50	378,30	384,55
25	20	11,78	11,45	1,73	1,17	13,51	12,62
8	8	4,28	4,96	49	49	4,77	5,45
..	..	16,26	18,34	17	23	16,43	18,57
2	1	9	1	4	1	13	2
3,79	5,85	29,77	39,20	1,62	1,50	31,39	40,70
12,70	13,72	16,98	22,40	2	2	17,00	22,42
97,15	101,48	380,67	396,73	41,23	35,81	421,90	432,54
1,01	5	24,62	24,60	1,33	1,01	25,95	25,61
113,00	95,77	392,78	397,47	27,40	24,30	420,18	421,77

(Contd.)

STATE

LIABILITIES AND ASSETS OF THE SEVERAL CLASSES

Number of Banks	SCHEDULED					
	Imperial Bank of India		Major Indian Scheduled Banks*		Other Indian Scheduled Banks	
	1	1	7	8	68	65
	1949	1950	1949	1950	1949	1950
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(b) Debts considered good but having no other security than the debtors' personal security	83	1,67	5,37	7,06	9,51	8,20
(c) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	6,92	5,91	13,80	13,81	8,55	8,41
(d) Debts considered doubtful or bad, not provided for ..	..	..	6	..	4,04	3,67
(e) Debts due by directors or officers of the bank ..	4	6	43	43	1,37	75
(f) Debts due by companies or firms in which the directors of the bank are interested ..	17,95	21,56	9,27	11,81	5,30	6,91
(g) Maximum total amount of loans, including temporary advances made at any time during the year to directors or officers of the company	11	16	66	56	1,31	1,18
(h) Maximum total amount of loans, including temporary advances granted during the year to the companies or firms in which the directors of the bank are interested ..	29,21	32,32	13,49	14,87	8,55	10,74
(i) Due from banks ..	17,11	15,01	1,86	1,99	1,88	1,74
(15) Premises less depreciation	1,34	1,34	2,00	2,66	2,54	2,21
(16) Non-banking assets acquired in satisfaction of claims ..	..	..	25	22	32	46
(17) Furniture and fixtures less depreciation ..	24	26	85	96	1,40	1,13
(18) Other Assets	1,21	1,28	4,41	4,70	4,44	3,94
(19) Loss .. ..	..	..	..	..	62	68

* Banks with total deposits of Rs. 25 crores and above. N.A.—Not available.

MENT 42—(concl'd.)

OF JOINT STOCK BANKS, 1949 AND 1950

(Amounts in lakhs of Rupees)

BANKS							
Foreign Banks		Total		NON-SCHEDULED BANKS		ALL BANKS	
16	14	92	88	446	361	538	449
1949	1950	1949	1950	1949	1950	1949	1950
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
7,59	11,41	23,30	28,34	6,76	5,07	30,06	33,41
14,14	9,96	43,41	38,09	3,43	2,84	46,84	40,93
14	12	4,24	3,79	1,85	1,64	6,09	5,43
8	9	1,92	1,33	1,19	97	3,11	2,30
63	44	33,15	40,72	2,76	2,59	35,91	43,31
15	14	2,23	2,04	1,20	1,11	3,43	3,15
1,54	94	52,79	58,87	3,54	3,52	56,33	62,39
1,30	93	22,15	19,67	5	6	22,20	19,73
88	1,44	6,76	7,65	1,18	94	7,94	8,59
1	1	58	69	19	23	77	92
6	9	2,55	2,44	40	36	2,95	2,80
15,70	5,70	25,76	15,62	3,21	2,67	28,97	18,29
3	2	65	70	65	53	1,30	1,23

Source : Statistical Tables relating to Banks in India, 1950.

STATE

INCOME, EXPENDITURE AND DISTRIBUTION OF PROFITS OF THE

Number of Banks (1)	SCHEDULED					
	Imperial Bank of India		Major Indian Scheduled Banks*		Other Indian Scheduled Banks	
	1	1	7	8	68	65
	1949	1950	1949	1950	1949	1950
	(2)	(3)	(4)	(5)	(6)	(7)
A.—INCOME						
(1) Interest and discount ..	4,50	4,79	9,16	10,80	7,42	6,59
(2) Commission, exchange and brokerage	1,55	1,63	1,15	1,95	1,32	1,36
(3) Rent	2	2	10	16	15	9
(4) Transfer from contingency accounts .. ..	..	..	..	..	..	1
(5) Profit made on sale of investments, gold and silver, land, premises and other assets ..	..	..	17	7	5	1
(6) Profit made on revaluation of investments, gold and silver, land, premises and other assets ..	..	..	..	..	..	..
(7) Income from non-banking assets and profit from sale or dealing with such assets .. ..	..	..	..	3	1	5
(8) Other receipts .. ..	..	..	56	25	56	29
(9) Loss .. .. ..	..	..	..	..	24	30
Total Income or Expen- diture	6,07	6,44	11,14	13,26	9,77	8,70
B.—EXPENDITURE						
(10) Interest paid on deposits ..	1,22	1,21	2,72	3,07	2,82	2,37
(11) Salaries and allowances ..	2,84	3,16	3,77	4,86	3,08	2,83
(12) Provident fund	9	10	20	27	10	11
(13) Directors' fees and allow- ances .. ..	..	..	2	2	4	4
(14) Local Committee mem- bers' fees and allowances	1	1	..	..	..	..
(15) Rent, taxes, insurance, lighting, etc.	15	16	61	70	51	42
(16) Law charges	1	2	5	7	5	7
(17) Postage, telegrams and stamps	11	11	18	21	19	19
(18) Auditors' fees	1	1	2	2	2	2
(19) Depreciation on bank's property	7	7	11	31	13	12

MENT 43**SEVERAL CLASSES OF JOINT STOCK BANKS, 1949 AND 1950**

(Amounts in lakhs of Rupees)

BANKS							
Foreign Banks		Total		NON-SCHEDULED BANKS		ALL BANKS	
16	14	92	88	446	361	538	449
1949	1950	1949	1950	1949	1950	1949	1950
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
5,42	4,97	26,50	27,15	3,15	2,81	29,65	29,96
4,39	3,41	8,41	4,35	23	21	8,64	8,56
4	3	31	30	3	5	34	35
2	..	2	1	..	..	22	1
2	1	24	9	3	2	27	11
1	..	..	1	..	..	..	1
..	..	1	8	3	5	4	13
6	5	1,18	59	13	11	1,31	70
3	..	27	30	16	15	43	45
9,99	8,48	36,97	36,88	3,72	3,38	40,69	40,26
76	76	7,52	7,41	1,38	1,26	8,90	8,67
2,98	3,04	12,67	13,89	95	84	13,62	14,73
10	10	49	58	4	4	53	62
..	..	6	6	2	2	8	8
..	..	1	1	..	..	1	1
79	1,08	2,06	2,36	17	13	2,23	2,49
3	5	14	21	2	2	16	23
10	13	58	64	4	4	62	68
..	..	5	5	1	..	6	5
2	4	33	54	3	3	36	57

(Contd).

STATE

INCOME, EXPENDITURE AND DISTRIBUTION OF PROFITS OF THE

Number of Banks (1)	SCHEDULED					
	Imperial Bank of India		Major Indian Scheduled Banks*		Other Indian Scheduled Banks	
	1	1	7	8	68	65
	1949	1950	1949	1950	1949	1950
	(2)	(3)	(4)	(5)	(6)	(7)
(20) Repairs to bank's property	4	4	7	10	1	1
(21) Stationery, printing, advertisements, etc. ..	15	14	31	32	32	27
(22) Loss from sale of or dealing with non-banking assets ..	..	..	..	..	1	2
(23) Loss from sale of investments .. ..	..	..	3	7	16	9
(24) Bad debts .. ..	..	..	..	..	8	1
(25) Other expenditure	15	16	22	35	44	53
(26) Balance of Profit	1,23	1,25	2,81	2,89	1,81	1,61
C.—ALLOCATIONS FROM PROFITS						
(27) Provision for taxation .. ..	..	..	63	59	62	42
(28) Carried to reserves under Section 17 of the Banking Companies Act, 1949 ..	..	..	9	11	15	18
(29) General reserve fund	3	3	8	8	29	24
(30) Dividend and bonus to shareholders	79	90	99	1,09	40	39
(31) Remittances to Head Office .. ..	..	..	..	..	..	..
(32) Bonus to staff	31	34	41	44	5	9
(33) Dividend equalisation fund .. ..	..	..	..	..	8	6
(34) Reserve for bad and doubtful debts .. ..	..	..	..	..	7	4
(35) Investment fluctuation fund .. ..	..	..	30	35	3	4
(36) Building fund .. ..	..	..	10	8	1	..
(37) Charity fund .. ..	..	..	..	..	..	..
(38) Any other reserve	3	6	20	11	5	10
(39) Loss or expenditure written off .. ..	..	..	..	..	..	..
(40) Balance carried to next year's account	55	49	50	52	33	22
TOTAL OF C	1,71	1,80	3,30	3,37	2,08	1,78

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

MENT 43—(concl.)

SEVERAL CLASSES OF JOINT STOCK BANKS, 1949 AND 1950

(Amounts in lakhs of Rupees)

BANKS							
Foreign Banks		Total		NON-SCHEDULED BANKS		ALL BANKS	
16	14	92	88	446	361	538	449
1949	1950	1949	1950	1949	1950	1949	1950
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
12	10	24	25	..	..	24	25
20	16	98	89	8	7	1,06	96
..	..	1	2	..	..	1	2
2	3	21	19	6	8	27	27
2	..	10	1	4	1	14	2
2,50	99	3,31	2,03	21	15	3,52	2,18
2,35	1,98	8,20	7,73	65	66	8,85	8,39
30	26	1,55	1,27	12	14	1,67	1,41
..	..	24	29	3	4	27	36
..	..	40	35	10	7	50	39
..	..	2,18	2,38	15	15	2,33	2,53
96	1,10	96	1,10	..	..	96	1,10
..	..	77	87	2	2	79	89
..	..	7	6	..	1	8	7
..	..	7	4	2	3	9	7
1	..	34	39	2	3	36	42
..	..	11	8	..	..	11	8
..
1	3	29	30	8	6	37	36
..	..	..	..	2	1	2	1
12	12	1,50	1,35	13	11	1,63	1,46
1,39	1,50	8,48	8,45	70	67	9,18	9,12

Source : Statistical Tables relating to Banks in India, 1950.

STATEMENT 44

EARNINGS AND EXPENSES OF INDIAN SCHEDULED BANKS,
1946 TO 1950

		(In lakhs of Rupees)				
		1946	1947	1948	1949	1950
Number of Banks	.. ..	62	69	71	73	71
EARNINGS						
I.—Interest, dividend, commission and exchange earned on :						
(a) Bills purchased and discounted, loans and advances	.. ..	12,35.2	14,74.9	14,77.1	15,66.2	15,13.5
(b) Investments :						
(i) Government Securities (Central and States)	.. ..	10,25.4	9,70.7	9,88.9	7,99.9	8,11.0
(ii) Others	.. ..	41.7	38.1	39.3	43.6	81.3
(c) Deposits with banks	.. ..	4.0	2.3	2.3	2.3	2.9
II.—Recoveries on assets previously written down and gains from other revaluation or sale of assets						
	.. ..	1,15.7	1,28.0	69.2	94.9	113.2
III.—Other sources (commission on bills for collection, T.T's and D.D's, sold, etc.)						
	.. ..	3,04.4	3,69.4	3,96.6	4,55.5	4,88.3
TOTAL	.. ..	27,26.4	29,83.4	29,73.4	29,62.4	29,10.2
EXPENSES						
IV.—Interest, commission and brokerage paid on :						
(a) Deposits	.. ..	7,15.5	7,73.5	6,98.3	6,43.5	6,26.6
(b) Borrowings	.. ..	55.1	47.7	54.1	58.3	48.4
(c) Other accounts	.. ..	7.7	7.1	7.9	18.8	8.1
V.—(a) Establishment expenses						
	.. ..	6,98.8	8,62.7	9,50.1	10,32.2	11,24.8
(b) Other working expenses						
	.. ..	2,64.6	3,06.3	3,49.7	3,34.7	3,39.2
VI.—Taxes and dues of the nature of operating expenses (Municipal charges on land and buildings, District Local Board rates paid, etc., but excluding taxes on profits)						
	.. ..	24.7	33.6	45.8	24.4	33.4
VII.—Depreciation written off and loss incurred in sale of assets						
	.. ..	23.9	34.0	60.2	62.5	71.3
VIII.—Balance of net profit or loss (—) (Earnings minus Items IV to VII)						
	.. ..	9,36.1	9,18.5	8,07.3	7,88.0	6,58.4
TOTAL	.. ..	27,26.4	29,83.4	29,73.4	29,62.4	29,10.2

(Contd.)

STATEMENT 44—concl'd.

(In lakhs of Rupees)

	1946	1947	1948	1949	1950
DISPOSAL OF NET PROFIT AND ACCUMULATED SURPLUS					
IX.—Sources of sums made available :					
(i) Net profit or loss (—) ..	9,36.1	9,18.5	8,07.3	7,88.0	6,58.4
(ii) Surplus or deficit (—) brought forward from preceding year	1,07.4	1,19.3	1,21.7	92.8	63.7
(iii) Taken from reserves ..	0.3	6.2	8.5	20.8	21.5
TOTAL ..	10,43.8	10,44.0	9,37.5	9,01.6	7,43.6
A.—Allocation of sums made available :					
(a) Provision for taxes on profits	3,67.8	2,94.9	2,40.3	2,48.0	1,04.5
(b) Carried to reserves ..	1,93.0	77.0	99.2	61.1	63.7
(c) Dividend, bonuses, etc., to shareholders ..	2,16.7	2,34.3	2,39.1	2,38.4	2,45.9
(d) Employees' share (bonus) in the profit	74.6	98.5	88.1	96.4	1,00.6
(e) Allocated to other special purposes	77.6	2,20.2	1,75.0	1,89.7	1,16.0
(f) Balance carried forward to next year's account ..	1,14.1	1,19.1	95.8	68.0	52.9
TOTAL ..	10,43.8	10,44.0	9,37.5	9,01.6	7,43.6

Source: Statistical Tables relating to Banks in India, 1950.

STATEMENT 45

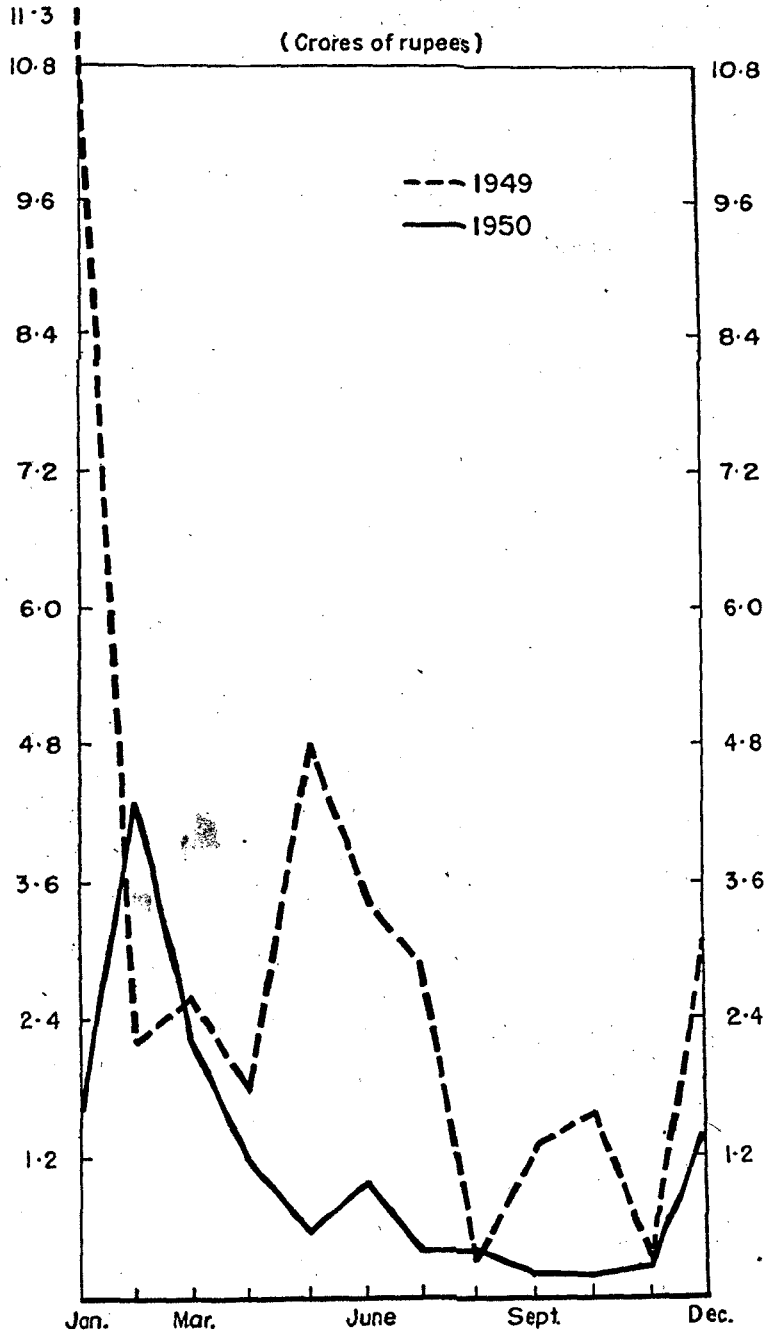
EARNINGS AND EXPENSES OF EXCHANGE BANKS, 1949 AND 1950

						(In lakhs of Rupees)	
						1949	1950
Number of Banks						15	15
EARNINGS							
I.—Interest, dividend, commission and exchange earned on :							
(a) Bills purchased and discounted, loans and advances ..						6,96.4	6,32.7
(b) Investments :							
(i) Government Securities (Central and States) ..						1,22.5	1,17.3
(ii) Others						2.4	3.1
(c) Deposits with banks						4.2	4.2
II.—Recoveries on assets previously written down and gains from other revaluation or sale of assets							
						4.8	6.3
III.—Other sources (commission on bills for collection, T.T's and D.D's sold, etc.)							
						2,99.1	1,83.3
TOTAL ..						11,29.4	9,46.9
EXPENSES							
IV.—Interest, commission and brokerage paid on :							
(a) Deposits						62.8	73.8
(b) Borrowings						52.6	31.0
(c) Other accounts						1,34.6	44.7
V.—(a) Establishment expenses							
						2,88.9	3,07.4
(b) Other working expenses							
						1,20.1	1,31.4
VI.—Taxes and dues of the nature of operating expenses (Municipal charges on land and buildings, District Local Board rates paid, etc., but excluding taxes on profits)							
						3.7	4.0
VII.—Depreciation written off and loss incurred in sale of assets ..							
						8.9	20.4
VIII.—Balance of net profit or loss (—) (Earnings <i>minus</i> Items IV to VII)							
						4,57.8	3,34.2
TOTAL ..						11,29.4	9,46.9
DISPOSAL OF NET PROFIT AND ACCUMULATED SURPLUS							
IX.—Sources of sums made available :							
(i) Net profit or loss (—)						4,57.8	3,34.2
(ii) Surplus or deficit (—) brought forward from preceding year						—4.0	0.3
(iii) Taken from reserves						8.0	6.9
TOTAL ..						4,61.8	3,41.4
X.—Allocation of sums made available :							
(a) Provision for taxes on profits						2,14.8	1,18.3
(b) Carried to reserves						23.0	19.1
(c) Dividend, bonuses, etc., to shareholders .. .. .						..	..
(d) Employees' share (bonus) in the profit						15.7	20.8
(e) Allocated to other special purposes						17.3	9.8
(f) Balance transferred to Head Office Account						1,90.1	1,73.4
TOTAL ..						4,61.8	3,41.4

Source : Statistical Tables relating to Banks in India, 1950.

GRAPH 8

ADVANCES MADE BY THE RESERVE BANK OF INDIA
TO SCHEDULED BANKS
1949-1950



STATEMENT 46

EARNINGS AND EXPENSES OF INDIAN NON-SCHEDULED BANKS,*
1946 TO 1950

		(Amounts in lakhs of Rupees)				
		1946	1947	1948	1949	1950
Number of Banks	.. ..	43	53	59	69	64
EARNINGS						
I.—Interest, dividend, commission and exchange earned on :						
(a) Bills purchased and discounted, loans and advances		99.1	1,18.6	1,46.3	1,52.5	1,30.1
(b) Investments :						
(i) Government Securities (Central and States) ..		39.4	32.3	32.0	34.3	30.8
(ii) Others		7.5	8.8	12.1	12.9	7.8
(c) Deposits with Banks ..		2.0	2.7	2.3	1.4	1.6
II.—Recoveries on assets previously written down and gains from other revaluation or sale of assets						
		10.9	6.3	1.7	1.4	1.0
III.—Other sources (commission on bills for collection, T.T's and D.D's sold, etc.)						
		17.2	13.9	12.7	14.3	13.3
TOTAL ..		1,76.1	1,82.6	2,07.1	2,16.8	1,84.6
EXPENSES						
IV.—Interest, commission and brokerage paid on :						
(a) Deposits		60.4	65.2	71.2	69.4	61.9
(b) Borrowings		4.6	8.8	8.5	8.9	7.0
(c) Other accounts		3.1	3.5	4.7	0.9	1.6
V.—(a) Establishment expenses ..						
		33.8	38.0	46.8	56.3	50.4
(b) Other working expenses ..		19.0	22.3	23.6	27.7	27.0
VI.—Taxes and dues of the nature of operating expenses (Municipal charges on land and buildings, District Local Board rates paid, etc., but excluding taxes on profits)						
		3.8	3.4	3.5	1.1	0.4

(Contd.)

STATEMENT 46—concl'd.

(Amounts in lakhs of Rupees)

	1946	1947	1948	1949	1950
VII.—Depreciation written off and loss incurred in sale of assets ..	1.8	2.8	5.3	9.9	10.5
VIII.—Balance of net profit or loss (—) (Earnings minus Items IV to VII)	49.6	38.6	43.5	42.6	25.8
TOTAL ..	1,76.1	1,82.6	2,07.1	2,16.8	1,84.6
DISPOSAL OF NET PROFIT AND ACCUMULATED SURPLUS					
IX.—Sources of sums made available :					
(i) Net profit or loss (—)	49.6	38.6	43.5	42.6	25.8
(ii) Surplus or deficit (—) brought forward from preceding year	4.9	5.6	6.8	—12.3	—21.1
(iii) Taken from reserves ..	0.2	..	0.1	0.4	1.5
TOTAL ..	54.7	44.2	50.4	30.7	6.2
X.—Allocation of sums made available :					
(a) Provision for taxes on profits	12.6	12.9	14.8	12.9	7.4
(b) Carried to reserves ..	19.3	8.7	13.6	13.2	9.1
(c) Dividend, bonuses, etc., to shareholders ..	12.6	11.1	9.0	12.9	9.8
(d) Employees' share (bonus) in the profit ..	1.6	1.7	2.1	2.8	2.2
(e) Allocated to other special purposes ..	2.6	4.7	8.3	9.2	5.0
(f) Balance carried forward to next year's account ..	6.0	5.1	2.6	—20.3	—27.3
TOTAL ..	54.7	44.2	50.4	30.7	6.2

* Each having capital and reserves of Rs. 5 lakhs and above.

Source : Statistical Tables relating to Banks in India, 1950.

STATEMENT 47

CHEQUE CLEARANCES AND NUMBER OF CHEQUES CLEARED, 1946 TO 1950

Centres	1946		1947		1948		1949		1950	
	Number of Cheques	Amount in lakhs of Rs.	Number of Cheques	Amount in lakhs of Rs.	Number of Cheques	Amount in lakhs of Rs.	Number of Cheques	Amount in lakhs of Rs.	Number of Cheques	Amount in lakhs of Rs.
Calcutta ..	75,48,673	2,973,96	80,49,181	2,539,56	66,30,368	2,707,90	67,52,787	2,459,08	63,07,141	2,272,35
Bombay ..	80,22,954	2,826,40	81,97,256	2,477,12	90,02,635	2,712,59	92,92,652	2,612,32	94,94,942	2,683,93
Madras ..	20,98,481	361,24	23,76,613	361,99	24,97,414	382,88	28,01,008	384,95	30,91,790	397,94
Karachi ..	8,51,393	184,15	9,15,200	230,58						
Kanpur ..	4,07,951	137,71	4,17,199	120,90	5,12,978	133,53	5,35,261	128,57	6,39,738	136,41
Lahore ..	9,09,280	130,48	5,16,097‡	77,33‡						
Delhi ..	10,31,555	158,20	8,64,599	131,42	7,99,565	144,72	9,73,993	142,23	11,72,396	143,66
Others* ..	28,29,180	490,05	33,03,739	520,29	39,69,951	589,43	42,05,615	598,21	48,34,278	643,87
Total	2,36,99,467	7,262,19	2,46,39,884	6,459,19	2,34,12,911	6,671,05	2,45,61,316	6,325,36	2,55,40,285	6,278,16

* Include the clearing houses at Agra (from May 1945); Ahmedabad; Allahabad (from October 1943); Alleppey (from November 1946); Amritsar (from July 1928); Bangalore City (from 1945); Coimbatore (from June 1936); Dehra Dun (from February 1946); Gaya (from March 1947); Hyderabad-Deccan (from November 1949); Jullundur City (from February 1946); Kozhikode (Calicut) (from February 1927); Lucknow; Mangalore (from February 1935); Mathurai (Madura); Muzaffarpur (from November 1950); Nagpur; New Delhi (from August 1947); Patna (from May 1943); Poona (from August 1947); Rajkot (from January 1947) and Simla (from 1924); the clearing houses at Lyallpur and Rawalpindi ceased to function as from 3 September and 20 October 1947, respectively.

‡ No official clearings were reported during September and October 1947.
Source: Statistical Tables relating to Banks in India, 1950.

APPENDIX II

No. F. 4(2)-F. I/50
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS.

NEW DELHI,

THE 23RD JANUARY, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, is pleased to declare that the provisions of section 16 of the said Act shall not apply to the Bank of Bikaner Ltd., the Bank of Jaipur Ltd. and the Bank of Rajasthan Ltd., in so far as they relate to the directors to be nominated by the Government of the United State of Rajasthan.

Deputy Secretary to the Government of India.

No. F. 4(46)-F. I/50
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

NEWDELHI,

THE 12TH APRIL, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and on the recommendation of the Reserve Bank of India, the Central Government is pleased to declare that, until the 15th September, 1952, the provisions of sub-section (3) of Section 19 of the said Act shall not apply to the Bari Doab Bank Ltd., Hoshiarpur, in so far as they prohibit the said bank from holding shares in the Straw Board Manufacturing Company Ltd., Hoshiarpur.

Under Secretary to the Government of India.

No. F. 4 (114)-F. I/49
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 17TH APRIL, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and on the recommendation of the Reserve Bank of India, the Central Government is pleased to declare that the provisions of sub-sections (2) and (3) of section 19 of the said Act shall not apply to the Central Bank of India Ltd., Bombay, in so far as they relate to its shareholdings in the Depositors' Benefit Insurance Co., Ltd., Bombay.

Deputy Secretary to the Government of India.

No. F. 4(74)-F. I/50
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 9TH MAY, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and on the recommendation of the Reserve Bank of India, the Central Government is pleased to declare that in the case of the New Bank of India Ltd.—

(a) the provisions of sub-section (2) of section 19 of the said Act so far as they relate to its holdings in the Davico Ltd., the Globe Engineers Ltd., the Ramkola Sugar Mills Ltd., and the Jupiter Investment Trust Ltd., shall not apply for a period of three and half years from the 16th March 1949, i.e., up to the 15th September 1952;

(b) the provisions of sub-section (3) of section 19 of the said Act shall not apply so far as they relate to its holdings in the Jupiter Investment Trust Ltd., for a period of two and half years from the 16th March 1950, i.e., up to the 15th September, 1952.

Deputy Secretary to the Government of India.

No. F. 4(37)-F. I/50
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
THE 9TH MAY, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and rule 16 of the Banking Companies Rules, 1949, and on the recommendation of the Reserve Bank of India, the Central Government is pleased to declare that the provisions of section 31 of the said Act and rule 15 of the said Rules shall not apply to the American Express Company, Inc., in so far as they relate to the publication of its balance sheet and profit and loss account together with the auditor's report in a newspaper.

Deputy Secretary to the Government of India.

No. F. 4 (37)-F. I/50
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
THE 14TH JUNE, 1950

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and on the recommendation of the Reserve Bank of India, the Central Government is pleased to declare that the provisions of clause (a) of sub-section (1) of section 30 and section 49 of the said Act shall not apply to the Punjab Mercantile Bank Ltd., Jullundur City, in so far as they relate to the audit of its balance sheet and profit and loss account for the period ended the 31st December 1949.

Deputy Secretary to the Government of India.

No. F. 4(37)-F. I/50
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 14TH JUNE, 1950.

NOTIFICATION

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

1. Bari Doab Bank Ltd., Hoshiarpur.
2. Punjab Mercantile Bank Ltd., Jullundur City.
3. Oudh Commercial Bank Ltd., Faizabad.
4. Chittattukara Catholic Bank Ltd., Chittattukara.
5. Arni Mahaveera Bank Ltd., Tiruvannamalai.
6. Malayalee Bank Ltd., Palghat.
7. Chowghat Christian Bank Ltd., Chittattukara.
8. Salem Town Bank Ltd., Salem.

Deputy Secretary to the Government of India.

No. F. 4(46)-F. I/50
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 28TH JUNE, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, is pleased to declare that until the 15th September, 1952, the provisions of sub-section (3) of section 19 of the said Act shall not apply to the Bari Doab Bank Ltd., Hoshiarpur, in so far as they prohibit the said Bank from holding shares in the Central India Electric Supply Co. Ltd., Amritsar.

Assistant Secretary to the Government of India.

No. F. 4(112)-F. I/50.
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 11TH JULY, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, is pleased to declare that in the case of the Punjab Co-operative Bank Ltd., Jullundur—

(a) the provisions of sub-section (2) of section 19 of the said Act, so far as they relate to its holdings in the Prem Spinning and Weaving Mills Co., Ltd., shall not apply till the 15th September, 1952; and

(b) the provisions of sub-section (3) of section 19 of the said Act, so far as they relate to its holdings in the Prem Spinning and Weaving Mills Co. Ltd. and the Central India Electric Supply Co., Ltd., shall not apply till the 15th September, 1952.

Assistant Secretary to the Government of India.

No. F. 4(192)-F. I/50.
 GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI,
 THE 9TH OCTOBER, 1950.

NOTIFICATION

In exercise of the powers conferred by section 53 of the Banking Companies Act, (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, is pleased to declare that in the case of the Traders' Bank Ltd., Delhi—

(a) the provisions of sub-section (2) of section 19 of the said Act, so far as they relate to its holdings in the City Bank of Lahore Ltd., Jullundur (in liquidation), the National Finance of India Ltd., Delhi, the Electrical Fan and Motor Manufacturing Company Ltd., Jullundur, and the Indian Sewing Machine Manufacturing Company Ltd., Jullundur, shall not apply until the 15th September, 1952; and

(b) the provisions of sub-section (3) of section 19 of the said Act, so far as they relate to its holdings in the National Finance of India Ltd., Delhi, shall not apply until the 15th September, 1952.

Deputy Secretary to the Government of India.

APPENDIX III .

PRESS COMMUNIQUE

In a Press Communique issued by the Reserve Bank of India on the 29th July 1949, it was announced that, for the adequate discharge of its duties and responsibilities under the Banking Companies Act, 1949, the Reserve Bank had decided to institute a systematic periodical inspection of all banking institutions governed by the Act. It was also indicated in the Press Communique that, until sufficient staff had been trained to enable the Reserve Bank to carry out an annual inspection of each bank, as many banks as possible would be inspected and that the inspections would not be confined only to banks whose working was regarded as unsatisfactory.

2. In pursuance of the abovementioned policy, it has now been decided to make a beginning with the periodical inspection of banks, irrespective of their size or financial position. The Reserve Bank of India desires the banks and the general public to know that in future all banks will in turn be inspected by the Reserve Bank in accordance with its policy of instituting systematic periodical inspections and not necessarily because it suspects that there is anything wrong with any particular bank. Thus the periodical inspection of banks will hereafter be a regular feature of the Reserve Bank's activities and the general public are advised not to doubt the financial position of a bank merely because it is being inspected by the Reserve Bank.

3. With the present trained staff at its disposal, it is not practicable for the Reserve Bank to commence the inspection of a large number of banks simultaneously and it is proposed to inspect about 8 scheduled banks and 32 non-scheduled banks before the end of the year. The intention is to increase the number of inspections gradually so that all banks in India will, it is expected, have been inspected at least once by the end of 1952.

10th February 1950.

PRESS COMMUNIQUE

In pursuance of the policy of the Reserve Bank of India to institute systematic periodical inspections of all banking companies operating in India, announced in its Press Communiqués dated the 29th July 1949 and the 10th February 1950, it has now been decided that the following scheduled banks, among others, should be included in the inspection programme of the Reserve Bank for the current year. The names of the scheduled banks have been arranged below in alphabetical order and not in the order in which they will be inspected.

1. Bank of India Ltd.
2. Bharat Bank Ltd.
3. Calcutta National Bank Ltd.
4. Chartered Bank of India, Australia and China.
5. Imperial Bank of India.
6. Indian Bank Ltd.
7. National Bank of Lahore Ltd.
8. New Citizen Bank of India Ltd.
9. United Commercial Bank Ltd.

In addition to the above banks, it is also proposed to inspect about 30 non-scheduled banks during the course of the year.

2. As already indicated in the Reserve Bank's Press Communique dated the 10th February 1950, the affairs of the above banks will be examined in accordance with the Reserve Bank's policy of inspecting all banks in India, irrespective of their size or financial position. Each bank in India will be examined in turn during the next three years and the public are advised not to suspect that there is anything wrong with any particular bank merely because it is being inspected by the Reserve Bank. The programme of inspection of the scheduled and the non-scheduled banks referred to above will commence shortly and it is hoped to complete it by the end of 1950.

8th March 1950.

DBO. No. 1420/C. 218-50.

Bombay, 22nd March, 1950.

Re : Monthly Statement of Advances against Commodities and Bullion.

With a view to bringing under observation the extent to which accommodation is granted by banks for financing trade in some of the essential commodities and bullion and for watching the periodical trends thereof, the Reserve Bank of India in exercise of its powers under section 27(2) of the Banking Companies Act, 1949, hereby requests you to furnish it with a statement, as on the last Friday of every month, in the specimen form enclosed, so as to reach it on or before the 15th day of the succeeding month to which it relates at the address given above. The first statement should relate to the month of March 1950. The information will be treated as strictly confidential.

2. Kindly acknowledge receipt of this circular.

Yours faithfully,

DEPUTY GOVERNOR.

MONTHLY STATEMENT OF ADVANCES AGAINST COMMODITIES AND BULLION
AS ON FRIDAY THE _____

Nature of Commodity	Total Number of Accounts	Balance outstanding as on the date of report
1. Country Piecegoods and Yarn.		
2. Cotton and Kapas.		
3. Jute and Hessians		
4. Paddy and Rice.		
5. Gur and Sugar.		
6. Wheat, Gram and other Grains and Pulses.		
7. Oilseeds.		
8. Copra and other Coconut Products.		
9. Pepper and other Export Spices.		
10. Groundnuts.		
11. Gold Bullion other than to Banks.		
12. Silver Bullion other than to Banks.		
		Total
Date	Signature	
	Designation	

N.B. : Please include the figures for all branches in India inclusive of those in the States of Hyderabad (Deccan), Mysore, Travancore and Cochin.

DBO. No. 1993/C. 212-50.

18th April 1950.

The Banking Companies Act, 1949.

Section 23 of the Banking Companies Act, 1949, as amended by the Banking Companies (Amendment) Act, 1950, now requires every banking company incorporated in India to obtain the previous permission of the Reserve Bank before opening any branch in a foreign country. The satisfactory working of such branches and their ability to meet the demands of the depositors are matters of vital importance not only to the prestige of Indian Banking abroad but also in the larger interests of the country. We have, therefore, to request you to send us a monthly statement regarding the assets and liabilities of your branches in each foreign country excluding Pakistan as in the enclosed form. This statement may please be submitted in duplicate to the principal office of the Reserve Bank before the close of the month succeeding that to which the statement relates. Information as regards overdraft arrangements with the local banks which you may have made in respect of your branches in each foreign country (excluding Pakistan) and also the manner in which you expect to be in a position to meet any unexpected withdrawals at your foreign branches (excluding Pakistan) should also be given at the foot of the statement. The first of such statements shall relate to the close of business as on the last Friday of May 1950 and should be submitted to the Reserve Bank before the close of June 1950.

Yours faithfully,

DEPUTY CHIEF OFFICER.

The Banking Companies Act, 1949

Name of the banking company

Name and designation of the officer submitting the return

Name of the country

Names of branches

Statement showing the assets and liabilities of the foreign branches (excluding Pakistan) of banking companies incorporated in India as at the close of business on Friday* the.....

(To be submitted in duplicate to the Reserve Bank before the close of the month succeeding that to which the return relates)

(Rounded off to the nearest thousand)

A. <i>Liabilities</i>	(In rupees)	B. <i>Assets</i>	(In rupees)
1. Demand deposits		1. Cash in hand	
2. Time deposits		2. Balances with other banks in current account and money at call and short notice	
3. Due to other banks		3. Bills purchased and discounted	
4. Branch adjustments		4. Investments :—	
5. Other liabilities		(1) In Foreign Government securities	
		(2) Other investments.....	
		5. Loans, advances, cash credits and overdrafts (excluding due from banks)	
		6. Due from banks	
		7. Branch adjustments	
		8. Capitalised expenses including preliminary expenses, organisation expenses, amounts of losses incurred etc.	
		9. Other assets	
Total		Total	

Date

Signature

Note : The balance of Profit and Loss Account, if any, should be included in item A5 or B8 as the case may be.

* The last Friday of every month or if that Friday is a holiday, as at the close of business on the preceding working day.

Information as regards overdraft arrangements with other banks and the manner in which any unexpected withdrawals are proposed to be met may be given here.

DBO. No. 2060/C. 200A-50.

Bombay, 20th April, 1950.

In view of the shortage of jute supplies and the danger of existing stocks going underground, Government are taking various anti-hoarding measures with a view to ensuring regular supplies to the jute mills. It would help in expediting raw jute supplies to the mills if the scheduled banks could recall all their advances for the purchase of raw jute made to parties other than mills and balers. As the mills are prepared to buy all the available raw jute, there is no reason for the banks to finance the holding of raw jute by parties other than balers who can sell only to the mills. We have, therefore, to request you to recall within a fortnight advances, if any, made by your bank for the purchase of raw jute to parties other than mills and balers. We shall be glad if you will also refrain from granting any fresh advances for the purchase of raw jute to parties other than those mentioned above, till the position in regard to the supply of raw jute becomes normal.

2. Please acknowledge receipt of this letter.

Yours faithfully,

DEPUTY GOVERNOR.

Note : The instructions contained in this circular have since been withdrawn.

INDEX

INDEX

A	Page	B	Page
Accounts and Balance Sheet		Balance Sheets (see under Accounts)	
exemptions in respect of publication of	12,19	Bank Award (see under All India Industrial Tribunal)	
exemptions in respect of audit of ..	20	Bank, use of the word	5
preparation and publication of ..	12	Bank failures	15,48,49
revision of forms of	13	Banking	
Advances		branch, developments in	25
against commodities including bullion	10	suggestions offered by the Reserve Bank regarding	51
against raw jute	10,46	companies, classification of	5
against silver	10	legislation in India during 1950 ..	2,50
analysis of		trend and progress of, during 1950	21,45
—according to class of banking companies	38	use of the word	5
—according to purpose	38,40	Banking Companies Act, 1949	
—according to regions	42	administration of	5,20,50
—according to security	40,41	amendment of	2,50
by the Reserve Bank	21,47	extent of	2,5,51
by the Reserve Bank, analysis according to purpose and rate of interest control over, by banking companies	48,49	report under section 36(2) of ..	1,47,50
co-operative banks'	23	Banking Companies (Amendment) Act, 1950, main provisions of	2,50
emergency, to scheduled banks ..	48	Banking Companies (Amendment) Bill, 1949	2
Exchange banks'	38	Banking Companies (Amendment) Ordinance, 1949	2
non-scheduled banks'	23,25,38,40,41	Banking Companies Rules, 1949	
of Rs. 1 lakh and over, daily returns of restrictions on	9	amendment to	4
scheduled banks'	22,23,37,38,40,42	publication of accounts under ..	12
suggestions to banks regarding ..	37,52	Bills	
surveys of	38,40,41	purchased and discounted of banks ..	40,41
to agriculture	38,40	maturity of, for purposes of Reserve Bank's advances to banks	47
to commerce	38,40	Branches	
to industry	38,40	co-operative banks'	23,25
trend of, during 1950	37,46	Exchange banks'	25
Agriculture, advances to	38,40	Imperial Bank of India's	25
All India Industrial Tribunal (Bank Disputes)		in foreign countries of Indian banks'	2,11,27
award of	42,43,46	in Pakistan, of Indian banks ..	27
Amalgamation		new, opening of	
of banks in West Bengal	15,17,45	—applications for	11,16
schemes of		—restrictions on	11
—advantages of	34,45,50	non-scheduled banks'	23,25,45
—amendments to the Banking Companies Act regarding	3,50	scheduled banks'	23,25,26
—applications for sanction of ..	17	statewise distribution of	26
—inspections in respect of ..	15,17	statewise distribution in towns according to population	26
Amendment		suggestions offered to banks regarding	52
Banking Companies (Amendment) Act, 1950	2	trend during 1950 of	25,45
Banking Companies (Amendment) Bill, 1949	2	Bullion, advances against	10,40,41
Banking Companies (Amendment) Ordinance, 1949	2		
of liquidation procedure	3	C	
of section 1, extent of the Banking Companies Act	2	Capital of banking companies	
of section 23, opening of branches outside India	2	minimum requirements regarding ..	6
of section 25, assets in India ..	2	regulation of	7
Assets		Cash	
and liabilities of banks in India ..	23	maintenance of statutory minimum by non-scheduled banks	8
and liabilities of Indian banks in foreign countries	12,27	ratio and reserves of co-operative banks	23,25
maintenance of, in India	2,12	ratio and reserves of non-scheduled banks	23,25,34
Audit of accounts, exemptions in respect of	20	ratio and reserves of scheduled banks	23,25,34
		reserves of banking companies ..	34
		Circulars issued to banks	1
		Commerce, advances to	38,40

C—contd.	Page	I	Page
Committee, Rural Banking Enquiry ..	27,44,45, 52	Imperial Bank of India, offices of ..	25
Companies		Indian Companies Act, extension to whole of India	5
banking, classification of	5	Industry, advances to	38,40
holding of shares in		Inspections	
—exemptions granted in respect of	9,18	according to area and purpose ..	14
—restrictions on	9	for purposes of granting licences ..	10,14
subsidiary, restrictions on nature of ..	8	for purposes of section 42 of the Reserve Bank of India Act ..	14
Co-operative banks		in respect of schemes of amalgama- tion	15,17
advances of	23	in respect of schemes of arrangement of banking companies under mora- torium	14
assets and liabilities of	23	of state-owned and state-controlled banks	15
cash ratio and resources of	23,25	periodical and systematic	13
deposits of	23	press communiques regarding	13
offices of	23,25	Interest rates of banks	46
Credit, bank (see under Advances)		Investments	
D		of banking companies	22,34
Department of Banking Development ..	45	foreign, of Indian banks	35
Department of Banking Operations ..	5	in Government securities	35
Deposits		in Government securities, maturity distribution of	35,46
classification of banks by size of ..	33	non-scheduled banks'	23,36
co-operative banks'	23	policy of banking companies, sugges- tions offered by Reserve Bank ..	52
division of, into demand and time ..	31,32,33	scheduled banks'	22,34,36
distribution of		surveys of	34
—by class of banks	31	J	
—state-wise	33,46	Jute, raw, advances against	10,46
Exchange banks'	31	L	
non-scheduled banks'	23,31,32	Legislation	
ownership of	31	banking, in India during 1950 ..	2,50
savings	30,32,33	proposals to Government regarding ..	50
scheduled banks'	23,30,31	Liabilities	
surveys of ownership of	31	and assets of banks in India ..	23
trend during 1950 of	21,30,46	and assets of Indian banks in foreign countries	12,27
unclaimed	34	demand and time, of scheduled banks	21,30
Directors, common		Licences	
exemptions in respect of	8,18	for carrying on business of banking for commencement of business of banking	10
prohibition of	8	for opening of branches	11
Displaced banks, exemptions granted to	9,18	inspections regarding grant of ..	10,14
Dividends, payment of		Loans (see under Advances)	
suggestions offered to banks by the Reserve Bank	51	Liquidation of banking companies (see under winding up)	
E		M	
Earnings of Indian scheduled banks ..	42,46	Management of banking companies	
Employment in banking companies, . restrictions on certain forms of ..	6	restrictions on	6
Exchange banks'		suggestions offered by the Reserve Bank regarding	51
advances	38	Merged States (Laws) Act, 1950 ..	5
deposits	31	Money supply	21,46
expenses, operating	43	Moratorium to banking companies ..	15
offices	25		
Exemptions			
from section 16	8,18		
from section 19	9,18		
from section 31 and Rule 15	13,19		
from sections 30 and 49	20		
general	17		
to displaced banks	9,18		
Expenses of banks	42,46		
F			
Foreign countries			
branches of Indian banks in ..	2,11,27		
investments of Indian banks in ..	35		
Forms of accounts, revision of ..	13		

N	Page	R—contd.	Page
Non-scheduled banks		Reserves	
accounts with the Reserve Bank,		cash, maintenance by non-scheduled	
opening of	8	banks	8
advances of	23,25,38	classification of banking companies	
advances of, analysis of		according to size of reserves and	
—according to nature of security..	41	paid-up capital	28
—according to purpose	40	in relation to paid-up capital	29
assets and liabilities of	23	of banking companies, comments	
cash ratio and reserves of	23,25,34	thereon	28,46,51
cash reserve, maintenance of mini-		suggestions offered by Reserve Bank	
mum by	8	regarding	51
deposits of	23,31	Restrictions on	
deposits of, ownership of	32	certain forms of employment	6
investments of	23,36	holding of shares in companies	9
offices of	23,25,45	loans and advances	9
paid-up capital and reserves	28,29	management of banking companies	6
Notifications issued under the Banking		nature of subsidiary companies	8
Companies Act	1	opening of new branches	11
		voting rights	7
P		Returns	
Paid-up capital and reserves		daily, of advances of Rs. 1 lakh and	
classification of banking companies		over	9
according to size of	28	monthly, against commodities and	
of banking companies, comments		bullion	10
thereon	28,46	regarding branches in foreign coun-	
ratio of, to deposits	29	tries	12
requirements under section 11	6	under section 20	9
Pakistan		under section 25	12
investments of Indian banks in	35	Rules and Forms under Banking Compa-	
offices of Indian banks in	27	nies Act, revision of	4
Part B States (Laws) Bill, 1950	5	Rural Banking Enquiry Committee ..27,44,45,	52
Part C States (Laws) Act, 1950	5		
Press communiques regarding bank		S	
inspections	13	Schedule, Second	
Prices, wholesale	22	Inspections of banking companies for	
Profit and Loss Accounts (see under		inclusion in	14
Accounts)		Scheduled banks	
Profit, net, of banks	42	advances of	22,23,37
Prohibition of common directors	8	advances of, analysis of	
		—according to nature of security	40
R		—according to purpose	38
Remuneration in banking companies..	6	—according to regions	42
Report, annual		advances to agriculture	38
scope of, for 1950	1,47,50	advances to commerce	38
under section 36(2) of the Banking		advances to industry	38
companies Act	1	advances by the Reserve Bank to	21,47
Reserve Bank of India		advances by the Reserve Bank	
as official liquidator of banking com-		—at concessional rate	49
panies	16	—under section 17(2)	47
Department of Banking Development		—under section 17(4)	47
in	45	—under section 18	48
Department of Banking Operations		assets and liabilities of	23
in	5	cash balances with the Reserve Bank	34
financial assistance to banks by	47	cash ratio and resources of	22,23,25
Reserve Bank of India Act, 1934		deposits of	23,30,31
advances to banks		deposits of, ownership of	31
—at concessional rates	49	deposits of, statewide distribution of	33
—under section 17(2)	47	earnings of, Indian	42
—under section 17(4)	47	excess balances with the Reserve	
—under section 18	48	Bank of	34
amendment of	47,51	expenses of	42
Reserve Bank of India (Amendment)		investments of	22,34,36
Bill, 1950	47	liabilities, demand and time, of	21,30

<i>S—contd.</i>	Page	<i>S—contd.</i>	Page
Scheduled banks—(<i>contd.</i>)		Surveys	
offices of	23,25,26	of bank advances	38
paid-up capital and reserves of	28,46	" deposits	31
profits, net, of Indian	42	" investments	34
Schemes of Amalgamation (see under Amalgamation)		Suspension of business by banking companies	15
Schemes of Arrangement			
inspections in respect of	14		
of banking companies	16	T	
Securities, for purposes of section 25	3	Towns served by banks, statewise distribution of	26
Shares of companies, holdings of banking companies in	9,18		
Silver, advances against	10	U	
State co-operative banks		United Kingdom	
advances by the Reserve Bank to	47	investments of Indian banks in	35
advances by the Reserve Bank		ratio of paid-up capital and reserves to deposits of banks in	29
—at concessional rate	49	United States	
—under section 17(2)	47	ratio of paid-up capital and reserves to deposits of banks in	29
—under section 17(4)	47		
State-controlled and State-owned banks, inspections of	15	V	
States		Voting rights, restrictions on	7
distribution of advances in	42		
" banking offices in	26	W	
" deposits in	33,46	Winding up of banking companies	
" towns served by banks in	26	compulsory	15,16
Subsidiary companies, restrictions on the nature of	8	Reserve Bank as official liquidator in	16
Suggestions offered by the Reserve Bank to banking companies regarding		Special provisions in the Banking Companies Act regarding	3,51
—advances	37,52	voluntary	15
—branch banking	52		
—investments	52		
—dividends, payment of	51		
—management	51		
—reserves, building up of	51		
—strengthening of banking business to Government regarding legislation	50		