FOREWORD

The Reserve Bank of India regularly brings out the Report on Currency and Finance, which was traditionally considered as a comprehensive source and record of economic developments. The structure of this Report has been re-oriented since 1998-99 from just documenting the economic developments to a 'theme-based report'. The theme-based Report offers the professional economists working in the Bank, an opportunity to work on relevant topic every year and make incisive analysis of the theme both in the global and the Indian context and come out with an analytical Report offering possible policy solutions to the issues examined. The dissemination of these Reports to a wider section of the user-community is an important exercise. The Report pertaining to the period between 1935-36 and 1998-99 are available only in printed form. The Reports from 1999-2000 have been placed on the Reserve Bank's website. In these days of widespread use of information technology, it is felt useful to bring out the Reports in a single DVD. I hope this will be an invaluable collector's item among the policy makers and academia.

The digitization process of the Reports was undertaken by Shri Ashok Kapoor, Chief Archivist, Reserve Bank of India Archives and supported by the services of Smt. Sandhya Dhavale, Assistant Librarian, under the guidance of Shri K.U.B. Rao, Adviser, Department of Economic Analysis and Policy and Shri Sandip Ghose, Principal and Chief General Manager, College of Agricultural Banking, Pune. I place on record my deep appreciation of their efforts.

Mumbai
April 1, 2009

(Rakesh Mohan)
Deputy Governor
Reserve Bank of India

Reserve Bank of India

REPORT

ON

CURRENCY and FINANCE

FOR THE YEAR

1945-46

BOMBAY
THE TIMES OF INDIA PRESS
1946

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INTRODUCTORY

Post-war International Problems.—After about six years of total war, the year 1945-46 witnessed the return of peace following the unconditional surrender of Japan announced early in August 1945 within about four months of the surrender of Germany. The atomic bomb which hastened the end of the war also stressed the need for a lasting peace. A clearer realisation that political measures, however well-conceived, might in themselves prove inadequate, unless accompanied by appropriate measures of economic reconstruction, helped to focus attention on the supreme need for laying the foundations of a new world order on a sound structure of international economic relations. The indication for this is provided, among others, by the fact that, while the Peace Conference is yet to meet, the monetary and financial agreements, reached at Bretton Woods in July 1944, already stand ratified by countries representing more than the stipulated 65 per cent. of the quotas, and that the International Monetary Fund and the International Bank, designed to promote stability of exchanges, the balanced growth of international trade and the even flow of long-term capital for the reconstruction and development of economic life in member countries, have passed the stage of formal inauguration.

Foremost among events of financial and economic significance which followed the termination of hostilities, mention must be made of the sudden cessation of the giant programme of lend-lease which, ever since March 1941, had provided an important means through which the enormous material resources of the United States were brought to bear against the enemy to speed up victory. Negotiations started by the United States with the countries concerned (Britain, France, Russia, China, Belgium and the Netherlands) for the final settlement of lend-lease and reverse lend-lease accounts and for offering help in solving the difficulties facing the maintenance of equilibrium in their balance of payments position resulted in some cases in agreements for the grant of direct long-term inter-governmental loans. The Anglo-American Financial Agreement entered into in December 1945 and ratified by the American Senate on the 10th May 1946 (ratification by the House of Representatives being still awaited) may be said to be the first big step towards the revival of multilateral trade. The agreement stipulates the grant by the United States of a loan to the United Kingdom of \$4.4 billion (of which \$650 million was to be applied to the liquidation of lend-lease), and repayment in 50 equal instalments beginning with 1951 and carrying 2 per cent. interest. The purpose of the loan as stated in the White Paper issued on the 6th December 1945, was to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional post-war deficits in her current balance of payments, to help maintain adequate reserves of gold and dollars and generally to enable her to assume the obligations of multilateral clearing. As regards accumulated sterling balances, Britain was to seek an early settlement with the countries concerned ; it was also agreed that one year after the ratification of the loan by both the countries, any sterling balances released will be freely available for current transactions in any currency area without discrimination. Following in the footsteps of the Anglo-American Loan Agreement and designed for identical purposes is the Anglo-Canadian Loan Agreement which provides for the grant of a loan of $1.25 billion to the United Kingdom carrying 2 per cent. interest and repayable in 50 equal instalments beginning with the year 1951. Canada also entered into agreements of a similar nature for the grant of loans of the amounts of $25 million, $60 million and $100 million respectively to Belgium, China and Holland for the purchase of Canadian goods, while the United States Export-Import Bank, established in 1934, granted credits for purposes of rehabilitation to France, Belgium, Denmark, Norway, the Netherlands, Saudi Arabia, Turkey and some of the Latin American countries, the total loans authorised during the six months ended December 1945 amounting to $1,560 millions.

By far the most serious economic problem, bequeathed by the war, and continuing to engage the attention of the United Nations during the year was the deterioration in the world food situation rendered acute by a series of droughts during 1944-45 which reduced the harvests in Australia, Argentina and North Africa. A British White Paper issued in February 1946, giving statistics of the world grain position, showed that the production of wheat in Europe had dropped from 42 million tons, the average of 1934-38, to 23 million tons in 1945. According to a statement prepared by the Combined Food Board, supplies of the principal foods for 1946, namely, wheat, sugar, oil, fats, meat and rice are estimated to fall short of the pre-war level by 10 per cent. In order to meet shortages and avert the spectre of famine, most of the important countries have already addressed themselves to the task of saving food and securing adequate collection of crops and production of grains in the next few months. The UNRRA has recommended food rationing for adoption by all the members of the United Nations. The United Kingdom effected in May 1945, cuts in rations of fats, milk and meat, while the United States prohibited from February 1946 the use of wheat in the production of alcohol and published a nine-point plan, designed to enable the country to send 6 million tons of wheat to Europe by the end of June 1946. Canada has been exporting wheat (including flour) since the spring of 1944 at an average rate of 1 million bushels per working day, the total exports for the three crop years ending July 1946 being estimated at over 1,000 million bushels including all their wartime reserve of 600 million. Australia has decided to export her entire rice production to other countries which may be in need. The Food Board continued to function, while a new agency named the United Nations Food and Agricultural Organisation was created in October 1945 by representatives of 30 nations. An international conference of the United Nations' Food Ministers with representatives of the UNRRA and of the Central Food Board is to be called on the 30th May 1946, with a view to concerting effective measures of distribution of supplies for 1946-47 and 1947-48 and to create machinery whereby the world's food position could be brought under continued review. The urgent need for food, raw materials, capital equipment and other essential commodities of the war-torn countries of Europe, as well as other parts of the world not ravaged by war but with large volumes of pent-up demand, also constitutes a major problem, in the solution of which the rôle of the United States is of decisive importance, alike in view of her immense resources and of the fact of her being the one great country with her industries undamaged by war and her internal transportation system in good working condition.

2. *International Conferences.*—As during last year, a number of international conferences were held during 1945-46 also, India being represented at most of them.

The San Francisco Conference, which concluded its deliberations on the 26th June 1945, adopted the Charter of the United Nations, having for its main purpose the achievement of "international co-operation in solving international problems of an economic, social, cultural or humanitarian character and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion." The Charter constituted four overall instruments of international action, namely, the Security Council (an enforcement agency), the General Assembly (a forum for discussion), the Economic and Social Council and the International Court of Justice. The enforcement of peace is entrusted to the Security Council which is empowered to call, in the event of aggression, for military assistance from all members in the shape of forces, right of passage, or bases. The General Assembly's first meeting, held in London on the 10th January 1946, was attended by delegates of 51 nations. The Conference also decided to create a Preparatory Commission of the United Nations for examining, among other things, the problems involved in the establishment of relationships between specialised inter-governmental organizations and agencies and the new Organization. The Potsdam Conference held in July 1945, besides reaching agreement on the general policy to be pursued towards Germany so as to render that country completely harmless politically and economically, also created a Council of Foreign Ministers representing the five principal powers, *viz.* the United States, U.S.S.R., Britain, France and China to continue the preparatory work for the peace settlement. The twenty-seventh conference of the International Labour Organization met at Paris in the second week of October 1945 and concerned itself mainly with the amendment of the Constitution of the I.L.O. so as to sever its relations with the old League of Nations and outlined the part to be played by the I.L.O. within the framework of the United Nations Organization. As regards reparations, the Potsdam Conference had decided for their allocation on a geographical basis. The U.S.S.R.'s claims were to be met from the zone which it occupied and partly from German external assets and capital equipment. The other countries entitled to reparations were to obtain their share from the western zones and from such German assets as were not reserved for the U.S.S.R. The Conference on Reparations opened in Paris on the 9th November 1945, and the document ratifying the decisions in regard to allocations was signed on the 14th January 1946 by the representatives of the United States, the United Kingdom, France, Belgium, Holland, Luxembourg and Yugoslavia. India is to have as her share 2 per cent. of the total reparations and 2·9 per cent. in respect of capital equipment. Other important conferences held during the year were (*i*) the Maritime Technical Conference at Copenhagen (November 15), (*ii*) the International Educational Conference in London (November 16) which created the United Nations Educational Scientific and Cultural Organization, and (*iii*) the International Transport Conference (February 1946).

The year under review witnessed the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development as, in terms of the Final Act, countries representing more than 65 per cent. of the total of the quotas had signed the Bretton Woods Agreement before the 31st December 1945. In order to secure for India the advantages of original membership of the Fund and of the Bank, the Legislative Assembly having been dissolved earlier, the Government of India promulgated an Ordinance on the 24th December 1945, providing themselves with necessary powers for signing the Agreement. The agreement was signed on behalf of India by the Agent General for India in Washington on the 27th December 1945. The inaugural meeting of the Boards of Governors of the Fund and of the Bank was held at Savannah (Georgia) from the 8th to the 18th March 1946. India was represented on both the Boards by Sir Chintaman D. Deshmukh, C.I.E., the Governor of the Reserve Bank of India. The representative of America, Mr. Fred Vinson, was unanimously elected Chairman of the Boards of Governors of both the Fund and the Bank, and the nominee of the United Kingdom (the late Lord Keynes now succeeded by Dr. Dalton) was assigned the two Deputy Chairmanships. The Head Offices of these institutions will be located in Washington. Their bye-laws have been adopted and the date for admission of those signatories of the Bretton Woods Agreement who have not yet joined as original members has been extended from the end of 1945 to the end of 1946. The first annual meeting of the full Board of Governors will be held sometime in September 1946 but until then, to facilitate business, a Procedure Committee of twelve Governors with Mr. Vinson as Chairman was appointed. In addition, the inaugural meeting proceeded with the work of electing Executive Directors of the Fund and the Bank. In terms of the Final Act, in addition to the five Executive Directors appointed by nomination by the Big Five, seven Executive Directors from amongst the members have been elected. The Executive Directors of the Fund in addition to those of the Big Five—United States of America, the United Kingdom, France, China and India,—will be the representatives of Canada, Egypt, Belgium, the Netherlands, Czechoslovakia, Mexico and Brazil; those of the Bank, will be the representatives of Canada, Belgium, the Netherlands, Poland, Greece, Chile and Cuba. India will be represented on the Fund by Mr. J. V. Joshi, O.B.E., Economic Adviser to the Reserve Bank of India and on the Bank, by Mr. N. Sundaresan, O.B.E., Joint Secretary, Finance Department of the Government of India.

A British White Paper issued in December 1945 outlined the American proposals for an International Trade Conference on Trade and Employment to be convened for the purpose of setting up an International Trade Organization of the United Nations, the members of which would undertake to conduct their international commercial policies in accordance with agreed principles to be set forth in the articles of the Organization.

3. *Problems in Transition.*—Internally, the major problems facing individual nations were those of a transition economy of demobilization, resettlement, disposal of surplus war materials, reconversion of industry to civilian production, relaxation of controls, and stabilization of the cost, price and wage structures. Between the surrender of Germany in May and that of Japan in August, although a partial transition was effected, demobilization and reconversion were speeded up after August, the progress, however, being different in each case. Reconversion to peacetime production has been almost completed in the United States during the first quarter of 1946 when the rate of civilian production reached its highest level, while in the United Kingdom it had only been just started at this time.

A measure of relaxation of war-time controls was generally brought about, though price controls continued to be retained in most countries as a check against inflationary forces. Relief through substantial reductions in taxation was granted to industry and individuals. Full employment and a higher standard of living have generally been recognised as objectives of economic policy and reconstruction. Development and social security plans have been worked out generally and, in some cases, as in the United Kingdom, these have even reached the stage of being translated into concrete action.

4. *Money Circulation and Wholesale Prices.*—The table on page 5 gives comparative indices of note circulation, sight deposits of commercial banks and wholesale prices for the United States, certain Empire countries and India.

TABLE 1.—QUARTERLY INDICES OF AVERAGE MONTHLY NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES IN THE EMPIRE COUNTRIES AND THE UNITED STATES.

(*July* 1939 = 100)

		1939	1940	1941	1942	1943	1944				1945				1946
		III	Annual Average				I	II	III	IV	I	II	III	IV	I
INDIA	*N*	*102*	*132*	*152*	*258*	*416*	*505*	*530*	*542*	*567*	*613*	*652*	*664*	*686*	*705*
	D	*101*	*113*	*144*	*207*	*319*	*390*	*415*	*441*	*461*	*462*	*468*	*483*	*509*	*532*
	P	105	120	139	185	307	299	296	299	299	301	292	281	280	295
UNITED KINGDOM	*N*	*103*	*113*	*128*	*159*	*190*	*212*	*221*	*224*	*234*	*240*	*247*	*258*	*263*	*260*
	D	*101*	*120*	*152*	*173*	*198*	*212*	*218*	*224*	*238*	*237*	*247*	*261*	*263*	*251*
	P	102	139	155	162	166	168	169	170	170	171	172	174	173	175
CANADA	*N*	*110*	*163*	*240*	*337*	*456*	*517*	*540*	*567*	*600*	*609*	*625*	*646*	*664*	*644*
	D	*104*	*126*	*157*	*193*	*233*	*255*	*266*	*273*	*279*	*269*	*277*	*291*	*308*	..
	P	103	114	124	132	138	142	141	140	140	142	142	142	142	..
SOUTH AFRICA ..	*N*	*103*	*114*	*134*	*173*	*231*	*257*	*272*	*280*	*292*	*299*	*315*	*338*	*345*	*342*
	D	*99*	*117*	*150*	*189*	*242*	*259*	*270*	*281*	*293*	*300*	*309*	*326*	*348*	..
	P	98	114	124	140	153	158*	158	157	158‡	159	160	162	161	..
AUSTRALIA	*N*	*102*	*122*	*145*	*213*	*295*	*351*	*385*	*407*	*414*	*405*	*389*	..	..	..
	D	*100*	*122*	*139*	*172*	*223*	*265*	*274*	*269*	*288*	*310*	*312*	*301*	*318*	..
	P†	97	110	117	131	137	137	138	140	130	139	140	140	140‡	..
UNITED STATES ..	*N*	*102*	*116*	*151*	*218*	*316*	*382*	*408*	*434*	*469*	*486*	*503*	*524*	*538*	*531*
	D	*103*	*118*	*137*	*152*	*185*	*189*	*198*	*199*	*212*	*211*	*221*	*218*	*221*	*217‡*
	P	102	104	118	131	137	137	138	138	139	140	141	141	143‡	..

N—Note Circulation. D—Demand Deposits. P—Wholesale Prices.

‡ (Provisional) for two months only. * For one month only. † January—June 1939 = 100.

The rate of increase since the beginning of the war in note circulation resulting from heavy governmental disbursements touched its peak in 1942-43; but in subsequent years it tended to slow down, due mainly to a smaller rate of expansion in war expenditure and this became more pronounced after the termination of the war. Note circulation in the United Kingdom recorded an increase of only 11 per cent. in 1945 as against 14 per cent. in 1944 and 18 per cent. in 1943, the corresponding percentages in the United States being 13, 28, and 38 respectively. In India, conditions followed the general trend, the rate of expansion in 1945-46 being 12 per cent. as against 23 per cent. in 1944-45 and 37 per cent. in 1943-44. A similar trend was noticed in the case of bank deposits in the United Kingdom, the rate of increase being lower at 6·7 per cent. in 1945 as compared with 12·7 per cent. in 1944; in the U.S.A., however, the rate of expansion in deposits rose slightly from 14·0 per cent. in 1944 to 15·8 per cent. in 1945. Owing to the gradual reduction in the pressure of monetary inflation and the continuance of price controls in the majority of countries, prices during 1945 came to be determined increasingly by the availability of consumer goods. The measures of price control were particularly successful in Canada, the United States and Australia where the indices of wholesale prices remained virtually unchanged at or only slightly above the levels recorded in the previous year, stabilization policies in most of these countries being governed by the requirements of full production. In India also, the Economic Adviser's General index of wholesale prices for 1945-46 (average) showed little variation from the average level for 1944-45.

5. *United States.*—As a first step in the transition to a peace economy, the United States started to decontrol extensively. Of the 650 orders and schedules in force on the 1st April 1945, 175 had been removed by the 2nd June; and, following the Japanese surrender in August, all man-power controls, including that effecting the standard work week of 48 hours, were abolished. While as many as 210 production and commodity controls were eliminated, the open-ending of the Controlled Materials Plan meant the release of essential materials including steel, copper and aluminium for civilian production. Between March 1945—the last month of full production for a two-front war—and VJ-Day (2nd September 1945), the output of war goods had fallen by about 20 per cent. while civilian production rose by 10 per cent. After the surrender of Japan, more civilian orders on the register were substituted for war orders and by October the advances in civilian output had begun to offset the decline in war production. Production of civilian goods and services in the first quarter of 1946 was estimated at an annual rate of $154,000 million, which records the highest annual rate ever reached by the nation, either in war or peace. Total sales of retail stores also reached an annual rate of $90,000 million, representing an increase of 20 per cent. over the sales in the corresponding quarter of last year. Thus by the end of the year under review, reconversion was virtually completed, despite a wave of industrial disputes affecting a number of important manufacturing industries.

The relative price stability maintained during the present war (*vide* table on page 7) is in striking contrast with the wide fluctuations witnessed during the last war. Between July 1914 and November 1918, the wholesale price level more than doubled, while it advanced during the present war (up to June 1945) only by 41 per cent. Similar trends may also be noted in regard to the indices of cost of living, the rise in which during the present war (up to June 1945) is only 29 per cent. as against 64 per cent. during the last war. The increase in these indices during the two years ended June 1945, when the President's 'Hold the Line' order was in operation, amounted to less than 2 per cent.

	1938	1939	1940	1941	1942	1943	1944	1945
Money in circulation (million dollars) (End of year) ..	6,856	7,598	8,732	11,160	15,410	20,449	25,307	28,515
Gold Stock (million dollars) (End of year)	14,512	17,644	21,995	22,737	22,726	21,938	20,619	20,065
Demand Deposits (million dollars) (End of year) ..	25,986	29,793	34,945	38,992	48,922	60,803	66,930	75,100*
Time Deposits (million dollars) (End of year)	26,305	27,059	27,738	27,729	28,431	32,748	39,790	48,500*
Stock Prices (1935-39=100) ..	88·2	94·2	88·1	80·0	69·4	91·9	99·8	121·5
Income Payments (1935-39 = 100)	98·5	105·4	113·5	138·0	174·6	213·0	233.4	239·1*
Industrial Production—Total (1935-39=100)	89	109	125	162	199	239	235	203
Department Store Sales (1935-39 = 100)	99	106	114	133	150	168	186	207
Factory Pay Rolls (1939=100)	84·2	100·0	114·5	167·5	245·2	334·4	339·1	277·3*
Factory Employment (1939 = 100)	90·0	100·0	107·5	132·1	154·0	177·7	169·1	143·4*
Cost of Living (1935-39 =100)	100·8	99·4	100·2	105·2	116·5	123·6	125·5	128·4
Wholesale Prices All Commodities (1926=100)	78·6	77·1	78·6	87·3	98·8	103·1	104·0	105·8
Wholesale Prices of Farm Products (1926=100) ..	68·5	65·3	67·7	82·4	105·9	122·6	123·3	128·2

* Preliminary.

Agricultural output, reached during the war, was on the whole well maintained, though the cotton crop during 1945 amounted only to about 9 million bales, representing a decrease of some 3 million bales over the previous year's figures; but the production of other leading grains was larger and at the end of 1945, sugar was the only food remaining on the ration.

6. *United Kingdom.*—A major factor influencing the British post-war policy was the advent to power on the eve of the Japanese surrender of Britain's first Socialist Government with a working majority. The United Kingdom experienced the first impact of this change in October 1945, when the Bank of England Nationalisation Bill was introduced for the purpose of giving the Government a firm grip over the financial mechanism. This was followed by a bill for the nationalisation of the coal industry and of the 'cable and wireless', and by the announcement, shortly after the financial year, of Government's decision to bring about a large measure of public ownership in the iron and steel industry. It has also been declared that it is intended to extend public ownership to railways, canals, long distance road haulage services, and electricity and gas supply companies within the life of the present parliament.

Reconversion in United Kingdom proceeded side by side with nationalisation. A host of difficult labour, machine and financial problems had arisen in the process of the change-over, the most intractable of these being the shortage of labour, particularly in iron foundries and cotton spinning. Almost every industry complained of lack of skilled and unskilled workers, which difficulty accounted mainly for the comparatively slow progress of reconversion. The labour situation, however, improved considerably towards the turn of the year as a result of Government's decision to accelerate demobilisation. From the 18th June 1945 to the 31st December 1945, over 1½ million men and women were demobilised from the three Services, more than half of this number being released in the last quarter of 1945. The drive for greater production was also jeopardised by shortage of materials in the case of some industries as in the boot and shoe industry. Coal production showed a continued decline, the output of coal in 1945 averaging 3·5 million tons a week compared with 3·7 million tons in 1944 and 4·4 million in 1938. No less urgent was the problem of rebuilding and modernisation of the greater part of the nation's industrial equipment, particularly in the coal and textile industries whose products had accounted for more than one-fourth of the value of pre-war exports and in which costs of production were reported to have become higher than in the United States.

Two other important problems faced the country—that of financing imports while exports were being restored to normal levels; and secondly, the more basic one of off-setting in the balance of payments the loss of income from overseas investments and that from the servicing of external debts. According to a White Paper, issued in November 1945, estimating United Kingdom's probable deficit on her balance of payments account, the likely adverse balance is placed at £750 million in 1946 and £500 million in each of the years 1947 and 1948. During the war, investments of the value of £1,118 million were sold, while external liabilities rose from £760 million to £3,355 million. The White Paper states that the restoration of equilibrium would require a volume of direct exports nearer 75 than 50 per cent. in excess of the pre-war level. The value of British exports during the war had declined from £532 million to £330 million. While the Anglo-American Loan Agreement (*vide* para 1) is intended to tide over the deficits during the transition, other measures have also been taken with a view to achieving the export target of a 75 per cent. increase over the pre-war volume. The success of the export policy may be judged from the fact that the average volume of monthly exports, which during 1945 was only 45 per cent. of its 1938 level, rose to an average of 50 per cent. during November and December 1945 and to 75 per cent. in January this year. Statistics for March 1946 reveal that the upward movement is continuing; the index of the volume of exports (1938=100) rose from 53 for October-December 1945 to 81 for January-March 1946. Despite this improvement, the volume was still 19 per cent. below the pre-war level and more than half the distance from the required target of 175.

The table below gives various indices relating to the main features of United Kingdom's war-time economy.

	1938	1939	1940	1941	1942	1943	1944	1945
Wholesale prices (August 1939=100) (average of months)	103·4	104·8	139·2	155·6	162·4	165·9	169·3	172·2
Cost of living (September 1, 1939=100) (average of months)	101	102	119	128	129	128	130	131
Note circulation (£ million) (average of Wednesdays) ..	485·6	507·3	574·7	652·2	808·3	966·3	1,135·7	1,284·2
Bank deposits (£ million) (average of months) ..	1,244	1,252	1,487	1,885	2,148	2,455	2,765	3,127
Clearings (average of working days) (£ million)	133·1	124·3	133·6	144·4	163·3	189·8	207·8	223·6
Retail sales (average daily sales) (1942=100) ..	95	98	101	98	100	98	105	100*
Weekly wages rates (September 1, 1939=100)	..	..	111·5	121·5	130·0	135·5	142·5	149·0
Unemployment (succeeding January figures) (thousands)	2,133·8	1,602·6	764·3	195·1	121·0	96·3	122·2	131·0†
Capital flotations (thousands of £)	118,098	66,294	4,096	2,326	3,907	8,583	7,576	20,467

* Average for January 1945 to October 1945. † July 1945.

A report on the impact of war on civilian consumption in the United Kingdom, the United States and Canada, submitted to the Combined Production and Resources Board by a special combined committee on non-food consumption levels, showed that consumption purchases during the war decreased by nearly 20 per cent. in the United Kingdom, but actually recorded an increase in the United States and Canada. Price control was maintained during 1945 for the major foods, and the index number of retail food prices, calculated by the Ministry of Labour, indicated little change, apart from seasonal variations. The total cost of food subsidies was estimated to have amounted at the time of the cessation of the lend-lease to £308 million annually, of which bread, flour and oatmeal accounted for £64.9 million. On the 15th November the Government announced a plan for permanent public control of agriculture, the proposals outlined including guaranteed prices and assured markets for agricultural products and Government-directed crop planning, and general assurance for attaching increased importance to rural industry in the economic structure of the nation.

7. *Other Empire Countries.*—In the Dominions, located outside the zone of active conflict, the process of reconversion was comparatively smooth, these countries being able to eliminate most of their wartime restrictions by the end of 1944, although generally continuing their price controls.

The total cost of the war to Canada amounted to $18.2 billion about half of which was met through borrowing. The value of supplies made available by the country to the Allies under Mutual Aid during the war amounted to $1,716 million, the United Kingdom alone accounting for $1,442 million. The main events in the reconversion of the Canadian industries parallel those of the United States. The budget for 1945-46 had revised taxation to facilitate necessary economic adjustments. Steps taken, even before the Japanese surrender, included the relaxation of the restrictions on workers who desired to leave Canada and find employment elsewhere, and the removal of restrictions, imposed since 1942, on the production of gold and other minerals. In October, the Government abolished the war exchange tax on imports from non-Empire countries. The Minister of Reconstruction announced early in February 1946 the Government's decision to set up a new body named the Canadian Arsenals Ltd., comparable to a fourth service of the armed forces to facilitate speedy mobilisation of the country's industrial capacity. The rapid rate of demobilisation resulted in a serious housing shortage for meeting which the National Housing Act of 1944 was amended so as to permit the large-scale entry of insurance companies into low cost housing finance. Also, commercial construction and public works projects were deferred in order to give priority to private buildings. With the termination of shipments under Mutual Aid, the Canadian counterpart of lend-lease also terminated. As a measure of assistance to liberated and other countries, a series of loan agreements were concluded with Belgium, Netherlands, Norway, Czechoslovakia and more recently with the United Kingdom. Additional support for foreign trade is promised by the starting in September 1945 of the Export Credit Insurance Corporation provided for under the Export Credit Insurance Act of 1944.

In Australia, the problems of reconversion and reconstruction received early attention. A White Paper issued in May 1945 on full employment emphasised the stability of capital expenditure as the key to the stability of production and employment. It was also stated that the Government's plan was to so design the public expenditure as to ensure full employment and provide at the same time for social betterment through a wide range of non-contributory social services. Under the housing scheme, about 40,000 houses were to be built every year. A number of restrictions imposed under the National Security Regulations were rescinded at the end of the war, and plans were made for the transfer from the fighting forces to industry of about 64,000 men between July and December 1945. By January 1946, controls over as many as 650 commodities had been lifted. A notable feature of the country's war-time economy was the comparative success achieved in holding the cost of living which, between September 1939 and March 1943, recorded a rise of only 22.6 per cent. In June 1943, the cost of living index rose to its highest point but the upward swing was checked by the payment of subsidies to potatoes and tea and by a reduction in the sales tax on clothing from 12½ per cent. to 7½ per cent. The index for December 1945 remained virtually unchanged at the April 1944 level of about 123. The Government's price stabilisation scheme which had thus operated efficiently since April 1943 appeared to be threatened towards the close of the year under review by the insistent demand by Trade Unions for a shorter week and an increased basic wage. Trade disputes were rife during 1945-46, affecting mainly the coal, steel and electricity industries. The Commonwealth Bank Act of 1945 provided for the establishment of an Industrial Finance Department of the Bank to provide finance for the establishment and development of both large and small industrial undertakings. The Department of Reconstruction has prepared a plan for the establishment of a Commonwealth Government Corporation with a capital of £ A. 1 million to foster export trade; the capital is to be subscribed partly by the Government and partly by the public.

During 1945 the wholesale price index in South Africa (Base 1910=1000) rose by only a little over one per cent. as against 4 per cent. in 1944 and 9 per cent. in 1943; the index number stood at 1,789 in December 1945 as against 1,192 in November 1939. The Union Government have recognised full employment as the primary objective of economic policy. The progress of reconversion during the year was on the whole smooth, although it was retarded by shortages of labour and materials. As the estimated wheat yield this season falls short of the country's requirements, with a view to encouraging higher production, the Government have decided to introduce an expanded seed-wheat loan scheme under which wheat growers in specified areas with poor harvests will be able to obtain a maximum of 20 bags each, of seed-wheat and fertilisers. Government also have under consideration a scheme to spend £10 million on importation of cereals during 1946-47.

8. *Middle Eastern Countries.*—The war brought about numerous changes in the patterns of the Middle Eastern economies. These countries constituted the main base for supplies to Russia and the Allied forces in Africa up to the end of 1943 when the war on the African theatre came to an end. A sharp increase in money incomes, following heavy military disbursements by Allied Nations, and a steep decline in imports imposed a heavy strain on their comparatively backward economies. The cessation of hostilities by the end of 1943 brought about a measure of relief generally. In a majority of these countries, the latest available economic and financial indices show that conditions were far from 'normal'. Sudan and Palestine appeared to have achieved a degree of stabilisation, mainly through special anti-inflationary measures. Sudan, for example, showed the smallest increase in cost of living, the rise as in June 1945 over the pre-war level being only about 60 per cent., due mainly to the adoption of State trading, the bulk of the benefits on the sale of produce accruing to a Central Agency which used the resources *inter*

alia to subsidise the price of imported goods. In Palestine, there was a clear evidence of a slowing down in the cost of living since the middle of 1943, the index in November 1945 as compared with the pre-war level being higher by about 150 per cent. only. Since 1942, an increasingly heavy subsidization programme has been pursued in Palestine to check the rise in wholesale prices as well as to minimise the effects of high import prices on retail prices. The subsidy programme has played a relatively greater part in the war-time economy of Palestine than even in Britain, subsidy expenditure during each of the two years 1943-44 and 1944-45 in the former being over 30 per cent. of total revenue as against only about 10 per cent., in Britain in 1943-44. Increase in taxation, and issue of premium bonds were two of the other principal methods adopted by Palestine for combating the effects of excessive increase in circulating media. In Egypt also, there appeared to be evidence of a slowing down of inflation, attributable mainly to increased opportunities to import, following the payment agreement entered into with Britain early in 1945. Egypt has drawn up a five-year plan; the Ministerial Committee, appointed in June 1945 to examine the plan, estimated the total cost of the plan at £E115 million and recommended the adoption of certain schemes costing £E46 million; these include electrification, extension of facilities for road and rail transport, public health and industrial development. In Iraq, where inflationary tendencies were noticed in a more pronounced degree, the rise in the cost of living was sought to be held in check by the twin expedients of gold sales and issue of loans.

The heavy military expenditure incurred in the Middle East increased substantially the sterling balances of some of the Middle Eastern countries, the amounts thus accumulated as at the end of 1944 on account of Egypt and Iraq being estimated at £300 million and £55 million respectively. In the absence of free convertibility into hard currencies with which to finance increased purchases of civilian goods, special agreements were entered into by Britain with Egypt and Iraq, the essential feature of which was the fixation for the calendar year 1945 of a maximum of allocations of scarce currencies for the payment of imports, the targets thus fixed being £E10 million for Egypt and £3·50 million for Iraq. These agreements have since been extended to cover a further year, the targets fixed being £E14·35 million and £3·13 million.

9. *Union of Soviet Socialist Republics.*—The year under review witnessed a switchover to peace-time production and a rapid recuperation from war ravages. The demobilisation of the older classes of the Red Army started soon after the VE-Day, and reconversion programmes for individual industries have also been announced. New plants built during the war are being converted to civilian production, *e.g.*, the war factories are now turning out equipment for the oil industry and refrigerators for private use. Textile mills are being restored; new cotton mills are also being constructed mainly in Central Asia. Some of the largest automobile plants are to switch-over from the production of tanks to civilian cars and trucks. Industrial plants are turning out civilian goods under incentive plans, and expanding supplies have resulted in a sharp drop in prices in the 'open' markets (where prices are not fixed). The food situation is steadily improving as a result of the rehabilitation of vast crop areas. This year's harvest is estimated to be well over the 1940 figure of 38·3 million tons. The withdrawal of rationing of bread, flour and cereals this year and the abolition of

rationing of all goods next year is contemplated. The area under cotton was increased by 50,000 hectares over last year, under sugar beet by 120,000 hectares and under vegetables by 200,000 hectares. To alleviate food shortage, the Soviet Government have agreed to provide France with 4 million quintals of wheat and 1 million quintals of barley; relief on a smaller scale was also promised to Poland and other areas in Eastern Europe.

Early in April 1946, Russia announced her Fourth Five Year Plan covering the years 1946-50 and embracing almost every aspect of reconstruction of the economy including the transition from war to peace-time production. The plan envisages an increase in wages of 150 per cent. over the pre-war standards by the end of 1950, and a rise in employment by 1,250,000 a year. Figures of annual food supplies to be achieved by 1950 include 1,300,000 tons of meat products, a total grain harvest of 127,000,000 tons or increase of 7 per cent. over the 1940 level, 2,400,000 tons of sugar, 26,000,000 tons of sugar beet, and 275,000 tons of animal fat. The plan envisages a gigantic programme of house-building as one of the important means of raising the standard of living; recognises, as in earlier plans, the priority of heavy industries including coal, electric power and metallurgical industries on the ground that a prosperous economy and high living standards can more quickly be achieved after the means of production and exploitation of resources have been fully provided for. The plan also provides for the relaying of 45,000 miles of rail-track, construction of new long-distance lines, large quantities of new rolling stock, and extension of civil air line traffic and merchant shipping fleet. Electrification of the countryside, maximum mechanisation of agriculture and sharp increase in field crop production and livestock is also aimed at. The total capacity of electric power stations is to be doubled, while new projects include a mighty power station 25 times more powerful than Europe's biggest Dnieper power station. To finance the new plan, a state loan of 20 billion roubles was issued in May 1946, and the reparations received from Europe are also being used.

10. *Burma.*—The South East Asia Command had assumed charge of the liberated areas in Burma early in 1945. As a first step in rehabilitation of the war-shattered economy of Burma, the Military Administration issued on the 1st May 1945 a Proclamation defining the legal status of the various currencies in circulation in Burma. Measures were also taken to arrange for a fair distribution of relief supplies in order to alleviate the hardships arising out of the repudiation of the Japanese currency. Other steps taken to resume normal life in the re-occupied areas included the restoration of adequate transport facilities and the rehabilitation of agriculture. These measures prepared the way for the restoration of civil administration in Burma, and the responsibility for the administration of Burma, except in the district of Tenasserim where unsettled conditions continued to prevail, passed to the civil government on the 16th October 1945, the eventual transfer of the administration of the whole country being effected on the 1st January 1946. According to available reports, the country's productive capacity had suffered greatly under the stress of enemy occupation. The oil fields were unlikely to work at pre-war levels until the question of compensation for "denials" made in 1942 is decided by His Majesty's Government. Burma's rubber industry was also greatly damaged over large areas. In Lower Burma, less than fifty per cent. of the rice fields was under cultivation, although in the Mandalay and Shwebo districts (in Upper Burma), more than eighty per cent. of the land has been cropped. Apart from shortage of

implements, the main handicaps were the disturbed state of the country and the shortage of cattle for ploughing. The rice crop has been only about half the pre-war level, leaving only a small surplus over the country's requirements. The level of prices in Rangoon and throughout the country continued to be very high, ranging between 10 to 15 times the pre-war level, mainly owing to paucity of consumer goods like cloth, toilet requirements, etc. Resumption of normal trade was rendered difficult by lack of shipping. Rationing has been introduced in certain parts of the country, and Government retail shops have been opened ; the prices of pulses, salt and oil have also been controlled. Banking facilities and postal communications with India were restored by the end of 1945. Economic rehabilitation has been the principal task demanding the urgent attention of the Government. In order to enable the Government of Burma to meet the heavy expenditure for rehabilitation as also the day-to-day needs of administration, the British Government have undertaken to provide finance to the extent of £80 million for the years 1945-46 and 1946-47, free of interest. Supply missions are also operating in London and India for procuring capital goods on Government Account. An Agricultural Projects Board has been set up for rehabilitating the agricultural economy and in particular for promoting agricultural production and its efficient marketing. The Board is expected to stimulate the production of paddy by the offer of guaranteed minimum prices. It will also control the export of rice abroad and its sale to deficit areas in the country. It was also decided to give a subsidy of Rs. 1,200 for every 100 acres of fallow land brought under cultivation to help the cultivator to cover the extra cost of reclaiming land and give extensive agricultural loans to cultivators for the next season and also to provide them with necessaries such as agricultural implements, cloth, food, etc., at cost price. While the Government of Burma recognise the right of Indian refugees to return to Burma, negotiations for their repatriation are still in progress, the main difficulty being lack of transport. A draft agreement about the status of Indians in Burma is at present under consideration of the two Governments.

11. *India.*—The end of the war in August 1945 did not bring about the end of the strain on the country's economy. India's industrial equipment was overworked to almost breaking point, and her plans for reconstruction were delayed owing mainly to her inability to import the necessary capital goods. The diversion of large fractions of the country's productive capacity to purposes of war production had resulted in enormous shortages of consumer goods, particularly textiles and foodgrains, the situation being further aggravated by reduced imports. These factors coupled with the enormous increase in the country's purchasing power accounted for the continued existence of pockets of inflation which required to be closely watched and controlled. Government's policy, therefore, was directed, mainly towards ensuring the flow into the public fisc of such surplus funds in the hands of the public as were not being applied to new productive enterprises. The small savings scheme was re-orientated with the primary object of encouraging consistent savings among the less well-to-do. The withdrawal of excess purchasing power through the issue of loans as well as through taxation also aimed at mitigating the pressure of idle funds on prices and, at the same time, building up reserves for development purposes. The decrease in the expenditure recoverable from His Majesty's Government from Rs.411 crores in 1944-45 to Rs.347 crores in the revised estimates for 1945-46 reflected partly the success of the Hydari Mission's effort to secure a reduction of the demands for war purposes on India's productive capacity.

TABLE 2.—STATISTICS (QUARTERLY) OF ECONOMIC AND FINANCIAL TRENDS IN INDIA.

	1939-40 II	1943-44 I	1943-44 II	1943-44 III	1943-44 IV	1944-45 I	1944-45 II	1944-45 III	1944-45 IV	1945-46 I	1945-46 II	1945-46 III	1945-46 IV
I. PRICE INDICES (Quarter-end figures)													
1. All primary commodities	111·9	238·8	237·5	232·2	231·8	240·1	233·5	247·8	246·8	240·3	248·8	251·6*	257·4
2. Manufactured articles	116·5	263·5	252·8	251·6	259·8	290·1	258·1	257·8	252·8	244·7	243·1	235·2	242·8
3. General Index	112·9	244·0	240·6	236·3	237·6	244·3	242·6	250·0	248·1	241·3	243·6	247·9*	254·2
4. Bombay cost of living	106	235	245	247	223	238	239	236	225	235	240	242	247
5. Exports	61	129	132	126	123	145	131	132	133	134	129	..	..
6. Imports	66	137	136	150	133	125	125	117	121	131	118	..	..
7. Government Securities	103·8	116·1	117·8	117·6	117·7	118·1	118·0	118·1	117·6	118·2	118·8	119·0*	119·2*
8. Preference shares	127·8	130·2	134·1	165·7	171·6	173·0	174·4	178·2	181·2	183·5	187·4	189·0	191·3
9. Variable yield securities	111·4	174·8	176·3	183·8	195·3	198·9	187·7	202·6	199·9	207·3	218·3	232·4*	249·7*
10. Bullion :—													
(a) Gold (Bombay spot)	110·7	222·4	203·4	191·3	193·3	193·3	190·1	199·0	194·5	208·4	205·1	218·3	262·9
(b) Silver " "	123·3	251·4	265·7	240·9	277·1	272·0	256·1	269·4	265·9	273·5	281·3	277·7	329·0
II. FINANCIAL STATISTICS (In crores of rupees)													
1. Scheduled Banks†													
(a) Demand Deposits	133·1	390·9	438·7	482·4	512·6	545·7	580·1	606·5	606·8	615·3	634·7	668·6	699·6
(b) Time Deposits	101·6	126·2	131·9	143·9	165·9	175·2	186·8	199·5	215·0	229·0	248·4	269·0	290·8
(c) Cash and Balances with the Reserve Bank of India	23·4	63·2	81·4	100·9	87·0	113·9	124·3	121·6	106·4	116·2	126·7	128·7	127·2
2. Cheque clearings (Total) §	490·6	989·6	1019·6	1033·4	1233·0	1193·1	1305·9	1324·9	1455·5	1330·9	1459·6	1560·4	1719·4
3. Notes in circulation, excluding Burma notes (Quarter-end)	192·8	723·4	759·7	840·8	882·5	931·4	941·3	1009·6	1094·9	1137·0	1141·8	1210·9	1218·8
4. Absorption (+) or Return (—) of Notes and Rupees ¶	+12·7	+89·1	+37·7	+89·0	+48·8	+53·5	+7·7	+70·4	+81·0	+56·1	+1·8	+70·5	+23·8
5. Sterling Holdings of Reserve Bank (Quarter-end)	78·1	641·7	757·0	855·4	943·1	1032·1	1139·2	1246·7	1363·4	1424·5	1540·8	1667·7	1721·3
6. Tax Revenue (April to Quarter-end)	34·3	28·9	66·3	112·4	180·0	42·6	84·3	150·3	278·4	66·8	111·8	189·8	309·0
7. Defence Expenditure (April to Quarter-end)	21·0	48·0	104·1	183·8	358·4	72·4	161·0	272·0	395·5	93·8	191·2	286·3	376·4
8. Rupee debt of Government of India :—													
(a) Rupee loans (Quarter-end)	427·7	783·7	856·3	935·6	1002·6	1078·8	1106·5	1174·6	1219·0	1286·0	1395·0	1454·0	1503·0‡
(b) Treasury bills outstanding (Quarter-end)	50·8	240·1	162·8	112·8	110·6	84·4	97·6	104·8	83·7	73·0	57·1	66·0	83·3

* Estimated. † Average of weekly figures (excluding Burma). § Excluding Burma from December 1941. ¶ Excluding Burma from April 1942. ‡ Provisional.

Base :—

Items 1 to 3 : Week ended 19th August 1939 = 100.

Item 4 : July 1933—June 1934 = 100.

Items 5 to 9 : 1927-28 = 100.

Item 10 : June—August 1939 = 100.

Side by side with the reduction in the defence demand for essential consumer goods, measures were taken by Government to relax partially the various wartime controls over production and distribution, although price controls continued to be maintained. In September, restrictions on the sale and acquisition of used tyres and tubes were removed, and Government released for civilian use large stocks of motor tyres. The Paper Control (Economy) Order 1944, which had already been partially relaxed earlier in June 1945, was again amended so as to allow a further increase of 20 per cent. in the quota of basic consumption with effect from the 1st October. In November 1945, the schedule attached to the Export Control Notification of the 29th January 1945 was revised so as to remove from its purview over a hundred commodities, including chemicals and chemical preparations, raw cotton, hides and skins, iron ore, scientific instruments of indigenous origin and animal oils. Early in December, the Timber Control Order of 1945 and the Cinematograph Film (Control of Distribution) Order 1943 were withdrawn, and metal cutting tools, hand tools and workshop measuring tools were removed from the purview of the Control of Imported Engineering Stores Order 1943. By January 1946, the supply position of civilian goods had improved, and Government removed from the schedule to the Consumer Goods (Control of Distribution) Order 1943, all items with the exception of pure and artificial silk yarn, umbrellas, hurricane lanterns, cycles and cycle parts, and lead, copying and coloured pencils. Under the new Open General Licence, introduced by a notification dated the 22nd January, 1946, decontrol was extended to a number of imports including important industrial requirements. The problem of shortage of cloth continued to engage the attention of Government who issued the Textile Industry (Control of Production) Order, effective from the 1st June 1945, the general effect of which was to standardize both production and quality throughout the industry. Rationing of selected varieties of cloth was introduced in the more important towns, *e.g.*, in Bombay and Delhi in June and in Calcutta in October. The quota of coal allocated to the cotton industry was increased from July by 10,000 tons per month. An improvement in the over-all supply position of cloth enabled a revision of the scheme of quotas so as to make available, from the 1st October, to Bengal, Madras and the United Provinces and the Indian States adjoining these areas, additional supplies varying from 25 to 30 per cent. of their previous quotas. The supply of cloth is expected to be increased by 1,000 million yards in 1946, made up of an increase of 400 million yards in output, and reductions of 400 million yards and 200 million yards respectively in defence requirements and export quota.

With the termination of the war with Japan, Government were also faced with the immediate problems of transition, which included demobilization, resettlement of ex-servicemen and war workers, and reconversion of industry to peace-time production. Of the 2,000,000 men in the Indian army, about 500,000 were demobilised by the end of the year under review as against Government's target of 850,000 to be released by the 31st July 1946 and 1,500,000 (including non-combatants) by the 1st April 1947. The scheme to absorb the persons thus released included the reservation in Government service of a certain percentage of the vacancies which arose during the war, the conversion of over one hundred recruitment centres into employment exchanges and the creation by the Labour Department of a number of employment exchanges all over the country, arrangements for pre-release training to servicemen at the various military centres and the creation of a new Directorate of Resettlement and Re-employment to provide a link between employers and employees and to collect and furnish vital information in regard to qualifications and skill of demobilised persons and the opportunities available for their suitable employment. As part of their plan to provide employment for ex-servicemen, the Central Government called upon the Provinces to submit by the middle of December 1945 a list of such of their schemes as could be executed immediately. Of these, schemes costing about Rs.80 crores have been selected to be put into operation immediately and completed by the 31st March 1947, as far as possible ; to assist Provinces in the execution of these schemes, the Central Government have provided for Rs.35 crores as advance grants and Rs.15 crores as loans. Most of the Provincial Governments have prepared their five-year plans based on the assumption that, apart from borrowings, they will require, during the quinquennium, Central grants amounting to Rs.250 crores.

The Central Government announced during the year their policies and plans of development in respect of a number of subjects including industry, research, labour, post and telegraph, and health. According to a statement issued on the 21st April 1945, the fundamental objectives of Government's policy in regard to the industrial development of the country were (1) to increase the national wealth by the maximum exploitation of the country's resources (additional wealth to be distributed in a socially equitable manner), (2) to make the country better prepared for defence and (3) to promote a high and stable level of employment. To attain these objectives, Government propose (1) to transfer from provincial jurisdiction to the Centre 20 industries, (2) to nationalise basic industries of national importance such as aircraft, automobiles and tractors, chemicals and dyes, iron and steel, prime movers, transport vehicles, electrical machinery, machine tools, electro-chemical and non-ferrous metal industries. Government further propose to assist industries, wherever they deem it desirable, by means such as making loans or subscribing a part of the capital or guaranteeing a minimum dividend and buying, as far as possible, Indian products in preference to others. Government have also appointed an Interim Tariff Board, while they have now under preparation a plan for establishing an Industrial Finance Corporation for ensuring the availability of medium and long-term credit to industrial enterprises. The planning of investment, both public and private, with a view to securing the maximum utilisation of the economic resources of the country, is also under Government's active consideration. The Industrial Research Planning Committee, in its report issued on the 10th August, has recommended the creation of a Central Research Organisation to be called the National Research Council consisting of 60 members representing universities, scientific associations and commercial and industrial organizations. Recommendations have also been made for the immediate adoption by the Council of a five-year plan which includes the establishment of a national chemical laboratory, a national physical laboratory and a network of laboratories in all the Provinces and major States. The Labour Department has prepared a housing scheme for industrial workers, which envisages the construction of 2 million houses in 10 years, estimated to cost Rs.40 crores within the first two years. The scheme provides for Central subsidies up to 12½ per cent. to local bodies and industrial and other employers, provided that the Provincial Government concerned will make an equivalent grant. The Central Government have also forwarded to Provincial Governments for their comments a unified scheme of social security covering health insurance, maternity benefit and compensation for accidents. The scheme covers all perennial factories and is designed to remove some of the defects in the present working of the Workmen's Compensation Act, and the Maternity Benefits Act. The Posts and Telegraphs

Department has prepared a 15-year plan which envisages the establishment of one telegraph office for every town with a population of 5,000 and a quicker and more efficient telegraph service throughout the country. The All-India Health Survey and Public Health Committee, appointed in 1943, issued early in February 1946, a report which envisages a ten-year plan of public health at an estimated cost of Rs.1,000 crores. The plan aims at providing one doctor for every 2,000 citizens and, when brought into full operation, the country is expected to have in all 185,000 doctors as against 47,500 at present.

The greatly deteriorated food situation, which continues to cause grave concern both to the public and the Government, is attributed to three main causes, *viz.* (*i*) the slackness in the enforcement of monopoly procurement in surplus provinces like the Punjab, Sind and Bihar, (*ii*) the inadequacy of imports and (*iii*) climatic causes like cyclones, floods and droughts in several parts of the country, particularly in deficit areas like Bombay, Madras and the Mysore State. The over-all shortage of foodgrains for the year 1946 is estimated at between four and six million tons. Government tried to meet the crisis through internal measures as well as through efforts to obtain supplies from abroad. Steps were also taken to implement some of the major recommendations of the Woodhead Famine Enquiry Commission which published its final report during the last week of September 1945, the preliminary report dealing with the Bengal famine of 1943 having been already issued in May 1945. After stressing the State's ultimate responsibility to provide food for all and the need for improving the nutritional standards as an essential part of public health programmes, the Commission in its final report made a number of recommendations including (*a*) the maintenance of agricultural prices during the transition period on a level fair to the producer and consumer, (*b*) the gradual relaxation of the more stringent controls, (*c*) the extension of rationing and (*d*) the creation of a single Department of Food and Agriculture at the Centre and an All-India Food Council with regional food councils, comprising of representatives of provincial Governments and Indian States. Internal measures adopted by Government to meet the food situation include (1) a cut of 25 per cent. of basic cereal ration throughout British India in accordance with the Viceroy's announcement on the 12th February 1946, (2) extension of the system of compulsory procurement and rationing to surplus provinces, (3) banning of future and option contracts in wheat and gram, (4) cessation of export of foodgrains entirely and restriction of exports of oilseeds, edible oils, and fats to a minimum, and (5) growing of additional food such as vegetables, potatoes and sweet potatoes and the preventing of wastage. In order to deal expeditiously with problems arising out of the food shortages in the country, an inter-departmental Committee called the Relief Co-ordination Committee was appointed at the Centre in March 1946, assisted by a Co-ordination Board consisting of the representatives of deficit areas. Apart from these measures of internal economy it is estimated that imports of foodgrains of at least 4 million tons would be required to enable the country to tide over the present crisis. A delegation, consisting of officials and non-officials, proceeded to the United States and the United Kingdom in February to press India's case before the food authorities in those countries; according to a statement issued on the 26th May 1946 by the United States' Department, the United States have shipped to India 105,000 tons of grains and flour during the first four months of 1946 and have planned to ship 59,500 tons for May 1946.

II. PRICES AND TRADE

12. *General.*—The upward movement in prices during 1945 was relatively small in most of the Allied countries, *viz.*, the United States, the United Kingdom, Canada and Australia, where a large measure of price stabilisation had been achieved earlier through economic and financial controls. The variation in price increases as between the different countries continued to be largely governed by such domestic factors as the pace of reconversion and the magnitude of civilian supplies, the methods of war-financing, the success of controls and the use of subsidies to hold living costs. A noteworthy feature common to these countries was that the wartime rise in the cost of living index was limited to only one half or slightly more of the increase in wholesale prices ; this was rendered possible partly through the freezing of rents at pre-war levels, the relatively small increases in the charges of public utility services and the granting of subsidies to keep down prices of necessities. The system of extensive subsidies to offset cost increases, although designed to prevent inflation, seemed to add an element of instability to the economy as it tended to widen the gap between wage rates and costs on the one hand and domestic and world prices on the other. With the termination of the war, however, the restoration of a better balance between these diverse elements in the price structure would seem to constitute for these countries an important problem. To ensure stability of prices and an orderly transition to a peace-time basis, the Labour Government in the United Kingdom have programmed to keep the price controls in force, for a few more years. The authorities in the United States have, however, restricted their application only to such commodities as continued to be relatively scarce. It remains to be seen which of the two price policies would better effect the retransfer of resources, from war to peace-time production—a rigid policy of continued price stability or an elastic price policy permitting such increases as are necessary to bring forth increased production.

13. *Price Trends in the United Kingdom, the United States and Dominions.*—Price movements during 1945 (*vide* Statement I) in the United States, the United Kingdom, Canada and Australia were narrow. The indices of wholesale prices and those of cost of living tended to move upward and touched the peak point in July 1945, immediately after the cessation of hostilities in Europe, reflecting the cumulative effect of a mounting war-effort ; thereafter, they generally tended to fall owing to the commencement of a process of reconversion, accelerated after VJ-Day and the gradual reduction in war expenditure, although their levels in December 1945 were higher than in December 1944. The wholesale price index in the United Kingdom averaged 174 in 1945, as against 171 in 1944. There was a rise of 3 points each in the wholesale price and cost of living index numbers of the United States to 139 and 130 respectively. The Canadian price index, after advancing from 140 in December 1944 to 142 in July 1945, fell to 140 in September 1945, but moved up to 141 in December 1945, while the cost of living index recording similar movements showed 119 in December 1945 as against 118 in December 1944. In the United States, the cost of living index recorded about the same percentage increase in wartime as in the United Kingdom. Compared with the United States, where a greater expansion in production was rendered possible by the absorption of considerable idle resources available at the beginning of the war, the wholesale price index in the United Kingdom showed a relatively larger rise owing partly to the high transport costs of imports and other circumstances peculiar to the country.

Such international comparisons, however, should be evaluated subject to certain well-known shortcomings regarding the composition etc. of the indices in general.

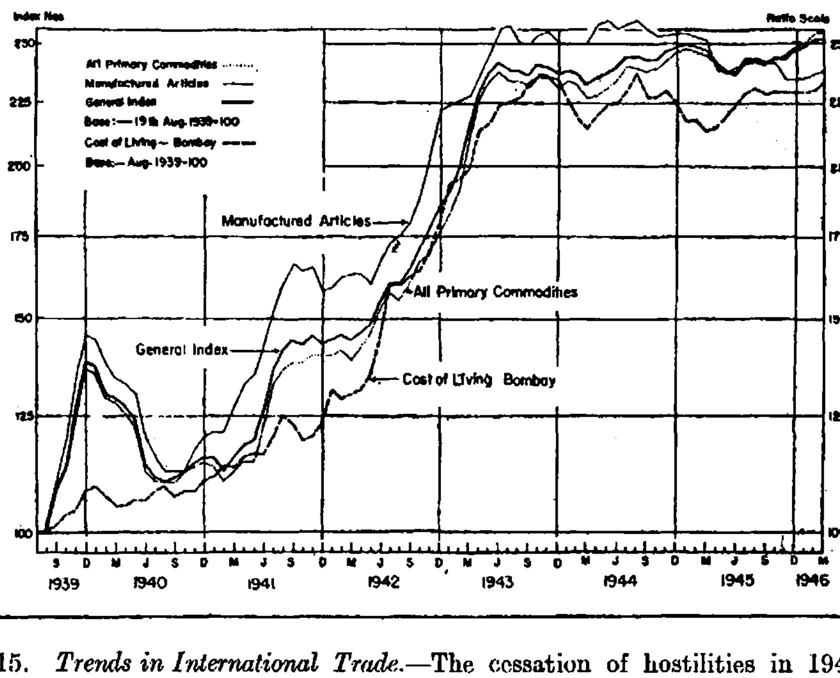
14. *Price Trends in India.*—Following the earlier stabilisation measures, as well as the improvement in the overall supply position and modification of controls during the year, prices were maintained at the previous year's level, according to the Economic Adviser's Index (*vide* Statement II), while according to the Calcutta index number this tended downward except during the closing months of the year. Following the visit to the United Kingdom of the Hydari Mission, the country secured considerable relief in the shape of larger imports of consumer's goods from the United Kingdom, and a reduction in the overall demand of the Defence Services on Indian production; raw materials, stores and machinery required for the manufacture of consumer's goods were imported on Government account for subsequent sale to industry. With the improvement in the supplies of both imported and indigenous products, the control over distribution of a number of consumer goods, was removed; provisions of the Paper Control Order were liberalised from time to time allowing for increased consumption of paper; an increasingly larger share of such goods as electric bulbs, fans, cement, etc., was allocated to civilian use. Reductions in the official prices were also effected in regard to a number of articles. Also, the gradual repatriation of foreign troops, following cessation of hostilities lessened the strain on the country's supplies. In view, however, of the limitation of supplies from abroad, the difficulties of transport and the continued shortages of certain essential commodities such as sugar, cereals and cloth in regard to which the supply position worsened further during the close of the year, the relief to the country's economy was not considerable. The Economic Adviser's index number of wholesale prices averaged 245.0 in 1945-46 as against 244.2 in 1944-45, thus showing a negligible rise as against 3 per cent. in 1944-45 and 38 per cent. in 1943-44. While the index number remained more or less stable round about 242 for the early half of the year, the latter half witnessed a continuous rise. From 242.3 in April it fell to 237.4 in June and again returned to 242.2 in September. A rising trend set in thereafter, the index number touching the highest for the year at 253.2 in March 1946 as against 247.8 in March 1945. Agricultural commodities indicated a rising trend except for the months of May, June and September; their average for the year was higher at 272.8 as against 265.4 for the previous year, the highest for the year being 295.4 in March 1946. According to the index issued by the Office of the Economic Adviser since February 1944 (base: week ended the 26th August 1939=100), the wholesale price index of food comprising eleven important articles averaged roughly 238 for the year as against 234 for 1944-45, the lowest and the highest for 1945-46 being 233.7 in April 1945 and 244.8 in March 1946. Raw materials, which showed an increase of 4.1 points at 210.1 over the previous year's figure of 206, moved between 208.5 in April 1945 and 212.0 in July 1945. The index number of prices for manufactured articles, which had been continuously rising ever since the war, averaged lower at 240 as against 258.3 for 1944-45 and recorded a fall during the year under review. It fluctuated between 239.0 in May 1945 and 243.5 in August 1945. The decline in cotton manufactures which had set in in July 1943, continued during 1945-46, the average index number falling from 422 in 1943-44 to 293 in 1944-45 and to 271 in 1945-46 showing an yearly decline of 30.5 per cent. and 7.5 per cent. respectively. Jute manufactures, the maximum prices of which had been fixed in April 1944, fluctuated between 243 and 256 during the year under review, but the average remained at 252 as in the year 1944-45. The

index for cement prices, which had stood at 208 in January 1945, continued to be at that level upto October 1945, but fell to 193 in November of the same year where it remained till the end of the year, the average price for the year working out lower at 202 as against 211 for the year 1944-45.

The Calcutta index number, which had stood at 305 in December 1944, showed a gradual decline until it touched the lowest point for the year at 280 in November 1945; but thereafter, an upward movement started again with the index rising to 306 in March 1946 as compared with 310 and 304 for the corresponding months in 1945 and 1944 respectively. The average for 1945-46, however, stood lower at 290 as against 303 in the previous year.

The Bombay cost of living index (*vide* Statement I) averaged higher at 231 during the year as compared with 228 for the year 1944-45. The falling tendency with regard to prices of food articles which had been witnessed during the year 1944-45 was reversed as a result of a further deterioration in the food situation during the year under review. The food index, which touched a low level of 228 in March 1945, rose to 265 in March 1946 with an average of 252 for the year; fuel and lighting, which came down to 228 in March 1945 from its record level of 300 in January 1944, rose to 248 in November 1945, the average for the year being 241; the miscellaneous group after rising from 238 in February 1945 to 241 in March 1945 fell to 232 in March 1946. The following graph depicts the wartime trends in the (*i*) Economic Adviser's Index Numbers of Wholesale Prices by groups of articles and (*ii*) Bombay Cost of Living.

WHOLESALE PRICES AND COST OF LIVING



15. *Trends in International Trade.*—The cessation of hostilities in 1945 put an end to the commercial seclusion of a large part of Europe and of the Far East

and to the arbitrary diversion of the productive resources of these two regions to fulfil the economic needs of Germany and Japan; it also made unnecessary many of the wartime trade restrictions resorted to by the United Nations to meet the overriding demands of a total war upon the available supplies and shipping. But only the United States, Canada, the Union of South Africa and a few other countries, located outside the zones of active conflict, had found it possible by the end of 1945 to remove many of the various wartime controls; all the other countries, however, including the rest of the members of the British Commonwealth whose economic and financial fabric was rudely distorted by the wartime conditions, found it difficult to restore the pre-war freedom of foreign trade, before effecting domestic adjustments in various fields which in some cases assumed the form of financial agreements with the supplying countries. The sterling area's inadequate holdings of non-sterling exchange, especially dollars, constituted the dominant consideration for its continuing the existing restrictions on trade with the outside countries. The termination of lend-lease in September 1945 marked an important phase in the transition from war to peace-time trading conditions. The large increase effected during the year in the loanable funds of the Export-Import Bank of the United States and the export credit facilities extended by Canada enabled these two Governments to finance, on credit, the continued flow of certain civilian goods to their Allies as also to supply the large import requirements of the war-devastated countries of Europe, beyond their current capacity to pay either in goods or cash. The financial agreement negotiated in December 1945 between the United States and the United Kingdom providing for a loan of $4.4 billion to the latter and awaiting ratification, in addition to affording the United Kingdom the means for financing its exceptionally heavy imports during the transition period, marked the first practical step in the direction of liberating the existing restrictions on foreign trade. According to the loan agreement, within a year of its ratification by the United States Congress, multilateral convertibility into any currency of current sterling receipts or sterling balances released would be restored and no quantitative import restrictions would be administered by the United Kingdom on a basis of discrimination against any of the products imported from the United States. The establishment early in 1946 of the International Monetary Fund and the International Bank for Reconstruction and Development represented a definite step in economic collaboration of the nations towards re-establishing the commercial and financial relations on a stable multilateral basis. The International Conference on Trade and Employment proposed to be held in 1947 would be concerned in securing an agreement on basic principles and policies relating to the 'elimination of tariff preferences', 'substantial tariff reductions' and related matters. The success of the Conference in harmonising the diverse commercial policies of the individual countries would mainly depend on its ability to reconcile the varying issues arising from the aspirations of national economy and international necessity.

The table on page 22 gives the exports (both cash and lend-lease), imports and balance of trade in merchandise of the United States during the war period. One of the pronounced characteristics of the United States' wartime foreign trade was the huge surplus of merchandise exports, reflecting the heavy demand by the Allies for American war material and food supplies; this surplus, which occurred despite a large increase in imports aggregated around 33 billion dollars for the 6 war years ended August 1945. United States' exports under lend-lease from 1941 to the third quarter of 1945, when they terminated, totalled $37,342 million and accounted for

TABLE 3.—UNITED STATES' EXPORTS, IMPORTS AND BALANCE OF TRADE IN MERCHANDISE FROM 1939.

(In millions of $)

	Exports (including re-exports)						Imports		Excess of exports (+) or imports (—)			
	Lend-Lease		Cash		Total				India		All countries including India	
	India	All countries including India	India	All countries including India	India	All countries including India	India	All countries including India	Cash Purchase	Total Trade	Cash Purchase	Total Trade
1939	..	..	43	3,177	43	3,177	66	2,318	—23	— 23	+ 859	+ 859
1940	..	..	68	4,021	68	4,021	102	2,625	—34	— 34	+1,396	+ 1,396
1941	9	739	89	4,408	98	5,147	132	3,345	—43	— 34	+1,063	+ 1,802
1942	287	4,890	91	3,146	378	8,036	105	2,745	—14	+273	+ 401	+ 5,291
1943	525	10,106	30	2,608	555	12,714	126	3,372	—96	+429	— 764	+ 9,342
1944	727	11,289	50	2,953	777	14,242	145	3,911	—95	+632	— 958	+10,331
1945												
Jan.—Sept.	472	5,159	..	..	..	..	..	..	..	..	..	..
First quarter ..	369	2,032	..	772	..	2,804	..	1,022	..	..	..	+ 1,782
Second quarter ..		2,016	..	985	..	3,001	..	1,098	..	..	..	+ 1,903
Third quarter	103	1,111	..	..	..	..	..	..	..	..	..	..

roughly four-fifths of the total exports; from $4,890 million during 1942 lend-lease exports increased by over hundred per cent. in 1943, to $11,289 million in 1944; with the cessation of hostilities, however, they declined and by September 1945 they came down to a little over the 1942 level. Cash exports of the United States (excluding those on lend-lease) were lower than imports with the result that the United States had an adverse balance of trade on merchandise account in 1943 and 1944, which accounted for the reduction in the country's stocks of gold during the period. The United States had also been a net importer from India in its cash merchandise trade throughout the war years; this trend appeared to have been reversed towards the close of 1945, owing to the increasingly large imports into India from the United States.

The process of readjustment after the war has been rapid in the United States and the emergency restrictions on foreign commerce were considerably relaxed. The system of export licensing inaugurated in 1940 was progressively liberalised during 1945 and by September of that year about 75 per cent. of the products subject to export licence had been decontrolled. Similarly, the procurement and distribution of all but a limited number of imported commodities, hitherto controlled, were restored to private commercial agencies. By the first January, 1946 only 14 categories of industrial materials remained under direct official import control.

The Foreign Loan Policy of the United States is planned to assist the restoration of the productive capacities of the war-devastated countries and facilitate the sound economic development of other areas so as to create such international economic environment as would permit a larger and unrestricted trade among nations and also contribute to the development of the country's export markets. The United States loans are intended to finance such part of the reconstruction programmes of the war-damaged countries as could not be met from out of their own resources or from those of the UNRRA. In order to advance loans to these countries, prior to the full functioning of the International Bank, which is not expected to assume primary responsibility for lending towards capital requirements earlier than 1947, the United States Congress increased in July 1945, the lending power of the Export-Import Bank by $2.8 billion to $3.5 billion. At the end of 1945, the Export-Import Bank had outstanding commitments, including money authorised for cotton loans, of $1,560 million, of which $1,040 million was committed during the last half of 1945. The latter amount consisted of (1) 655 million dollars to Belgium, Netherlands and France for purchase of goods originally included under lend-lease programme, (2) 165 million dollars to Belgium, Denmark, Netherlands and Norway for purchase of goods and services necessary for reconstruction, (3) 100 million dollars to various European countries for the purchase of raw cotton and (4) 120 million dollars for specific export and development programmes mostly to Latin American countries. A further enhancement of this limit by $1¼ billion dollars is contemplated since the urgent requirements of foreign countries (exclusive of the loan to Britain) during the period January 1946 to June 1947 are estimated to amount to $3¼ billion as against the unutilised lending power of the Bank of $1.9 billion on the 1st January 1946. In making loans for reconstruction and development, the Export-Import Bank took the following factors into consideration:—

(*i*) the urgency of the need of the borrower; (*ii*) the borrower's own resources;

(*iii*) the possibility of obtaining the loans from other resources; private capital markets and other governments; (*iv*) the ability of the borrower to make effective use of funds; (*v*) the capacity of the borrower to repay; and (*vi*) the impact of the loan on the domestic economy.

The table on page 25 gives recorded figures of exports and imports of merchandise during the war in respect of the United Kingdom, the United States, Canada, India, New Zealand and Australia.

The United Kingdom underwent during the war considerable changes in the structure of its foreign trade and international payments. From the status of a large-scale international creditor (with foreign assets amounting to £4,450 million), it emerged out of the war, despite lend-lease and mutual aid facilities, divested of an appreciable portion of its marketable foreign investments (estimated at £1,000 million) and with an accumulating load of sterling liabilities (about £3,000 million), besides losing a substantial part of its commercial shipping and other foreign service facilities. With the termination of lend-lease, the problem of maintaining the country's normal living standards and restoration of equilibrium in its international payments involved the adoption of measures for an immediate revival and gradual expansion of its export trade to 75 per cent. over its pre-war volume or nearly five times the 1944 level in terms of volume, as well as the restriction of imports on a selective commodity basis. The measures introduced by the authorities to assist the speedy revival of the export trade included (1) an extension of the facilities provided by the Export Credit Guarantee Department to capital goods also besides consumers' goods, (2) the preparation of a scheme under which quotas for home deliveries and export sales were fixed for a number of industries and (3) the sanction of a definite priority in the allocation of materials in short supply to production for foreign markets. Imports from the United States and Canada were restricted to those essential for domestic reconstruction. The conclusion during the year of further monetary agreements by the United Kingdom with Denmark, Finland, Holland, Czechoslovakia and Norway coupled with a loan agreement for $1,250 million with Canada cleared the way of monetary obstacles for the resumption of trade with these countries. As a result, the volume of the country's exports increased during 1945 to 45 per cent. of the 1938 figure from 31.1 per cent. in 1944; in view, however, of the sharp rise in the volume of exports recorded during the early months of 1946 the expectation would be justified that by the end of the year, they might exceed the pre-war level.

Canada had begun to relax some of the trade controls even before the end of the war; the number of products subject to import permit regulation was gradually reduced to about 200 by the end of 1945. In October 1945, it abolished the war exchange tax, which had been in force since 1940, upon imports from non-empire countries putting an end to a discriminatory tax justified during wartime on grounds of conserving essential exchange. Also, it exempted during the year all products, excepting those specifically listed, from export control when shipped to destinations within the Western Hemisphere and to countries in the British Empire. Further, with a view to maintaining the enlarged volume of exports on a commercial basis, Canada concluded a number of loan arrangements with some of the European Governments under the Export Credits Insurance Act. Both Australia and New Zealand, in view of the comparative inadequacy of non-sterling resources, continued generally to maintain restrictions on trade with non-empire countries, while providing

TABLE 4.—MERCHANDISE EXPORTS FROM AND IMPORTS INTO EMPIRE COUNTRIES AND THE UNITED STATES DURING THE WAR.

(In Millions)

Country	1938	1939	1940	1941	1942	1943	1944	1945
United Kingdom £								
Imports (retained) (a)	858·0	839·5	1,126·1	1,132·4	1,195·0	1,872·0	2,351·0	1,051·7*
Exports	470·8	439·5(a)	411·2(a)	365·4(a)	270·9	232·8	265·0	393·4
Excess of Imports	387·2	400·0	714·9	767·0	924·1	1,639·2	2,086 0	658·3
United States $								
Imports (b)	1,960	2,318	2,625	3,345	2,742	3,372	3,921	4,140(p)
Exports (incl. re-exports) ..	3,094	3,177	4,021	5,147	8,080	12,963	14,261	9,805(p)
Excess of Exports	1,134	859	1,396	1,802	5,338	9,591	10,340	5,665(p)
Canada $								
Imports (retained)	666	739	1,043	1,346	1,579	1,671	1,699	1,497
Exports	835	897	1,186	1,638	2,364	2,971	3,440	3,218
Excess of Exports	169	158	143	292	785	1,300	1,741	1,721
India Rs.								
Imports (c)	1.534	1,604	1,633	1,828	1,138	1,108	1,800	2,376
Exports (incl. re-exports) ..	1,685	1,888	2,189	2,460	2,144	1,969	2,331	2,392
Excess of Exports	151	284	556	632	1,006	861	531	16
New Zealand £NZ								
Imports (d)	55·4	49·4	49·0	49·2	53·7	95·1	86·7	55.1
Exports	58·4	58·0	73·7	67·5	81·3	71·8	77·7	81.5
Excess of Imports (—) / Exports (+)	+ 3·0	+ 8·6	+ 24·7	+ 18·3	+ 27·6	— 23·3	— 9·0	+26.4
Australia (e) £A								
Imports	140·0	124·4	145·0	136·2	187·1	265·7	263·1	233·0
Exports	141·7	121·5	149·7	135·0	159·3	125·6	146·7	155·3
Excess of Imports (—) / Exports (+)	+ 1·7	— 2·9	+ 4·7	— 1·2	— 27·8	—140·1	—116·4	—77·7

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

* Excluding munitions.

for larger imports from the other countries of the sterling area. The Union of South Africa, however, owing to its large gold production, immediately after the end of the war, abolished the necessity for import permits or certificates of essentiality for all goods which could be exported from the United States under general licence.

16. *India's Balance of Trade in Merchandise.*—The published returns on India's sea-borne trade are inadequate for drawing up a balance of payments statement for the country as they exclude the trade on Defence Account, which partly involves financial payments as between governments, and include the returns of lend-lease imports and reciprocal lend-lease exports on non-defence account, which do not result in money transfers. Movements in the recorded foreign sea-borne trade during the year under review were generally influenced by the Government's policy of securing for the country larger supplies of consumer goods, essential raw materials and machinery. The Open General Licence, instituted in March 1945, was extended in October of that year to cover additional products. In view of the improved supply position, licences for import of certain steel items from the United Kingdom were issued more freely towards the close of the year. Government's restrictive policy as regards imports from the United States and other non-sterling countries was liberalised; Indian firms having pre-war trade connections with the suppliers in the United States of goods considered essential for the requirements of British India, were allowed to obtain licences for such goods, even when they were otherwise available from the sterling area countries. Administrative difficulties seem, however, to have retarded the rate at which import licences were granted for goods for which such licences were necessary. The shipping situation also eased towards the close of the year.

The operation of these factors, combined with the country's pent-up demand for both consumer and capital goods from abroad led to a large increase in imports during 1945. At the same time there was a decline in exports, leading to a reversal in the wartime trend in India's balance of trade during the year and the emergence of an unfavourable balance on merchandise account. Merchandise imports into India exceeded exports to the United States, Egypt and Iran to an extent which more than offset India's favourable balance of trade with the other countries.

Imports rose from Rs.180.0 crores in 1944 to Rs.237.6 crores in 1945 (*vide* Statement III), while exports also rose during the same period from Rs.233.1 crores to Rs.239.2 crores; the favourable balance of trade in merchandise was considerably reduced from Rs.53.1 crores in 1944 to Rs. 1.6 crores in 1945. The average monthly imports amounted to Rs.19.8 crores in 1945, Rs.15.0 crores in 1944 and Rs.9.2 crores in 1943. The total value of India's foreign trade on the basis of the published figures rose to a new wartime record of Rs.476.8 crores during 1945, as against Rs.413.0 crores in the previous year and Rs. 307.7 crores in 1943. The progressive removal by Government commencing from December 1945 of a large number of commodities from the purview of the Export Control Notification of the 29th January 1945 is expected to record an increase in the value of India's exports in future.

17. *Direction of Trade (Excluding Re-exports).*—The table on page 27 shows the more important changes in the direction of India's trade and the balance of trade with important countries and groups for the three years 1943 to 1945 and compares them with the pre-war position as in 1938.

During 1945, India's usual favourable trade balance was converted into an unfavourable one. Further reductions were recorded in India's surplus trade

TABLE 5.—DIRECTION OF INDIA'S SEA-BORNE TRADE.

(In lakhs of rupees)

	1938			1943			1944			1945		
	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)
I. *British Empire*												
1. United Kingdom	48,12	55,14	+ 7,02	24,49	54,42	+29,93	38,60	65,66	+27,06	50,43	64,02	+13,59
Percentage ..	*31·4*	*34·1*	..	*22·1*	*29·2*	..	*21·3*	*30·0*	..	*21·2*	*29·3*	..
2. Burma ..	22,73	10,13	— 12,60	11	..	— 11	12	..	— 12	..	..	..
3. Ceylon	1,09	5,06	+ 3,97	3,70	15,31	+11,61	3,50	18,23	+14,73	3,12	17,04	+13,92
4. Australia ..	2,04	2,95	+ 91	4,70	14,28	+ 9,58	8,09	13,68	+ 5,59	8,40	12,34	+ 3,94
5. Canada.. ..	70	2,04	+ 1,34	2,92	5,07	+ 2,15	3,02	5,65	+ 2,63	5,19	7,63	+ 2,44
6. South Africa ..	27	1,41	+ 1,14	2,87	10,35	+ 7,48	2,67	12,67	+10,00	2,80	7,39	+ 4,59
7. Other countries.	12,93	8,48	— 4,45	13,72	24,81	+11,09	17,92	25,01	+ 7,09	20,12	21,74	+ 1,62
Total British Empire	87,83	85,21	— 2,67	52,51	1,24,24	+71,73	73,92	1,40,90	+66,98	90,06	1,30,16	+40,10
Percentage to Total Trade	*57·3*	*52·7*	..	*47.4*	*66.7*	..	*40·9*	*64·4*	..	*37·9*	*59·7*	..
II. *Foreign Countries*												
1. United States ..	11,41	13,43	+ 2,02	17,70	32,82	+ 15,12	39,14	48,20	+ 9,06	71,06	50,70	—20,36
Percentage ..	*7·4*	*8·3*	..	*16·0*	*17·6*	..	*21·6*	*22·0*	..	*29·9*	*23·2*	..
2. Japan	15,58	14,53	— 1,05	..	..	..	..	..	..	..	..	..
3. Egypt	2,60	1,31	— 1,29	14,42	1,90	— 12,52	13,59	4,35	— 9,24	17,98	2,99	—14,99
4. Iran	3,41	66	— 2,75	22,50	1,38	— 21,12	47,57	3,09	—44,48	51,30	1,29	—50,01
5. Other Foreign Countries ..	32,54	46,55	+ 14,01	3,71	25,98	+ 22,27	6,68	22,30	+15,62	7,14	32,99	+25,85
Total Foreign Countries ..	65,54	76,48	+ 10,94	58,33	62,08	+ 3,75	1,06,98	77,94	—29,04	1,47,48	87,97	—59,51
Total Trade ..	**1,53,42**	**1,61,69**	**+ 8,27**	**1,10,84**	**1,86,32**	**+ 75,43**	**1,80,90**	**2,18,81**	**+37,94**	**2,37,54**	**2,18,13**	**—19,41**

balances with the Empire countries. With some of the non-empire countries, trade continued to show larger deficits, and with the United States for the first time since the outbreak of the war there was a change from an export to an import surplus. As regards the Empire countries, the imports from the United Kingdom increased from Rs.38.60 crores in 1944 to Rs.50.43 crores in 1945, while exports to the United Kingdom declined from Rs.65.66 crores to Rs.64.02 crores, with the result that the export surplus fell from Rs.27.06 crores in 1944 to Rs.13.59 crores in 1945. Likewise, India's trade balance with Ceylon and Australia decreased from Rs.14.73 crores and Rs.5.59 crores in 1944, to Rs.13.92 crores and Rs.3.94 crores in 1945 respectively owing mainly to a reduction in the exports of both the countries. Although exports to Canada rose from Rs.5.65 crores in 1944 to Rs.7.63 crores in 1945, the surplus balance of Canada declined by Rs.19 lakhs to Rs.2.44 crores in 1945, as a result of a larger increase in imports from Rs.3.02 crores to Rs.5.19 crores. During 1945, imports from and exports to the Empire countries respectively accounted for 37.9 per cent. and 59.7 per cent. of the total as against 40.9 per cent. and 64.4 per cent. in the previous year, the corresponding figures for 1943 being 47.4 per cent. and 66.7 per cent. While India's favourable balance of Rs.66.98 crores in 1944 in respect of the Empire countries was appreciably reduced to Rs.40.10 crores in 1945, India's import surplus from non-empire countries continued to rise and amounted to Rs.59.51 crores in 1945 as against Rs.29.04 crores in the previous year. The total imports from foreign countries showed a rise of 38 per cent. from Rs.106.98 crores to Rs.147.48 crores as against an increase of 13 per cent. in exports of Indian merchandise from Rs.77.94 crores to Rs.87.97 crores. Imports from the United States increased by over 80 per cent. of the 1944 figure, rising from Rs.39.14 crores to Rs.71.06 crores, exports showing a comparatively slight increase from Rs.48.20 crores to Rs.50.70 crores. The import surplus from Iran increased further to Rs.50.0 crores in 1945 from Rs.44.48 crores in 1944, mainly on account of receipts of oil.

Certain striking features are noticeable in regard to the direction of India's trade during the war period. Of the Empire countries, while the total value of India's trade with the United Kingdom in 1945 stood at a level slightly higher than in 1938, (Rs.114 crores as against Rs.103 crores) that with Australia and South Africa which had shown a marked expansion between 1938 and 1944 declined slightly in 1945. Trade with Canada continued to expand while that with Ceylon showed a slight decline. The nine-fold increase recorded in the total value of trade between India and South Africa between 1938-1944 was reduced to a six-fold increase in 1945, while that between Australia and India continued to maintain in 1945 the four-fold increase recorded during the same period. There has also been about a five-fold increase in the trade with Canada from Rs.2.74 crores to Rs.12.82 crores. Amongst the non-empire countries, marked increases have taken place in respect of the United States, Iran and Egypt; the total value of the trade with the United States rose nearly five-fold from Rs.24.84 crores to Rs. 121.76 crores, with Iran roughly thirteen-fold from Rs.4.07 crores to Rs.52.59 crores, and with Egypt more than five-fold from Rs.3.91 crores to Rs.20.97 crores.

18. *Composition of Trade.*—The following table gives the composition of India's imports and exports (including re-exports) according to main commodity groups during the years 1943 to 1945. Although the exclusion of trade on Government

account detracts from the value of these figures, they serve as a rough guide to the distribution of trade over the constituent categories during the period under review.

	1938		1943		1944		1945	
	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*
IMPORTS								
Food	20·70	*13·5*	7·00	*6·3*	16·21	*9·0*	21·75	*9·2*
Raw Materials ..	36·62	*23·9*	61·90	*55·8*	104·86	*58·0*	128·05	*54·0*
Manufactured Articles	93·61	*61·0*	40·53	*36·6*	57·64	*31·9*	84·47	*35·6*
EXPORTS (Including re-exports)								
Food	39·65	*23·5*	43·00	*22·3*	51·99	*22·5*	53·25	*22·3*
Raw Materials ..	74·70	*44·3*	49·46	*25·1*	57·19	*24·7*	75·75	*31·7*
Manufactured Articles	51·34	*30·5*	101·39	*51·5*	119·33	*51·5*	105·31	*44·0*

Of the increase in the value of imports, the most pronounced rise was under manufactured articles, the percentage share of which to total imports increased to 35·6 in 1945 from 31.9 in 1944. On the other hand, while the value of raw materials stood higher at Rs.128.05 crores as against Rs.104.86 crores in 1944, they accounted for 54.0 per cent. of total imports as against 58 per cent. in the previous year. The proportion of food articles remained unaltered, though there was a rise in their value during the year. In regard to exports, manufactured articles recorded a sharp decline from Rs.119.33 crores to Rs.105.31 crores, showing, in terms of percentages, a fall from 51.5 to 44.0; as against this, exports of raw materials increased considerably, their proportion to total exports also showing a rise from 24.7 per cent. in 1944 to 31.7 per cent. in 1945; the proportion of food exports continued to be roughly at the previous year's level, their value rising slightly.

19. *Imports and Exports.*—The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India during 1943-45 and compares them with the pre-war year 1938.

TABLE 6.—INDIA'S IMPORTS AND EXPORTS OF CERTAIN COMMODITY GROUPS.

(In lakhs of rupees)

	1938	1943	1944	1945	Increase (+) or decrease (–) over 1944
IMPORTS					
Grain, pulse and flour	10,83	1	6,93	9,55	+2,62
Oils—vegetable, mineral and animal	16,28	31,90	71,09	89,92	+18,83
Cotton, raw and waste	11,07	19,93	22,14	24,49	+2,35
Wool, raw	72	4,19	2,47	2,15	—32
Chemicals, drugs and medicines ·	5,73	5,60	10,35	9,54	—81
Dyes and colours	3,79	7,30	7,94	10,00	+2,06
Machinery	19,81	10,23	14,83	19,67	+4,84
Cotton yarns and manufactures ·	14,61	1,09	1,52	1,46	—6
EXPORTS (Including re-exports)					
Grain, pulse and flour	8,16	3,21	70	3,24	+2,54
Tea	23,47	33,44	40,65	36,59	—4,06
Oils—vegetable, mineral and animal	1,08	76	1,24	3,05	+1,81
Seeds	15,94	10,26	11,25	13,71	+2,46
Cotton, raw and waste	23,93	6,29	9,01	10,09	+1,08
Jute	12,24	7,37	7,95	12,65	+4,70
Hides and skins, raw, tanned or dressed and leather ..	11,58	13,85	14,04	21,41	+7,37
Metals	3,56	1,65	3,47	1,24	—2,23
Cotton yarns and manufactures	8,03	42,91	40,80	32,15	—8,65
Jute manufactures	26,18	44,43	60,59	56,18	—4,41

20. *Tariff Board.*—Pending the formulation of a tariff policy appropriate to the post-war needs and conditions of the country and the establishment of a permanent machinery for the purpose, the Government of India announced on the 4th November the appointment of an *ad hoc* Tariff Board to enquire into claims for protection or assistance from industries started or developed during wartime. The terms and conditions under which protection was to be given were also outlined. Firstly the industry should be an established one and conducted on sound business lines. Secondly, it should be one, (*a*) which, having regard to its natural or economic advantages or probable costs was likely, within a reasonable time, to develop sufficiently to be able to carry on successfully without protection or State assistance, or, (*b*) to which it was desirable in the national interest to grant protection or assistance and the probable cost of such protection or assistance to the community was not excessive. Where a claim to protection or assistance was found to be established, the Board would recommend (*i*) whether, at what rate and in respect of what articles, or class or description of articles, a protective duty should be imposed, (*ii*) what additional or alternative measures should be taken to protect or assist the industry, and (*iii*) for what period, not exceeding three years, the tariff or other measures recommended should remain in force.

Of the industries that have applied so far for protection or assistance, the Government have selected for consideration on a preliminary examination the following.

(*i*) non-ferrous metals, including antimony ;
(*ii*) grinding wheels ;
(*iii*) caustic soda and bleaching powder ;
(*iv*) sodium thiosulphate, sodium sulphite anhydrous, sodium bisulphite ;
(*v*) phosphates and phosphoric acid ;
(*vi*) butter colour, aerated water powder colour ;
(*vii*) rubber manufactures ;
(*viii*) fire hose ;
(*ix*) wood screws ; and
(*x*) steel hoops for baling.

According to Government's announcement in 1940, specified industries promoted with the aid of their direct encouragement during wartime were assured that, if they were conducted on sound business lines, they would be protected against unfair competition from outside India. The following industries have accordingly been given an assurance of such protection.

(1) bichromates ;
(2) steel pipes and tubes up to a nominal bore of 4 inches ;
(3) aluminium ;
(4) calcium chloride ;
(5) calcium carbide ; and
(6) starch.

Towards the end of the year, the Tariff Board had submitted reports to the Government of India on four industries, namely, calcium chloride, antimony, grinding wheels and sodium thiosulphate, sodium sulphite and sodium bisulphite.

To enable Government to take action on the recommendations of the Tariff Board, powers have been taken by them under the Protective Duties Act, 1946, to impose by executive action, pending legislation later, new or additional duties.

21. *Trade Agreements.*—In accordance with their policy to stabilise India's position in the foreign markets gained during the wartime and to investigate into the possibilities of further expansion of the country's foreign commerce in the post-war period, Government continued to promote commercial contacts through trade agreements, the despatch of official and non-official trade missions and the extension of consular services. In view of the difficulties of obtaining goods from the usual sources of supply, as also the drive towards further industrialisation, which some of the countries of the Middle East are planning, the prospects of finding markets for Indian products are considered bright judging from the reports of Indian Trade Commissioners abroad and particularly because, it would be a long time before the ex-enemy countries could attempt to recapture their lost markets. During the year under review, a representative Trade Mission was despatched to China with a view primarily to securing Indian exports to China, especially of raw cotton and tobacco and to discovering means of re-establishing the Sino-Indian trade on an expanded basis. The report of the Mission, which has since returned to India, is awaited.

Two new Indian Trade Commissioners were also appointed for Iran and Egypt and other near and Middle East countries during the year.

III. BULLION

22. *Production and Stocks of Gold.*—The decline in world production of gold which started in the year 1941 continued in 1945 also. The estimated world production of gold in 1945 has been placed at 26·5 million ounces as compared with the output of 27 million ounces in 1944, representing a decline of 1·9 per cent. It would be noticed from the following table that the percentage decline in output rose from 2 in 1941 to 17 in 1943, but worked out lower at 7 in 1944. Compared with 1940, the year of peak production, the decline in 1945 amounted to about 35 per cent.

TABLE 7.—WORLD GOLD PRODUCTION.

(In thousands of fine ounces)

	1939	1940	1941	1942	1943	1944	1945
I. British Empire ..	22,471	24,053	24,170	22,520	19,150	17,580	17,200
(a) Union of South Africa	12,822	14,047	14,386	14,121	12,800	12,277	12,214
(b) Canada	5,094	5,311	5,345	4,841	3,651	2,914	2,662
(c) Australia	1,646	1,644	1,497	1,154	751	657	600
(d) New Zealand ..	179	186	186	170	150	150	150
(e) India	317	289	286	260	252	187	168
II. United States ..	4,621	4,863	4,832	3,583	1,381	1,002	988
III. All Countries ..	39,038	40,811	(40,000)	(35,000)	(29,000)	(27,000)	(26,500)
British Empire Percentage ..	*57·6*	*58·9*	*60·4*	*64·3*	*66·0*	*65·1*	*64·9*
South African Percentage ..	*32·8*	*34·4*	*36·0*	*40·3*	*44·1*	*45·5*	*46·1*

Figures in brackets are provisional.

The production in the British Empire in 1945 declined by 2·1 per cent., while its share of world production remained more or less at the 1944 level. In 1945, the largest decline has been in the case of India, namely, 10·2 per cent., followed by Australia (8·7 per cent.) and Canada (8·6 per cent.). With the end of the war, the obstacles to production such as shortages of labour and equipment, high production costs and increased taxation are likely to be overcome. Various concessions have already been granted to the gold mining industry in some of the major producing countries. In South Africa, the Gold Realisation Charge amounting to 38s. 3d. per £100 was removed from the 1st October 1945; also from the same date, the industry in Canada was exempted from paying the Excess Profits Tax. The United States authorities revoked, with effect from the 1st July 1945, the order of the War Production Board under which gold mining had been restricted since October 1942.

The estimated production of gold in India in 1945 amounted to 168,405 ounces valued at Rs.3,37,82,038, as compared with 188,206 ounces valued at Rs.3,55,01,636 in 1944. The total production of gold in India during the ten years ended 1945 amounted to 2,742,737 ounces or 0·8 per cent. of the estimated total world production of 342,896,000 ounces during the period.

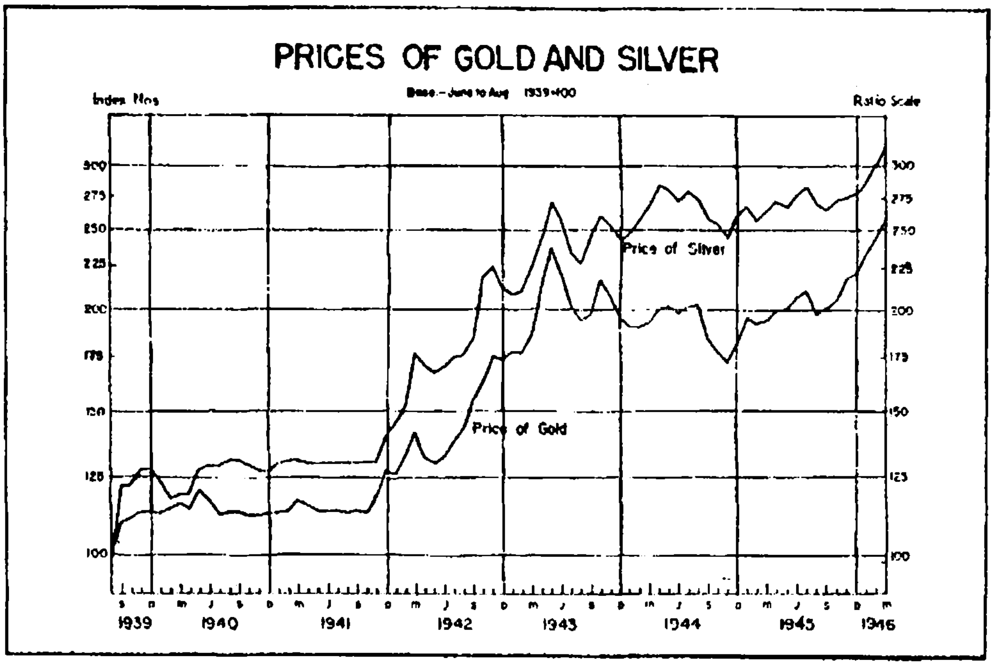
During the year under review, there was a further redistribution of the monetary stocks of gold of the Central Banks and Governments. (*Vide* Statement IV.) The principal losers were the United States, France and the Netherlands, while the chief gainers were Switzerland, South Africa, Mexico, Brazil, Sweden and Turkey. The United States lost in 1945 gold of the value of $554 million as compared with a loss of $1,319 million in 1944, increases in the earmarked gold (on account of holders abroad) accounting for two-thirds of the loss in 1945 and one third of the loss in 1944. Earmarked gold held by the Federal Reserve Banks increased from $3,937 million at the end of 1944 to $4,294 million at the end of 1945. It may be noted that the decline in the United States' gold reserves was arrested in December 1945, after which a steady increase has been in evidence, reflecting the effects of the cessation of lend-lease and the re-emergence of a favourable trade balance on private account. Statement IV indicates the changes in the values of monetary stocks of gold of certain countries.

23. *Price of Gold.*—The table below shows the highest, lowest and average prices of gold in Bombay for each of the eight years 1938-39 to 1945-46. The price of gold in New York has remained unchanged at $35 per fine ounce since February 1934, while in London it was raised from £8-8-0 to £8-12-3 per fine ounce from the 9th June 1945.

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

Statement VI shows the highest, lowest and average prices of gold, both spot and forward, and of sovereigns as well as the estimated average stocks of gold in the Bombay market for each month of the year under review; trends in the spot prices of gold and silver during the years 1926-27 to 1945-46 are shown in Statement V.

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



The gold market presented a firm undertone during the greater part of the year, and quotations evinced a distinctly upward trend, apart from a temporary setback immediately following the surrender of Japan in August. The highest and average prices, both spot and forward, attained new levels during the year, being the highest on record. The sentiment in the market during the year continued to be governed mainly by such influences as idle funds seeking investment in precious metals, scarce supplies of goods, and manipulations by operators who sought to exploit a steadily deteriorating technical position in the absence of prospects of any imports on a large scale in the near future. Gold in the main followed the trend in silver and quotations in both the sections, particularly in silver, were also affected by international developments such as the prospect of an early termination of the war, the cessation of lend-lease, the proposed Anglo-American Loan Agreement and the upward revision of prices in the United States and the United Kingdom. In view of the abnormally high and artificial levels of Indian prices of gold and silver as compared with the prices in the United Kingdom and the United States, the Central Budget for 1946-47 imposed with effect from the 28th February 1946, a specific duty on gold bullion and coin at the rate of Rs.25 per tola and also raised the existing duty on silver from 3 annas an ounce plus a surcharge of 1/5th to a composite duty of 8 annas an ounce. The Finance Member in justification of the imposition of the duties argued that with the end of the war and the likely restoration of normal trade and bullion imports it was desirable that suitable machinery should be devised that would render unattractive for any one to indulge in speculation with a view to reaping profits at present levels. The rate of duty "will be varied from time to time by a notification under the Sea Customs Act, in order to attain in an orderly manner a reasonable measure of approximation to world prices."

During the early part of the year a quietly steady tone prevailed, there being no sharp rise in quotations, in view of indications of an early termination of the war in Europe. In order to check continued cornering by bulls and the extraction of high "budla" charges, the authorities of the Bombay Bullion Exchange fixed the maximum penalty for non-delivery at 10 annas per tola with effect from the 16th April 1945. Following the unconditional surrender of Germany early in May, ready gold declined to Rs. 71-12-0 in Bombay and to Rs.69-12-0 in Calcutta. A recovery followed, the rate advancing to Rs.76-10-0 by the 19th May. As a result of a reduction in the amount of gold officially offered to the public and the news of an increase in the buying price of the United Kingdom Treasury for gold from 168*s.* to 172*s.* 3*d.* per fine ounce, prices continued to be maintained at higher levels until the middle of August when, following the surrender of Japan, they registered a sharp decline, the ready rate touching the lowest level of the year at Rs.63-6-0 on the 22nd of that month.

Official sales of gold were discontinued with effect from the 14th August. The quotations moved up gradually recovering to Rs.76-4-0 by the end of September. From the middle of October onwards, excepting for some temporary reactions, the quotations showed an almost continuous rise. The upward trend was assisted by rumours regarding devaluation of sterling consequent on the termination of lend-lease, the withdrawal in September of maximum "budla" charges fixed earlier, and the raising by the United States Treasury of its purchase price of foreign silver, followed by an increase in the London price of silver, the appreciation in the United States and the United Kingdom silver prices having a sympathetic effect on the price of gold in India. The news regarding the conclusion of the Anglo-American Loan Agreement on the 6th December 1945 led to a temporary reaction in December; the ready rate which had risen to Rs.86-11-0 on the 4th December declined and stood at Rs.81-3-0 at the end of that month. During the last quarter of the year the market resumed its upward trend, the quotations soaring to new successive high levels as a result of the heavy rush for buying. The promulgation of the Demonetisation of Notes ordinances (*vide* para 80) in January 1946 led to a flight of funds to the bullion market and ready gold touched Rs.90-0-0 on the 16th January, while unofficial transactions were reported to have taken place at Rs. 102-0-0 per tola. The authorities of the Bombay Bullion Exchange declared a state of emergency on the 12th January and fixed the maximum and minimum rates for weekly deliveries at Rs.85-0-0 and Rs.81-0-0. On the 23rd January, the Board called upon operators to settle all outstanding transactions in gold at Rs.85-14-0 and prohibited forward business in the metal with effect from the 30th. The ready rate rose from Rs.90-0-0 on the 16th January to Rs.95-4-0 by the 30th. As a result of apprehensions based on a temporary reduction in notes in circulation, the quotations eased to Rs.90-8-0 on the 2nd February and after irregular movements, to Rs.85-4-0 by the end of the month. A contributory factor to the decline was the removal on the 25th February by the Central Government of the restrictions on forward trading imposed by Rule 90C of the Defence of India Rules, which had limited the period of delivery to 7 days. Following the removal of this limitation the authorities of the Bombay Bullion Exchange decided to resume as from the 18th

March the old system of monthly settlement of forward transactions and also to fix the maximum penalty for non-delivery at Rs.2-8-0. Actual forward trading in gold, however, was not resumed until the 16th April. As an immediate reaction to the announcement of the new duty on gold, the ready rate further declined from Rs. 85-4-0 on the 28th February to Rs. 82-0-0 on the 1st March. The upward trend, however, soon reasserted itself and the rate recovered to Rs.89-0-0 on the 5th and advanced to Rs.97-12-0 by the end of the year as against Rs.72-5-0 at the end of 1944-45.

The range of fluctuations in the ready rates for gold in the Bombay market during the year was Rs.34-6-0 which is more than twice as much as in the preceding year. The highest and lowest rates during the year were Rs.97-12-0 and Rs.63-6-0 respectively as against Rs.76-12-0 and Rs.61-2-0 during 1944-45. The average price of gold for the year worked out higher at Rs.80-3-0 as against Rs.71-7-4 in the preceding year. The premium of the ready over the forward rates varied between Rs.5-5-0 and *nil*, against Rs.1-12-0 and *nil*, during 1944-45.

Official offerings of gold by tender which had remained suspended since the 3rd November 1944 were resumed with effect from the 2nd April 1945 and continued until the 14th August 1945 when they were again discontinued for the rest of the year. The rates at which sales were effected varied between Rs.70-14-0 per tola on the 4th April 1945 and Rs.79-8-0 per tola on the 19th June 1945. Small bars were also on offer in Bombay during the period 2nd April 1945 to 13th August, at rates varying between Rs.72-8-0 per tola on the 2nd April 1945 and Rs.79-12-0 per tola on the 25th June 1945. Total official sales of gold during the period 1943-44 to 1945-46 amounted to 7·5 million ounces as shown below.

	(In million ounces)
1943-44	3·4
1944-45	3·2
1945-46	0·9
Total	7·5

24. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta mints received from the public and the Banks 757,486 tolas and 31,204 tolas respectively for melting and assaying as against 343,801 tolas and 10,105 tolas in 1944-45. The Bombay mint received 1,532,162 tolas of raw gold for refining as against 726,822 tolas in the previous year.

25. *Production and Stocks of Silver.*—The cessation of hostilities in August 1945 eliminated the need for maintaining all the controls over silver imposed during the war by the various governments. While restrictions pertaining to international movements in general still continued to operate, regulations regarding price or use of silver were either relaxed or abolished. In the United States, the War Production Board revoked all control over the permitted uses of silver and followed it up on the 5th September by relaxation of restrictions on imports of the metal with a view to stimulating imports into the country to meet the growing demand resulting from the relaxations of the restriction on the consumption of the metal. The United States Treasury raised its buying price of foreign silver from $44\frac{3}{4}$ cents to 71·11 cents per fine ounce on the 21st September 1945. Legislation now pending before the United

States Congress aims at increasing the price of domestic silver and ultimately raising it to $1·29 per fine ounce, which represents the monetary value of the metal. Legislation has also been proposed authorising the release of Government-owned silver for industrial use by domestic and foreign purchasers, the Green Act of the 12th July 1943 which permitted the use of Treasury's silver for war and certain other purposes, having expired at the end of December 1945.

Available data (*vide* table below) suggest a possible decline in the world output of silver during 1945 principally owing to continued lack of skilled labour. The production of silver in the Western Hemisphere in 1945 is estimated* at 127·3 million fine ounces as compared with an estimated output of 138·4 million ounces in 1944. The fall in production in 1945 was 8 per cent. as against a fall of 5·2 per cent. in 1944. Production in 1945 declined by 19 per cent. in the United States, as against 4·8 per cent. in Mexico, while the other countries more or less maintained their 1944 level. Trends in future production would depend upon a variety of factors such as the price of silver, level of labour costs and taxation of the silver mining industry. The estimated output of silver in India in 1945 was 14,154 ounces, valued at Rs.44,136 as against an output of 14,239 ounces valued at Rs.47,902 in 1944. The following table gives the figures of estimated production in the major producing countries during each of the years 1939 to 1945.

*Handy & Harman.

TABLE 8.—WORLD SILVER PRODUCTION.

(In millions of fine ounces)

Countries.	1939	1940	1941	1942	1943	1944	1945
United States of America	57·8	67·0	69·1	54·5	41·5	34·0	28·3
Mexico	81·5	80·3	78·4	80·7	71·2	63·0	60·0
Canada	24·2	25·4	22·0	22·0	18·2	14·7	14·0
Other Central and South American Countries	30·9	34·5	32·4	16·0*	15·1*	25·8	25·0
Elsewhere (including India)	69·8	(a)	(a)	(a)	(a)	(a)	(a)
TOTAL	264·2	213·2	201·9	173·2	146·0	138·4	127·3
India†	0·023	0·023	0·023	0·020	0·019	0·014	0·014‡

*Figures for Peru only. (a) Not available. †Exclusive of Burma Figures. ‡Provisional.

The total amount of silver released under Lend-lease during the three years from 1943 to 1945, amounted to 410·9 million ounces. Of this, 326·6 million ounces were leased to the British Empire including the United Kingdom, India and Australia. The silver so loaned is to be returned to the United States Treasury on an ounce for ounce basis within five years of the official announcement of the cessation of hostilities. During the war 900 million ounces of silver were released by the United States Treasury for non-consumptive uses to the American industry of which half the amount went to the Atomic Bomb Plant at Tennessee. For the third successive year, the United States Government holdings of silver showed a decline in 1945. The Treasury stocks including coins in circulation at the end of 1945 are placed at 2,725 million ounces as against 2,993 million ounces at the end of 1944, and 3,255 million ounces at the end of 1943.

In Mexico, the bullion value of the silver currency totalling nearly 536 million Pesos of ·720 fineness came to be worth one-third more than the face value as a result of the increase in the United States Treasury's purchase price of foreign silver. The conversion of paper Pesos into silver money had to be immediately suspended and the Bank of Mexico was invested with complete control over the purchase, sale and allotment for export of silver in all forms. The minting of Pesos of ·720 fineness was also stopped while a premium of 20 per cent. was offered by the authorities on all silver coins surrendered. The people of Mexico have, however, a strong preference for silver money and in the event of a large proportion of the outstanding currency failing to return, the authorities might find it necessary to augment their stocks of silver in order to cover the new debased silver issue.

Canada was the only country to maintain throughout the war the pre-war price ceiling of 40 cents an ounce, being approximately equivalent to the price of $35\frac{3}{8}$ cents for foreign silver which had prevailed in the United States up to the 31st August 1942. During 1945 also, the silver mining industry continued to meet the requirements of the home trade and those of the Royal Canadian Mint at the controlled price, the balance of the domestic production being permitted to be exported under Government licence. From the 1st January 1946 it was proposed to modify the existing arrangements and to permit the small silver producers to export their entire output at the prices prevailing abroad. The major silver producers were, however, to sell approximately 50 per cent. of their output to the home trade at the control price of 40 cents, the balance being permitted to be exported.

The year witnessed a further increase in the consumption of silver in arts and industry. The quantity consumed in some of the countries during the two years 1944 and 1945 is as follows.

	(Millions of fine ounces) 1944	1945	Percentage increase over 1944
United States..	125	140	+ 12·00
United Kingdom	16	20	+ 25·00
Mexico	6·5	9·5	+ 46·15
Canada	5	6	+ 20·00
Total ..	152·5	175·5	+ 15·08

The estimated industrial consumption of silver in the above four countries alone exceeded the estimated production of the Western Hemisphere by nearly 50 million ounces in 1945.

26. *Price of Silver.*—In the tables below are given the highest, lowest and average prices of silver in Bombay, London and New York during the eight years 1938-39 to 1945-46.

BOMBAY

	Spot									Settlement								
	Highest			Lowest			Average			Highest			Lowest			Average		
Year	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
1938-39	53	1	6	48	2	0	51	11	3	52	15	6	48	2	0	50	14	8
1939-40	66	4	0	44	7	6	55	4	9	67	0	0	43	13	6	55	6	5
1940-41	64	13	0	54	10	0	62	8	0	65	2	0	54	13	0	62	0	5
1941-42	97	6	0	61	12	6	66	11	4	91	6	0	61	12	6	65	0	0
1942-43	116	8	0	75	4	0	94	2	6	112	14	0	72	4	0	90	4	6
1943-44	141	8	0	101	8	6	120	7	11	137	0	0	98	4	0	120	2	5
1944-45	143	4	0	113	10	0	128	10	0	141	4	0	111	12	0	127	2	7
1945-46	159	6	0	118	0	0	135	1	11	157	14	0	117	0	0	135	15	4

Year	London Highest d.	London Lowest d.	London Average d.		New York Highest cents	New York Lowest cents	New York Average cents
1938–39	$21\frac{1}{8}$	$18\frac{7}{16}$	$19\frac{9}{16}$		$42\frac{3}{4}$	$42\frac{3}{4}$	$42\frac{3}{4}$
1939–40	$23\frac{1}{2}$	$16\frac{1}{16}$	$20\frac{13}{16}$		$42\frac{3}{4}$	$34\frac{3}{4}$	$37\frac{1}{16}$
1940–41	$23\frac{1}{2}$	$20\frac{1}{8}$	$22\frac{13}{16}$		$35\frac{5}{8}$	$34\frac{3}{4}$	$34\frac{3}{4}$
1941–42	$23\frac{1}{2}$	$23\frac{5}{16}$	$23\frac{7}{16}$		$35\frac{1}{8}$	$34\frac{3}{4}$	$34\frac{7}{8}$
1942–43	$23\frac{1}{2}$	$23\frac{7}{16}$	$23\frac{1}{2}$		$44\frac{3}{4}$	$35\frac{1}{8}$	$40\frac{3}{4}$
1943–44	$23\frac{1}{2}$	$23\frac{1}{2}$	$23\frac{1}{2}$		$44\frac{3}{4}$	$44\frac{3}{4}$	$44\frac{3}{4}$
1944–45	..	..	..		$44\frac{3}{4}$	$44\frac{3}{4}$	$44\frac{3}{4}$
(Apr.-Dec.) ..	$23\frac{1}{2}$	$23\frac{1}{2}$	$23\frac{1}{2}$		..	..	..
(Jan.-Mar.)* ..	$25\frac{1}{2}$	$25\frac{1}{2}$	$25\frac{1}{2}$		..	..	..
1945–46							
(Apr.-Sept.)* ..	$25\frac{1}{2}$	$25\frac{1}{2}$	$25\frac{1}{2}$	(Apr.-Sept.)	$44\frac{3}{4}$	$44\frac{3}{4}$	$44\frac{3}{4}$
(Oct.-Mar.)* ..	44	44	44	(Sep.-Oct.)	$70\frac{5}{8}$	$70\frac{5}{8}$	$70\frac{5}{8}$
				(Oct.-Mar.)	$70\frac{3}{4}$	$70\frac{3}{4}$	$70\frac{3}{4}$

*Per fine ounce.

Statement VIII shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks in Bombay for each month during 1945-46. In the United States, the Treasury's purchase price of foreign silver, which had remained unchanged at 45 cents per fine ounce since the 1st September 1942, was raised to 71·11 cents per fine ounce on the 21st September 1945, thus restoring parity with the Treasury's purchase price of domestic silver. In consequence, the New York market quotation (official) also moved up from $44\frac{3}{4}$ cents to $70\frac{5}{8}$ cents on the 22nd September and to $70\frac{3}{4}$ cents on the 10th October at which level it remained for the rest of the year. The official price of silver in London was also raised from $25\frac{1}{2}$d. per fine ounce to 44d. from the 24th September 1945.

Despite encouraging war news, the market evinced an upward tendency during the first half of April on continued cornering by bulls. In order to discourage speculation the Bullion Exchange authorities fixed on the 16th April the maximum penalty for non-delivery at Re. 1 per 100 tolas. Further, on a representation made by the Bullion Exchange, the Reserve Bank of India limited its sales of silver to any one party to 25 bars a day and also issued on the 17th April 1945 a circular to the scheduled banks inviting their co-operation in checking speculative dealings in bullion. The ready rate which had stood at Rs.135-15-0 on the 14th April eased to Rs.129-10-0 by the 18th. The early part of May witnessed a further sharp fall, the ready rate dropping to Rs.124-10-0 by the 8th in Bombay and Rs.121-8-0 in Calcutta. Following a reduction on the 16th May in the amount of daily offer of silver by the Reserve Bank from 300 bars to 150 bars, the market showed a recovery, which was further assisted by the suspension of official sales from the 4th July. Prices advanced to Rs.139-6-0 by the 3rd week of July. A heavy decline followed the termination of the war in the East and the rate in the Bombay market dropped to Rs.118-0-0, being the lowest level reached during the year. In view of the acute shortage of stocks and the consequent widening "budla" charges against the bears which rose to about

Rs.14-0-0, the Bullion Exchange authorities declared a state of emergency on the 21st August and banned further transactions in delivery contracts, outstanding transactions being ordered to be squared up at Rs.123-9-0. From about the close of the month, the market resumed its upward trend assisted, among other factors, by the withdrawal on the 3rd September by the Bullion Exchange authorities of the maximum penalty for non-delivery imposed earlier, and by the United States Government's decision to raise, from the 22nd September, the Treasury's buying price of foreign silver and the consequential increase made in the London price. The ready rate rose to Rs.138-8-0 by the 27th September. During the greater part of the succeeding three months the quotation tended to be on a comparatively lower level, ranging between Rs.135-0-0 and Rs.130-0-0, partly as a result of a slackening demand, and the market's optimistic view of the outcome of the Anglo-American Loan negotiations. The undertone, however, remained firm, the bulls continuing their grip on the market. Following the issue of the Demonetisation of Notes ordinances (*vide* para 80), the market showed a sharp rise, the quotation soaring to Rs.138-2-0 on the 11th January 1946. In order to check a further rise, the Bombay Bullion Exchange authorities declared a state of emergency on the 12th January and fixed the maximum and minimum rates for weekly deliveries at Rs.140-0-0 and Rs.136-0-0. The market, however, continued to rule firm, the ready quotation further advancing to a new high level of Rs.149-3-0 by the 12th February. Towards the close of February, there was a temporary reaction, sentiment being influenced, partly by the favourable progress of the proposed legislation in the United States empowering the Treasury to sell or lease silver to industry and partly by the announcement on the 25th February by the Central Government of the removal of the restrictions on forward dealings imposed by Rule 90C of the Defence of India Rules. Following the announcement of the provision in the Central Budget enhancing the existing import duty on silver from 3 annas 7-1/5 pies to 8 annas per ounce, the market witnessed a sharp rise, rumours regarding a further increase in the price of silver in the United States being a contributory factor. The forward section remained suspended from the 6th March owing to the disinclination on the part of operators to enter into fresh commitments in view of the liability of the buyer to pay any increase in the import duty on gold, silver or sovereigns in terms of Rule 28 of the Exchange. Legal proceedings were instituted by bull interests challenging this rule; pending the hearing of the case on the 28th June 1946, the Bombay High Court first granted an injunction order prohibiting the Exchange from penalising operators for non-payment of the enhanced import duty; towards the close of the month, however, the High Court, on an appeal preferred by the Bullion Exchange, set aside the original injunction order, thus resolving the deadlock in the forward section of the market. Forward trading in silver was resumed on the 29th March, although following the removal of restrictions on forward trading imposed by Rule 90C (referred to earlier), the Bullion Exchange authorities had decided to permit the old system of monthly settlements with effect from the 18th March 1946. In the ready section, the rate, which had stood at Rs.144-8-0 on the 28th February, after a slight decline on the 5th March was continuously marked up until it touched the highest level of the year at Rs.159-6-0 on the 30th March and closed at Rs.159-2-0 on the same date as against Rs.128-9-0 at the end of the previous year. In Calcutta and Lahore the closing prices for the year were Rs.159-8-0 and Rs.155-8-0 respectively.

The extent of fluctuations in the rates for ready silver was Rs.41-6-0 as against Rs.29-10-0 in the preceding year. The monthly average price (spot) for the year worked out at Rs.135-1-11 as compared with Rs.128-10-9 in 1944-45. The premium on the ready over the forward varied between Rs.5 and *nil* as against Rs.4-8-0 and *nil* during 1944-45.

Official offerings of silver by tender were made during the period 3rd April to 3rd July 1945, at rates varying between Rs.123-6-0 on the 11th May 1945 and Rs.138-4-0 on the 18th June 1945. Official sales during the period 1939-40 to 1945-46 aggregated 181.0 million ounces as detailed below.

	(In million ounces)
1939-40	3.0
1940-41	18.0
1941-42	94.0
1942-43	16.0
1943-44	—
1944-45	37.1
1945-46	12.9
Total . .	181.0

27. *Assaying and Refining of Silver.*—The Calcutta mint received 1,137,675 tolas of silver for purposes of melting and assaying during the year as against *nil* in 1944-45. The receipts by the Bombay mint were higher at 451,670 tolas as compared with 378,021 tolas in 1944-45. The quantity of silver received for refining during 1945-46 at the Bombay mint increased to 51,131,177 tolas from 4,310,278 tolas in the previous year.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

28. *Purchases of Sterling and Remittances.*—Statement IX shows the net purchases of sterling by the Reserve Bank month by month during 1945-46. Owing to a further decline in the favourable balance of trade during the year resulting from a continued increase in imports and a fall in exports, the net purchases of sterling by the Reserve Bank of India showed a decline to £79·3 million from the previous year's figure of £87·0 million. During the first quarter of the year, the monthly net purchases were inordinately low compared with those of the corresponding period of the previous year; they averaged £0.11 million as against £10·04 million in 1944-45. The net purchases during the first half of the year at £31·2 million were lower than the second half at £48·05 million. The monthly net purchases in the last quarter of the year were characterised by an appreciable rise as compared with the corresponding period of the previous year, the peak figure being £16.1 million in March 1946 as against £11.4 million in September 1944. During the year the Bank sold sterling amounting to £42,756,825 as compared with £8,180,825 in 1944-45.

Broadly, the net accretion of sterling assets during the war has resulted from (1) the favourable balance of payments on private account, and (2) the expenditure incurred in India on account of Allied Governments and recoverable from the British Government. The disposal of sterling assets is indicated by the amounts utilised for the repatriation of debt, the sterling commitments on account of Government and the additions to the sterling balances with the Reserve Bank, as in the following table.

TABLE 9.—ACQUISITION AND DISPOSAL OF STERLING.

(In crores of rupees)

SOURCES	Sept. 1939 to March 1940	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	Sept. 1939 to March 1946
1. Sterling assets held by the Reserve Bank at the end of the previous period	64	142	144	284	511	945	1,363	64
2. Sterling purchased by the Reserve Bank (gross)*.	86	76	99	127	145	142	138	813
3. Sterling Payments by His Majesty's Government	16	43	199	310	365	357	342	1,632
4. Other Sterling Credits†.	—	4	2	3	9	12	15	45
Total amount of sterling available for disposal and disposed	**166**	**265**	**444**	**724**	**1,030**	**1,456**	**1,858**	**2,554**
DISPOSAL.								
5. Sterling amounts utilised for repatriation schemes	22	89	110	160	16	14‡	—	411
6. Sterling commitments on account of Government	2	32	48	48	67	74	73	344
7. Sterling sales to public ..	—	—	2	5	2	5	61	75
8. Sterling holdings of the Reserve Bank at end of the period	142	144	284	511	945	1,363	1,724	1,724
9. Total Net Sterling Acquisitions since the beginning of war to the end of each period excluding the ordinary annual liability in respect of sterling commitments on account of Government (2+3)—(6+7) progressive	100	187	435	819	1,260	1,680	2,026	2,026

* Represents deliveries under ready and/or forward contracts including amounts of acquisitions of dollar balances and securities, U.S. Treasury Payments etc. † Derived figure. ‡ Includes Rs.13·53 crores being the amount paid on purchase of M. & S. M., S. I. and B. N. Railways.

Payments in sterling amounting to £257 million (Rs.342 crores) were received from His Majesty's Government during 1945-46 as against £267 million (Rs.357 crores) in 1944-45 and £274 million (Rs.365 crores) in 1943-44. The Allied demands for Indian goods and services on defence account tended to decline following the visit of the Hydari Mission to the United Kingdom (*vide* para. 14). The sales of precious metals on official account as a means of meeting a part of the Allied war expenditure in the country also restrained the rise in the accumulation of sterling with the Bank. Following the cessation of hostilities, the recoverable war expenditure on Allied account is placed at only Rs.42 crores in the budget for 1946-47, while the continued increase in India's imports should further lower the rate of accrual of sterling on private account. The total sterling holdings of the Bank at the end of March 1946 stood at £1,293 million or Rs.1,724 crores as against £1,022 million or Rs.1,363 crores at the end of March 1945 and £48 million or Rs.64 crores at the end of August 1939.

29. *Exchange.*—In the sterling exchange market, banks' quotations for ready T.T. remained unchanged throughout the year at 1*s.* 5 31/32*d.* selling and 1*s.* 6 1/32*d.* buying. As a result of further improvement in mail communications and the removal of a considerable degree of transit risks owing to the termination of the European and Japanese wars, the exchange banks on the 9th November 1945 lowered their buying rates for demand and usance bills up to 60 days sight for both ready and forward delivery by a 1/32*d.* and for bills drawn at 3 and 4 months sight by a 1/16*d.* At the same time they extended their ready buying rates to cover deliveries up to 4 months forward. Banks continued to buy T.T. from the public for delivery up to 9 months ahead and demand and usance bills up to 6 months. The same conditions prevailed in the inter-bank market as in the previous year and there was a continued shortage of sterling for ready delivery. The reason for this was mainly that exporters continued to fix their exchange for forward delivery while the demands from importers were almost invariably for ready delivery, so that forward sales of sterling by banks were negligible. The position was further aggravated by increased demands for sterling owing to rising imports. In the previous year in order to meet what was thought to be a temporary situation, the Reserve Bank had agreed to sell sterling for ready delivery to banks at 1*s.* 5 63/64*d.* in cases where they were able to show that they were unable to meet the demands from their constituents. As it became clear that the unbalanced position in the market was likely to continue for some time, and as it also seemed probable that imports into India would soon exceed exports, in which case the Reserve Bank would have to become a regular seller of sterling, on the 24th April the Reserve Bank of India advised banks that it would be prepared to sell sterling to them at 1*s.* 5 63/64*d.* for ready delivery without limit and without any stipulations. No change was made in the Bank's buying policy and it continued to purchase sterling for forward delivery up to 6 months at 1*s.* 6*d.*

The London-New York cross rate remained unchanged during the year at 4.02½ selling and 4.03½ buying. In India, banks' buying rate for telegraphic transfers on New York were unaltered at 332½ selling and 329½ buying. The buying rate for demand bills on New York was increased from 327½ to 328½ on the 2nd June 1945.

30. *Developments in Exchange Control.*—The period under review witnessed the cessation of hostilities both in Europe and Japan and the resumption of financial and commercial relations with many countries previously under enemy occupation.

British territories occupied by Japan such as Burma, Malaya and Hongkong on liberation automatically reverted to their former status as members of the sterling area and the freezing orders issued by the Government of India over the accounts of residents in these territories were withdrawn. In the case of liberated countries in Europe, financial relations were resumed only after the completion of financial and monetary agreements between His Majesty's Government and the Governments of these countries made to cover all financial transactions between them and the sterling area as a whole.

The ending of the war did not result in any change in Exchange Control policy ; India continued to be a member of the sterling area and the same restrictions on the sale of currencies of countries outside the sterling area were maintained. Owing to improvements in the shipping position, it was found possible to relax the import licensing system in respect of imports from sterling area countries which were not affected by exchange considerations but the system of licensing of imports from countries outside the sterling area remained unaltered. The difficult U.S. dollar position of the sterling area as a result of the cessation of lease-lend supplies in September 1945 made it necessary to continue rigid economies in the expenditure of U.S. dollars. The completion of financial agreements between the sterling area and certain European countries, however, resulted in imports being licensed from them. Although available supplies were limited, by the beginning of 1946 imports were commencing to arrive from countries which had not exported goods to India since early in 1940.

Applications for exchange for foreign travel remained subject to individual examination by the Reserve Bank of India in all cases. In line with the recent relaxation of the restrictions in the United Kingdom, limited amounts of foreign exchange were granted for journeys to certain countries for reasons of personal convenience but the amounts allowed were generally insufficient for long visits and the facilities were consequently not utilised to any extent. There was a considerable increase in the number of travellers for business reasons but for this purpose the allotment of foreign exchange was more substantial, and it was considered necessary to limit journeys to those which were considered to be in the country's interest. All applications from businessmen were therefore forwarded to the Commerce Department, who decided whether or not the business to be undertaken justified the grant of exchange. The number of Indian students proceeding to the United States for educational courses in American Universities increased and consisted of students travelling under Government Scholarship Schemes as well as private students. Applications from students in the latter category were only granted on the recommendation of the Educational Adviser to the Government of India.

31. *Burma.*—After the re-occupation of Burma, the Government of India amended the Defence of India Rules so as to permit financial transactions to take place freely between the two countries and Burma returned to the same position *vis-a-vis* India as it had held prior to the Japanese occupation in 1942. Transfers of currency notes and funds between the two countries were allowed freely and the only restrictions that remained were on the export of gold from India, as it was felt that until the Civil Government was properly re-established in Burma, there would be difficulty in preventing the export of gold over its land frontiers. The office of the Reserve Bank of India in Rangoon was re-opened on the 20th August 1945 and the same Exchange Control Regulations were applied in Burma as are at present operating in India.

32. *Monetary Agreements.*—Monetary agreements were concluded with a number of countries during the course of the year by the British Government. These agreements also applied to India, as the arrangements made covered financial transactions with all countries within the sterling area.

In the case of countries which have recently been under enemy occupation the conclusion of these agreements enabled commercial and financial transactions to be resumed. In most cases the agreements provided for the fixing of a rate of exchange between the currency of the country concerned and sterling and an arrangement under which payments between the sterling area and these countries were to be made through the medium of the sterling accounts of residents in these countries. In certain cases the Governments of the United Kingdom and the signing countries agreed to hold each other's currencies up to agreed limits. In all cases the agreements were to be subject to revision in the event of any general international monetary agreement such as would occur when the International Monetary Fund commenced operations. The countries covered by these agreements were as follows :—

Czechoslovakia.—5th November 1945. Parity of exchange fixed at 201·50 Crowns = £ 1.

Denmark.—22nd August 1945. Rate of exchange 19·34 kroners = £ 1. This agreement also covered Greenland and the Faroe Islands. The latter however are still within the sterling area but are later expected to join the Danish Monetary Area consisting of Denmark, Greenland and the Faroe Islands.

Finland.—17th August 1945. This arrangement was of a rather different type as it was made with an ex-enemy country. Special arrangements were made whereby a proportion of payments due to Finland was retained in a special account to meet past Finnish obligations in the sterling area. Finnish assets in the United Kingdom were not released from the control of the Custodian of Enemy Property.

Netherlands.—7th September 1945. Rate of exchange 10·691 guilders = £ 1. This agreement applied to the whole Netherlands Monetary Area consisting of the Netherlands West Indies and the Netherlands East Indies. Owing to the disturbed conditions prevailing in the Netherlands East Indies financial transactions with these territories are at present confined to payments on official account.

Yugoslavia.—No monetary agreement has been completed with Yugoslavia but arrangements were made at the beginning of December 1945 for the resumption of financial transactions with Yugoslavia through the medium of payments through "Yugoslav sterling accounts".

Norway.—8th November 1945. 20 Kroners = £ 1.

In view of the resumption of commercial relations with these countries shipments thereto and also to Greece and Italy were made subject to the Indian Export Control regulations and exports were only permitted subject to declaration on form G. R. that the proceeds would be accounted for in an approved manner.

Monetary agreements were also completed during the course of the year with Switzerland and Turkey. The Anglo-Turkish agreement was completed on the 4th May 1945 and was in supersession of the old Anglo-Turkish agreement. The agreement with Switzerland was signed on the 12th March 1946. The rate of exchange was fixed at 17·35 francs to the pound and in terms of the agreement, Switzerland and the United Kingdom agreed to hold each other's currencies up to certain fixed limits. The completion of these two agreements facilitated the expansion of trade between the sterling area and the countries concerned.

33. *Methods of Export Finance.*—Three graphs are given on page 46 showing on a percentage basis the different methods used to finance exports to countries outside the sterling area governed by the Export Control Regulations.

Graph I covers shipments to the United States and Graph II shipments to other countries. The proportion of trade financed by different methods changed considerably during the course of the year. In Graph I the most noticeable feature is the increase in the proportion of trade financed by sterling bills on London and in rupees and the reduction in the volume of trade financed in U.S. dollars from the month of September onwards. The reason for this was the termination of the American Registered Accounts system under which American banks in New York undertook to quote sterling at the London Control rates. With the termination of this obligation, the market for sterling in New York became free, and not only were the differences between ready rates narrower than in London but at one time forward sterling was quoted at a discount. As a result of this, it became cheaper for American importers to finance their purchases from India through sterling letters of credit or in rupees as they were able to buy sterling at the finer rates quoted in New York, rather than in dollars at the London Control rates.

In Graph II the rise in the first quarter of 1946 in the percentage of trade financed in rupees, is due to the resumption of exports to China. Following the withdrawal of the Chinese freezing order and the resumption of commercial transactions with China, considerable quantities of raw cotton were shipped to that country which were paid for in rupees.

METHODS OF EXPORT FINANCE

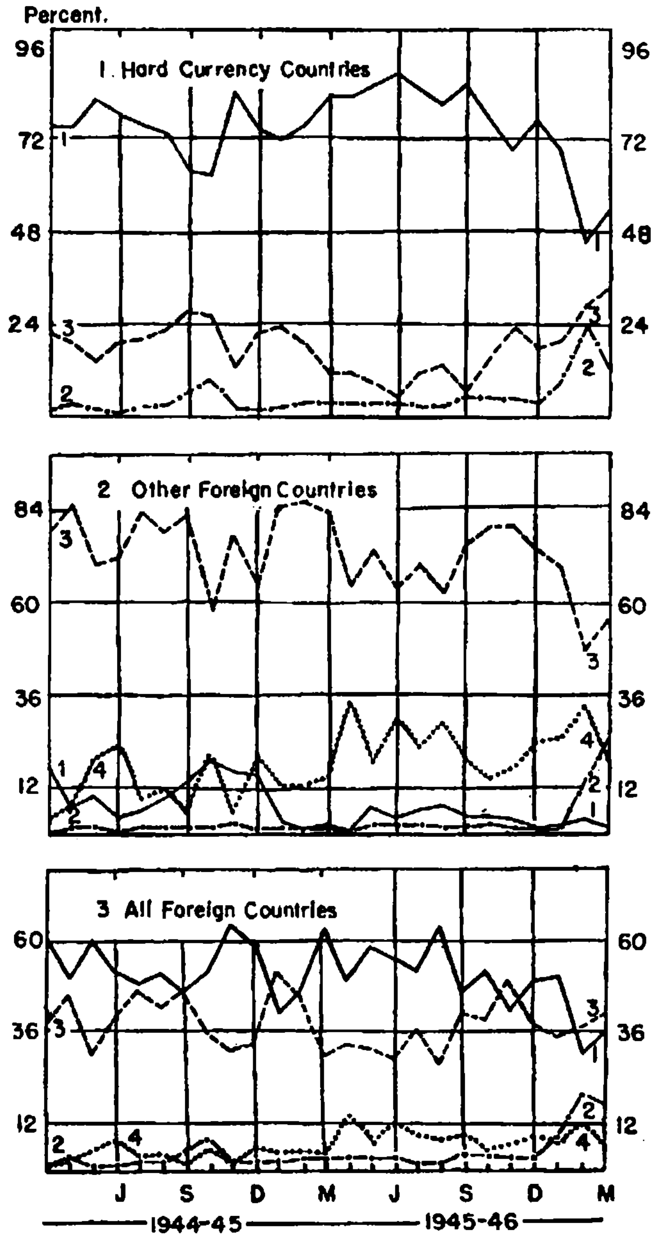
ON PERCENTAGE BASIS

METHOD 1——1 BILLS DRAWN OR REMITTANCES RECEIVED IN CURRENCY OF COUNTRY OF DESTINATION

METHOD 2-·-·2 BILLS DRAWN OR REMITTANCES RECEIVED IN RUPEES

METHOD 3- - -3 BILLS DRAWN IN STERLING ON LONDON

METHOD 4·····4 BILLS DRAWN IN STERLING ON THE COUNTRY OF DESTINATION



V. PUBLIC FINANCE

A. BUDGETS

CENTRAL GOVERNMENT:

34. *Accounts*, 1944-45.—With revenue and expenditure at Rs.335·57 crores and Rs.496·71 crores respectively, the actual deficit for the year turned out to be Rs.161·14 crores as against Rs.155·77 crores in the revised estimates and Rs.54·70 crores in the budget estimates. The increase in the deficit of Rs.5·37 crores over the revised estimate is due to a larger short-fall in revenue than in expenditure. While revenue declined by Rs.21·31 crores from Rs.356·88 crores in the revised estimates to Rs.335·57 crores in the actuals, expenditure fell by only Rs.15·94 crores from Rs.512·65 crores to Rs.496·71 crores. The fall in revenue was due mainly to a reduction of Rs.21·89 crores in receipts from the Corporation Tax, the increase of Rs.3·13 crores in Income-Tax receipts being counterbalanced by small decreases in other items. The fall in expenditure was due to a reduction of Rs.14·20 crores, spread over many items in the civil expenditure, and a small reduction of Rs.1·74 crores in the defence expenditure.

35. *Revised Estimates*, 1945-46.—The revised estimates for 1945-46 place total revenue receipts and expenditure at Rs.360·66 crores and Rs.505·61 crores respectively as against Rs.362·34 crores and Rs.517·63 crores in the original estimates. The total defence outlay including recoverable war expenditure from His Majesty's Government amounted to Rs.738·42 crores as against Rs.773·73 crores in 1943-44. The estimated deficit was thus reduced by Rs.10·34 crores owing mainly to the decline in the defence expenditure.

Under revenue receipts the main decreases expected are (1) Rs.1·50 crores under Taxes on Income (including Corporation Tax), (2) Rs.1·94 crores under Central Excise, (3) Rs.5·46 crores resulting from the increased share of Income Tax revenue payable to Provinces, and (4) Rs.7·38 crores resulting from the termination, at the end of the war, of the War Risks Factories Insurance Scheme and the War Risks Goods Insurance Scheme respectively on the 1st September and the 1st October 1945. On the other hand, an increase of Rs.9·75 crores is expected under Customs owing to likely improvements in shipping conditions and of Rs.4·52 crores under Currency and Mint owing to an increase in the profits of the Reserve Bank accruing from a larger investment portfolio in the Issue Department.

The decrease in total expenditure is expected to be Rs.12·02 crores resulting from a decline of Rs.17·81 crores in the defence expenditure offset by an increase of Rs.5·79 crores in the civil estimates. The decline from Rs.394·23 crores to Rs.376·42 crores in the defence expenditure, which is by no means appreciable, is accounted for by commitments in respect of war gratuities and similar terminal benefits granted to personnel on discharge. Defence expenditure on capital account has declined from Rs.17·76 crores in the budget estimates to Rs.14·93 crores in the revised, this resulting from an increase of Rs.3·64 crores under "Air Forces" counterbalanced by a decrease of Rs.6·25 crores under Reciprocal Aid owing to the termination of lend-lease arrangements as from the 2nd September 1945. The revised estimates of civil expenditure for 1945-46 placed at Rs.129·19 crores indicate an excess of Rs.5·79 crores over the budget estimates. Miscellaneous expenditure connected with the war will be reduced by Rs.6·55 crores; but this will be more than offset by the grant of a further subvention of Rs.8 crores to Bengal towards famine relief and rehabilitation. This final measure of Central assistance to Bengal brings the total grant to that Province to Rs.18 crores and represents about half the outlay

TABLE 10.—INDIA'S PUBLIC REVENUE, EXPENDITURE AND DEBT SINCE 1937-38.

(In crores of rupees)

	1937-38	1938-39	1939-40	1940-41	1941–42	1942–43	1943–44	1944–45	1945–46 (Revised)	Total 1939–40 to 1945-46	1946–47‖ (Budget)
I. CENTRAL GOVERNMENT BUDGET											
(1) Revenue	86·61	84·52	94·57	107·65	134·57	176·88	252·06	335·57	360·66	1,461·96	311·65*
(2) Expenditure	86·61	85·15	94·57	114·18	147·26	289·05	441·84	496·71	505·61	2,089·22	355·71
(3) Surplus (+) or Deficit (—) ..	..	—0·63	..	—6·53	—12·69	—112·17	—189·78	—161·14	—144·95	—627·26	—44·06
(4) *Percentage of* (1) *to* (2)	*100.0*	*99·3*	*100·0*	*94·3*	*91·4*	*61·2*	*57·0*	*67·6*	*71·3*	*70·0*	*87·6*
II. TOTAL GOVERNMENTAL OUTLAYS	86·61	85·15	98·57	167·18	341·26	667·04	857·17	970·38	867·61	3,969·21	398·94
Percentage of I (1) *to II*	*100·0*	*99·3*	*95·9*	*64·4*	*39·4*	*26·5*	*29·4*	*34·6*	*41·6*	*36·8*	*78·1*
A. ON INDIA'S ACCOUNT	86·61	85·15	94·57	114·18	147·26	341·56	479·30	559·54	520·54	2,256·95	357·28
(1) Civil Expenditure	39·39	38·97	45·03	40·57	43·33	74·43	83·44	101·22	129·19	517·21	111·94
(2) Defence Expenditure	47·22	46·18	49·54	73·61	103·93	267·13	395·86	458·32	391·35	1,739·74	245·34
(*a*) On Capital account ..	..	..	..	..	..	52·51	37·46	62·83	14·93	167·73	1·57
(*b*) On Revenue account ..	47·22	46·18	49·54	73·61	103·93	214·62	358·40	395·49	376·42	1,572·01	243·77
(i) Basic Normal Budget	39·20	38·07	36·77	36·77	36·77	36·77	36·77	36·77	36·77	257·39	36·77
(ii) Rise in Prices ..	..	..	1·19	2·57	4·39	7·97	14·44	18·73	19·22	68·51	17·46
(iii) War Measures (Net) ·	..	..	3·52	25·90	54·44	161·63	298·75	330·61	300·66	1,184·51	178·62
(iv) Non-effective charges (Net)	8·02	8·11	8·07	8·38	8·33	8·26	8·44	9·38	10·76	61·62	10·93
(3) *Percentage of Defence Expenditure (revenue account) to Expenditure*	*54.5*	*54·2*	*52·4*	*64·5*	*70·6*	*74·3*	*81·1*	*79·6*	*74·4*	*75·2*	*68·5*
B. RECOVERABLE WAR EXPENDITURE	..	..	4·00	53·00	194·00	325·48	377·87	410·84	347·07	1,712·26	41·66
Percentage of B to A (2)	..	..	*8·1*	*72·0*	*186·7*	*121·8*	*95·5*	*89·6*	*88·7*	*98·4*	*17·0*
† III. CENTRAL GOVERNMENT DEBT AT END OF YEAR—											
(1) Sterling Loans	467·89	464·94	439·10	341·11	206·93	50·56	34·70	34·19	*33·93*	—405·17¶	33·73
(2) Rupee Loans	438·40	437·87	450·23	574·55	611·85	748·74	1,006·55	1,212·14	1,489·39	+1,039·16¶	1,674·25
(3) Small Savings‡	137·76	141·45	135·35	108·79	95·56	92·77	118·47	159·18	220·28	+84·93¶	287·78
(4) Treasury Bills and Ways and Means Advances	38·01	46·30	54·70	84·99	136·93	264·70	110·61	86·70	86·70	+32·00¶	100·70
(5) TOTAL INTEREST BEARING OBLIGATIONS (INCLUDING UNFUNDED DEBT AND DEPOSITS)	1,197·16	1,205·76	1,203·86	1,247·67	1,209·21	1,353·13	1,532·47	1,860·44	2,230·11	+1,026·25¶	2,485·34
IV. PROVINCES—											
(1) Revenue	89.44	84·74	90·83	97·48	107·41	124·31	163·31	208·18	209·19	1,000·70	203·54
(2) Expenditure	86.95	85·76	89·22	95·18	103·48	118·18	153·85	204·28	213·75	977·93	211·66
(3) Surplus (+) or Deficit (—) ..	+2.49	—1·02	+1·61	+2·30	+3·93	+6·13	+9·46	+3·90	—4·56	+22·77	—8·12
(4) Debt Position (Gross Total Debt) §	159.70	163·20	167·61	169·91	169·15	170·26	196·28	174·35	180·14	+12·53	196·99

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

on the 1943 famine relief. The rest of the increase is due mainly to the strengthening of the Central revenue organisation and expansion in the "nation building" departments.

36. *Budget Estimates*, 1946-47.—The first peace-time budget has for its background the possible effects on the country's economy of a steep fall in wartime expenditure and income levels, as well as the continued need closely to watch and control the position arising from the wartime legacy of inflation. In attempting to smoothen the transition from war to peace and in the wider aspects of post-war planning, the budget lays increasing stress on subordinating fiscal policies to the broader aims of national economy. With revenue receipts at Rs.311·65 crores and total expenditure at Rs.355·71 crores the deficit envisaged is of the order of Rs.44·06 crores, after taking into account new taxation measures and the transfer to revenue of the balance in the two War Risks Insurance Funds amounting to Rs.26·10 crores.

Revenue receipts budgeted for 1946-47 represent a decline of Rs.49·01 crores compared with the revised estimates for 1945-46, this being due mainly to concessions to taxpayers, particularly those in industries. The decline is accounted for mainly by decreases of Rs.39·75 crores in Taxes on Income and in the Railways' contribution to General Revenues (which is estimated at Rs.7·36 crores as against Rs.32 crores in the revised estimates for 1945-46). This is partly offset by an expected increase of Rs.28·01 crores under other sources of revenue. Corporation Tax and other Taxes on Income are estimated lower at Rs.68·94 crores and Rs.80·31 crores respectively as compared with Rs.89·55 crores and Rs.99·45 crores in the revised estimates for 1945-46, representing an aggregate decrease of Rs.39·75 crores. Receipts from Taxes on Income in 1946-47 will form 37·5 per cent. of the total revenue, as against 49·1 per cent. in 1944-45. Customs and Excise are expected to continue at about the same level and are placed at Rs.65·55 crores and Rs.46·70 crores respectively as compared with Rs.65·00 crores and Rs.46·65 crores in the revised. The proposal to amalgamate the surcharge on Income Tax and Super Tax with the basic rates will benefit the Provinces by increasing their share of the proceeds of Income Tax. The variations in the important heads of revenue (including new taxation) are indicated below.

TABLE 11.—IMPORTANT HEADS OF REVENUE OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Heads of Revenue	1938-39 Actuals	1944-45 Actuals	1945-46 Budget	1945-46 Revised	1946-47† Budget	Increase(+) or Decrease(—) in 1946-47 over revised estimates for 1945-46
1. Customs	40·51	39·76	55·25	65·00	65·55	+ 0·55
2. Central Excise Duties	8·66	38·14	48·59	46·65	46·70	+ 0·05
3. Corporation Tax	2·04	84·22	89·67	89·55	68·94	— 20·61
(Excess Profits Tax)	..	(67·44)	(75·50)	(75·50)	(63·00)	—(12·50)
4. Taxes on Income other than Corporation Tax*	15·24	107·02	100·83	99·45	80·31	— 19·14
(Excess Profits Tax)	..	(24·67)	(14·50)	(14·50)	(12·00)	— (2·50)
5. Currency and Mint	0·58	12·46	12·28	16·80	16·67	— 0·13
(Profits of the Reserve Bank) ..	(0·20)	(10·07)	(10·07)	(14·69)	(14·73)	+ (0·04)
6. Railways' Contribution	1·37	32·00	32·00	32·00	7·36	— 24·64
7. Posts and Telegraphs	0·19	10·25	11·85	10·67	10·00	— 0·67
8. Total tax revenue*	76·35	280·86	305·79	313·02	272·97	— 40·05
Percentage of Taxes on Income to total tax revenue	22·6	68·1	62·3	60·4	54·7	..

* Including Provinces' share. † The changes in the budget as adopted by the Legislature are: Customs, Rs. 64·48 crores; Central Excise Duties, Rs. 44·32 crores; Posts and Telegraphs, Rs. 8·33 crores; Total tax revenue will thus work out at Rs.269·49 crores.

On the expenditure side, defence expenditure will account for Rs.243·77 crores as compared with Rs.376·42 crores in the revised estimates. The relatively large outlay on defence expenditure, even this year, is accounted for mainly by the demobilization programme which will continue to be in progress. The recoverable war expenditure from His Majesty's Government under the Financial Settlement of 1940 (which will continue to operate till the end of 1946-47) will be only Rs.41·66 crores as against Rs. 347·07 crores in the revised estimates for 1945-46, this huge reduction being due to the discontinuance of India as a supply base and a large reduction in the numbers of Indian troops employed overseas. With the termination of the war the Finance Member contemplated the re-introduction, as far as possible, of the pre-war procedure of budgetary control over defence expenditure. Expenditure on the defence services on capital account has been placed at the nominal figure of Rs.1·57 crores, whereas the revised estimates for 1945-46 showed the figure of Rs.14·93 crores. Details regarding defence capital expenditure since this head was first introduced in 1942-43 are shown below.

TABLE 12.—COMPOSITION OF DEFENCE EXPENDITURE ON CAPITAL ACCOUNT.

(In crores of rupees)

	1942-43 Actuals	1943-44 Actuals	1944-45 Actuals	1945-46 Revised	Total from 1942-43 to 1945-46	1946-47 Budget
1. Air Force—Airfields	23·34	14·67	15·82	6·06	59·89	3·05
2. Capital Outlay on Industrial Expansion	5·71	3·32	3·68	1·94	14·65	0·98
3. Reciprocal Aid—Airfields ..	8·56	15·34	15·54	4·49	43·93	..
4. New Constructions for the Royal Indian Navy ..	3·38	0·52	2·16	0·30	6·36	1·54
5. Capital Outlay on Tele-Communication scheme ..	0·08	3·61	5·59	2·14	11·42	—4·00
6. Capital Outlay on Chatfield Modernisation Plan ..	11·44	..	..	..	11·44	..
7. Lump sum payment to H.M. Govt. under the "Non-effective" Agreement ..	..	..	20·00	..	20·00	..
8. Exchange on English Expenditure	..	..	0·03	..	0·03	..
Total ..	**52·51**	**37·46**	**62·82**	**14·93**	**167·72**	**1·57**

Civil expenditure is estimated at Rs.111·94 crores as against Rs.129·19 crores in the revised estimates for 1945-46. Interest charges are higher than in the revised estimates by Rs.8·12 crores and reflect the desire for the continuance by Government of their heavy borrowing programme initiated earlier during the war. A sum of Rs.9 crores has been set aside for expenditure in connection with certain Central schemes of post-war development; of this a sum of Rs.6 crores is proposed to be spent on the resettlement of demobilised personnel.

The new taxation proposals for 1946-47 offer a number of substantial concessions to industry and to persons of moderate means. Such concessions to industry include (1) the complete abolition of the Excess Profits Tax after the 31st March 1946, (2) the grant of special initial depreciation allowances of 10 per cent. on new buildings and 20 per cent. on new plant and machinery as well as allowances for expenditure on scientific research for purposes of Income Tax; the scope of the obsolescence allowance will be widened so as to include the loss of an asset by destruction or demolition, and also extended to buildings, (3) the relief from Customs duty on raw materials imported for industry and reduction of rates on such imported plant and machinery as are now dutiable, (4) a net reduction of 1¾ annas in the present total rate of Super Tax and Income Tax (payable by a company) from 7¾ annas to 6 annas, as a result of the lowering of Super Tax by 2 annas and the raising of the Income Tax by ¼ anna and (5) the exemption from Income Tax for two years in the case of buildings for residential purposes and an initial depreciation allowance of 15 per cent. for buildings used as business premises. In addition, the total rate on life insurance companies has been reduced from 5 annas 3 pies to 5 annas. Other concessions include (1) the reduction of the rate on the second slab of income of Rs.3,500 from 15 pies to 12 pies and the rate on the third slab of Rs.5,000 from 2 annas 1 pie to 2 annas, and (2) the raising of the earned income allowance from one-tenth of the earned income, (subject to a maximum of Rs.2,000) to one-fifth (subject to a maximum of Rs.4,000). Similarly in the Super Tax range there will be differential treatment in favour of earned income at the rate of 1 anna in the rupee between Rs.25,000 and Rs.2 lakhs and of ½ anna between Rs.2 lakhs and Rs.5 lakhs. Under indirect taxation, the duty on kerosene oil has been reduced by nine pies from 4 annas 6 pies to 3 annas 9 pies per imperial gallon, and on motor spirit from 15 annas to 12 annas per imperial gallon, the latter as an incentive to increased motor transport. The new taxation measures include.

1.	An increase in the rate of Income Tax on the balance of income above Rs.15,000 from 4 annas 9 pies to 5 annas.	Estimated yield Rs. 3.25 crores
2.	An increase in the number of slabs subject to Super Tax, resulting in a more gradual steepening of the rates, which will be more severe on the largest incomes than at present.	Rs. 75 lakhs.
3.	Additional Super Tax at steepening rates on dividends (other than dividends payable at a fixed rate) in excess of 5 per cent. of the capital of a company (other than a private company) including reserves or 30 per cent. of the total income, whichever is higher, this measure being intended to keep the distribution of dividends within reasonable limits and encourage the ploughing back of profits into industry.	Rs. 1,50 lakhs.
4.	The raising of the surcharge on wines from one-fifth to one-half of the amount of Customs duty.	Rs. 5 lakhs.
5.	The conversion of the *ad valorem* duty on unexposed cinematograph films into a specific duty of 6 pies per linear foot and of 4 annas per linear foot of exposed films.	Rs. 45 lakhs.
6.	An increase in the duty on imported betel-nuts to a standard rate of 5½ annas per pound (without surcharge) with a preference of 6 pies per pound for British colonies.	Rs. 1.55 lakhs
7.	The amalgamation of the Customs duty on cotton of 1 anna per pound under the Tariff Act and the duty	

of 1 anna per pound under the Cotton Fund Ordinance of 1942 into a consolidated duty of 2 annas per pound (without any surcharge) wholly leviable under the Indian Tariff Act.

8. The imposition of a specific duty (without surcharge) on imported gold bullion and coin at the rate of Rs.25 per tola of 180 grains fine and the raising of the existing duty on silver from 3 annas $7\frac{1}{2}$ pies (including surcharge) to 8 annas an ounce (without any surcharge).

The following further concessions estimated to cost Rs.5·12 crores to the Central Exchequer were announced by the Finance Member during the course of discussion on the Budget: (1) reduction in the duty on kerosene by an anna and half instead of only 9 pies as was originally proposed, (2) reduction in the excise duty on betel-nuts from 2 annas to 1 anna per pound, (3) reduction by 6 pies of the increase in the Customs duty on betel-nuts originally proposed in the budget and (4) reduction in the duty on cinematograph films (not exposed) from 6 pies per linear foot as originally proposed to 3 pies.

Other concessions announced were a reduction in the price of a match-box from 9 pies to 6 pies and a similar reduction in the price of a post-card from 9 pies to 6 pies to come into force respectively from the 1st of August and the 1st of July 1946.

Reductions in expenditure arising from the cuts by the Legislative Assembly amount to Rs.93·34 lakhs on revenue account and Rs.3·46 crores under capital disbursements. In consequence of changes in taxation and expenditure, the expected deficit of Rs.44·06 crores for 1946-47 will move up by Rs.4·19 crores to Rs.48·25 crores, with revenue at Rs.341·87 crores and expenditure at Rs.390·12 crores.

With a view to assisting Provincial Governments in implementing their post-war plans, a bill to levy an estate duty on non-agricultural property was introduced in the Central Assembly on the 21st March 1946, following the necessary amendments by Parliament to the Government of India Act 1935. Modelled on the Estate Duty Act of the United Kingdom, it seeks to charge a duty at graduated rates according to the principal value of all property passing on the death of any person whether by disposition of the deceased or by any settlement made by others. Immovable and movable property not exceeding Rs.1 lakh in value and (with certain minor exceptions) property situated outside British India are exempted. The duty is leviable on non-agricultural property, the Provinces being free to levy a similar duty in respect of agricultural property. The basis for distribution of the proceeds as between the Centre and the Provinces will be decided in consultation with the latter. Separate legislation will be undertaken at a later stage to fix the rates of duty, which are expected to vary from time to time.

An innovation in the budget for 1946-47 is the presentation of a Capital Budget separately from the Revenue Budget. The advantage is that it enables a person to focus attention on the productive and dead-weight debts of the Government and their relative disbursements on productive and non-productive schemes. Table on page 53 gives a summary of the distribution of receipts and disbursements of the Government of India on capital account.

TABLE 13.—RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA UNDER CAPITAL HEADS.

(In lakhs of rupees)

	RECEIPTS	1945-46 Budget	1945-46 Revised	1946-47 Budget
1.	New Loans	350,00	334,00	250,00
2.	Treasury Bills	—	—	14,00
3.	Small Savings	48,50	61,10	67,50
4.	Other Unfunded Debt	4,66	4,12	3,95
5.	Railway Depreciation and Reserve Funds	—6,67	—10,03	—13,72
6.	Railway Betterment Fund	—	—	15,26
7.	Other Miscellaneous Funds	65	61	56
8.	Appropriation for Reduction or Avoidance of Debt	3,00	—15,57	5,00
9.	E.P.T. & Income Tax Deposits ..	26,25	41,86	—10,82
10.	Repayment of Loans by Provinces ..	8,66	8,20	5,68
11.	Other Items	50,41	15,85	—32,07
	Grand Total ..	**485,46**	**440,14**	**305,24**

	DISBURSEMENTS	1945-46 Budget	1945-46 Revised	1946-47 Budget
1.	Railways	9,50	10,40	23,00
2.	Industrial Development	—	63	3,98
3.	Defence Capital Outlay	17,76	14,93	1,57
4.	Grants to Provinces for Development	—	—	35,00
5.	Discharge of Permanent Debt ..	60,07	58,79	70,36
6.	Other Loans and Advances	2,29	—1,23	3,47
7.	Advances to Provincial Governments.	3,36	2,81	17,50*
8.	Other Items	4,65	29	18,30
9.	Total Expenditure	97,63	86,62	173,18
10.	Surplus on Capital Account	387,83	353,52	132,06
	Grand Total ..	**485,46**	**440,14**	**305,24**

* Includes Rs.2,50 lakhs for loans in furtherance of the Grow More Food Campaign.

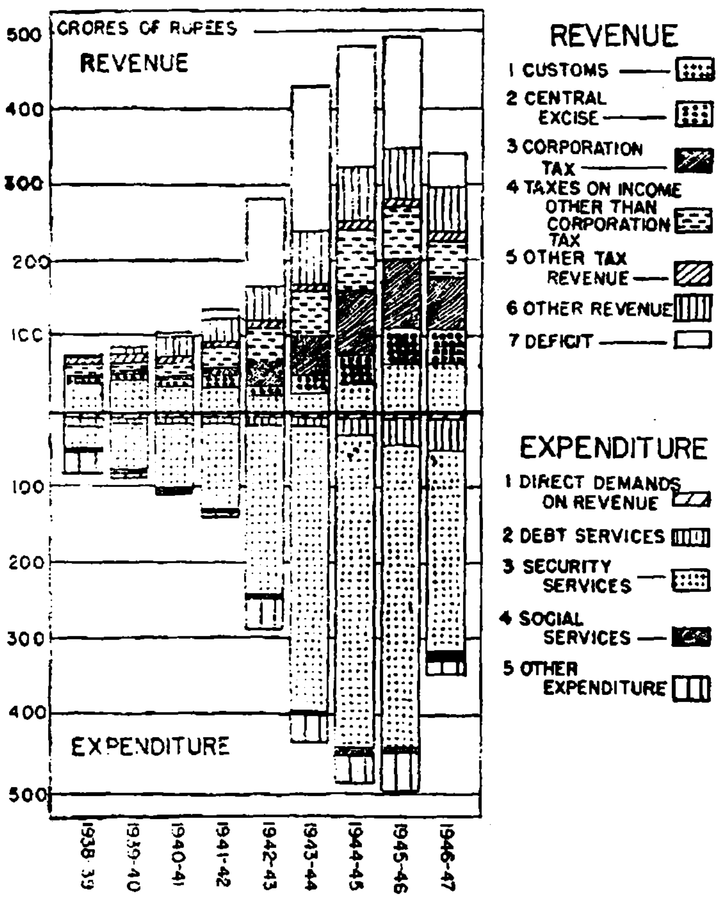
The budget provides for a loan programme of Rs.250 crores against Rs.334 crores in the revised estimates for 1945-46. More borrowing, however, might be effected with a view to building up resources for developmental expenditure. The net receipts from treasury bill flotation are estimated to be Rs.14 crores, thus bringing the outstanding amount of floating debt to Rs.97 crores at the end of March 1947. Rs.1 crore have been allotted to finance the purchase of shares in the proposed Industrial Finance Corporation and Rs.28·38 lakhs by way of a grant to the Board of Scientific and Industrial Research for the construction of laboratories. Rs.50 crores have been shown as grants and loans and advances to Provincial Governments for development purposes. Unproductive items include provision for the repayment of the 3 per cent. Defence Bonds 1946 (amounting to Rs.65 crores) in August 1946. The year's transactions on capital account are expected to result in a surplus of Rs.132 crores as against Rs.354 crores in the revised budget.

As regards the financial implications of post-war planning, the provincial five-year plans are estimated to involve an expenditure of the order of Rs.900 crores, a part of which might extend into the second five-year period. In addition to these, Central plans in respect of railways, roads, civil aviation, etc., will also add up to a considerable figure. As an incentive to urgent action and to check possible deflationary effects of the estimated reduction of Rs.600 crores in defence expenditure, the Central Government will assist the Provincial Governments with funds for approved schemes, particularly those which may provide a high proportion of employment relative to their cost or are of a productive or economic importance and calculated to increase the national income. In the case of self-financing schemes the assistance will take the form of loans, while for others advance grants will be made to cover the full cost, which will not be recoverable but will be adjusted against whatever grants the Central Government might allot to the Provinces. A lump sum provision of Rs.35 crores has been made in the budget estimates for 1946-47 for such advance payments and of Rs.15 crores for loans to Provinces for productive development works.

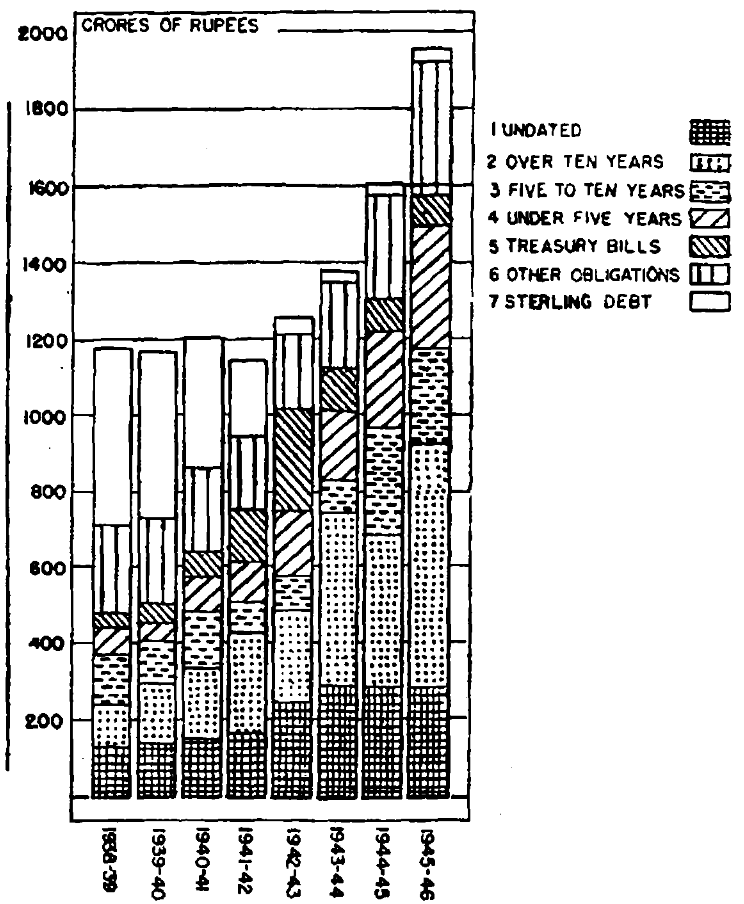
The Central Government have made provision for an expenditure of Rs.49 crores on their own schemes, for developmental purposes, of which Rs.22 crores are in respect of railways. Government's other proposals include (1) the establishment of an Industrial Finance Corporation for providing medium and long-term finance to industries, (2) a subsidised scheme of housing for Government employees as well as industrial workers, towards which the Central Government will contribute $12\frac{1}{2}$ per cent., provided the Provincial Governments also contribute a like percentage and (3) the setting up of a Taxation Enquiry Committee in the near future to examine the present tax structure and the incidence of taxation—Central, Provincial and local—with special reference to its effect on trade, industry, employment and standard of living, and to suggest constructive planning of taxation to ensure the most effective use of the taxable resources of the country.

37. *Wartime Central Finances.*—The diagram on page 55 shows the outstanding features of wartime Central finances—the growing revenue with the returns from direct taxation (mainly from Excess Profits Tax) rising steadily in India as elsewhere, rapidly mounting expenditure chiefly on defence account and the consequential increases in deficits (*vide* table on page 48). Borrowing on a large scale not only enabled the Government to cover the deficits but also assisted them in their fight

WARTIME FINANCES OF THE GOVT. OF INDIA



WARTIME GROWTH OF THE DEBT OF THE GOVT. OF INDIA



against inflationary conditions arising from huge defence outlays, including expenditure on Allied account. Total defence expenditure during the period 1939-40 to 1945-46 amounted to Rs.3,452·00 crores made up of Rs.1,712·26 crores on Allied account and of Rs. 1,739·74 crores on India's account (of which Rs.167·73 crores was on capital account).

Total revenues, both tax and non-tax, increased rapidly. Customs receipts in contrast began to shrink owing partly to transport difficulties as the war reached its climax. From being the main source of revenue in 1938-39 at Rs.40·51 crores it dwindled to Rs.25·12 crores in 1942-43, although it recovered to Rs.39·76 crores by 1944-45 and is placed at Rs.65 crores in the revised estimate for 1945-46. Central Excise duties expanded during the war years to a remarkable extent reflecting the increased purchasing power in the hands of the public. From Rs.8·66 crores in 1938-39 they grew to Rs.38·14 crores by 1944-45 and Rs.46·65 crores in the revised estimate for 1945-46. This expansion has been secured not only by enhancing the rate on the existing items, but also by adding new items such as tobacco, vegetable products, betel nuts, coffee and tea. The largest expansion in yield was, however, from direct taxation under Corporation, Income and Excess Profits taxes. These three taxes contributed an increasingly higher portion of the total revenue, from 20·2 per cent. in 1940-41 to 49·1 per cent. in 1944-45. From 1942-43 to 1945-46 one-half to three-fifths of the total revenue was due to these taxes. Total collections under Excess Profits Tax since its introduction in April 1940 to the end of 1946-47 (Budget) would amount to Rs.350·18 crores or 43·0 per cent. of the total taxes on income or 19·3 per cent. of the total revenue during these years before deducting the Provincial share. Total tax revenue increased from Rs. 72·34 crores in 1938-39 to the peak of Rs.282·67 crores in the revised estimates for 1945-46. Non-tax revenue also spurted up, specially after 1940-41, owing mainly to increased contributions from Railways and Posts and Telegraphs and the larger profits of the Reserve Bank of India.

The expenditure under defence mounted up steadily, especially after 1941-42 *i.e.*, after the entry of Japan into the war. From Rs. 49·54 crores in 1939-40 it rose to the peak figure of Rs.458·32 crores in 1944-45, the last full year of the war. The charges for the servicing of debt more than doubled, from Rs.14·12 crores in 1938-39 to Rs.22·21 crores in 1944-45 and Rs.33·85 crores in the revised estimates for 1945-46 and this might have been larger but for decreases in the effective rates of interest.

Deficits on revenue account grew in size from Rs.6·53 crores during 1940-41 to Rs.12·69 crores in 1941-42 and Rs.112·17 crores in 1942-43 reaching the peak figure of Rs.189·78 crores in 1943-44. With the deficit of Rs.161·14 crores during 1944-45 and of Rs.144·95 crores during the year under review the total volume of deficits during the period 1940-41 to 1945-46 comes to Rs.627·26 crores.

Another significant feature of the war was the accumulation of huge sterling balances in London of the order of Rs.1,654·71 crores, which enabled the Government to repatriate their sterling debt amounting to Rs.429·28 crores. Part of the repatriated debt was cancelled and the rest issued as counterparts, which partly accounts for the large increase in the rupee debt of the Government of India.

38. *Railway Budget.*—The table on page 57 compares the budget estimates of State-owned railways including worked lines for 1946-47 with the budget and revised estimates for 1945-46 and the actuals for 1944-45 and the pre-war year 1938-39.

TABLE 14.—REVENUE, EXPENDITURE AND RESERVES OF INDIAN RAILWAYS.

(In crores of rupees)

	1938-39 Accounts	1944-45 Accounts	1945-46 Budget	1945-46 Revised	1946-47 Budget
I. Receipts and Expenditure.					
Gross Traffic Receipts	99·62	2,16·38	2,20·00	2,25·00	1,77·00
Total Working Expenses	69·18	1,42·28	1,59·87	1,69·30	1,40·68
a. Net Traffic Receipts	30·44	74·10	60·13	55·70	36·32
b. Net Miscellaneous Receipts	0·23	3·24	3·77	3·73	3·14
Net Revenue (a + b)	30·67	77·34	63·90	59·43	39·46
Interest charges..	29·30	27·45	27·39	27·36	27·24
II. Surplus	**1·37**	**49·89**	**36·51**	**32·07**	**12·22***
Contributions to General Revenues	1·37	32·00	32·00	32·00	7·36
Contributions to Railway Reserve Fund ..	..	17·89	4·51	0·07	1·86
Total Expenditure charged to Capital ..	2·33	18·16	9·50	10·10	23·00
Total Expenditure charged to Depreciation Fund	7·08	8·18	22·50	18·85	15·00
III. Capital at charge at the end of the year.	**7,55·26**	**7,87·00**	**7,99·09**	**7,97·40**	**8,20·40**
IV. Depreciation Reserve Fund	**19·61 †**	**92·30**	**98·09**	**1,02·21**	**1,00·61**
Net accretions during the year	5·48	8·83	—5·38	—1·60	—1·78
Closing Balance	25·09†	1,02·21‡	92·71	1,00·61	98·83

* Of this surplus Rs.3 crores have been earmarked for contribution to the Railway Betterment Fund. † Includes Rs.9 lakhs on account of loans to branch line companies and also Rs.31 lakhs on account of investments in branch line shares. In 1942-43 these amounts were transferred to the Railway Reserve Fund Investment Account. ‡ Includes Rs.1·08 crores transferred from Renewal Reserve Fund for permanent way and rolling stock of the Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways.

The accounts for 1944-45 showed a surplus of Rs.49·89 crores, which exceeds the revised estimate by Rs.7·88 crores but is less than the record surplus of the previous year by Rs.95 lakhs. The improvement over the revised estimates was due to an increase of Rs.2·08 crores in gross traffic receipts and a decrease of Rs.5·21 crores in total working expenses. The increase in gross traffic receipts was brought about mainly by a rise of Rs.4 crores in passenger earnings, mostly civilian, and of Rs. 1·96 crores in goods earnings, partly offset by a fall of Rs.3·86 crores in other coaching traffic earnings. Out of the surplus for the year, in accordance with last year's decision to credit the General Revenues with a fixed contribution of Rs.32 crores in each of the two years 1944-45 and 1945-46, the General Revenues received Rs.32 crores, and the remaining Rs.17·89 crores were transferred to the Railway Reserve Fund, bringing the balance in that Fund to Rs.37·48 crores.

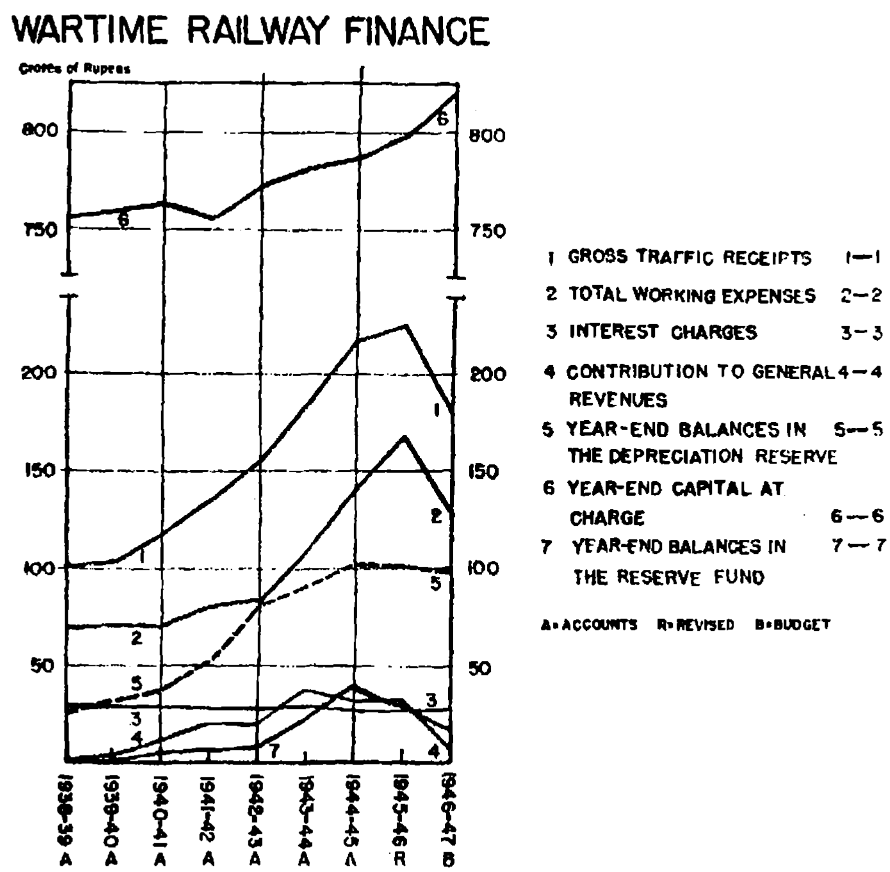
The revised estimates for 1945-46 place gross traffic receipts at the record level of Rs.225 crores, an increase of Rs.5 crores over the original estimates. Though parcels earnings fell below expectations, and other coaching traffic earnings were down by Rs.9·87 crores, passenger earnings continued to increase and were higher by Rs.13·30 crores. Total working expenses according to the revised estimates will amount to Rs.169·30 crores, or will exceed the budget estimates by Rs.9·43 crores. Marked increases have taken place under dearness allowance to staff (Rs.4·21 crores), the fuel bill (Rs.2·03 crores) and maintenance (Rs.2·45 crores). Of the surplus of Rs.32·07 crores, which represents a steep fall compared with the surpluses of the two preceding years, Rs.32 crores will be credited to General Revenues and Rs.7 lakhs transferred to the Railway Reserve Fund. The balances at the end of March 1946 in the Depreciation Reserve Fund and the Railway Reserve Fund are estimated respectively at Rs.100·61 crores and Rs.29·05 crores.

The budget estimates for 1946-47 place total traffic receipts at Rs.177 crores and total working expenses at Rs.140·68 crores or lower than the revised estimates for 1945-46 by Rs.48 crores and Rs.28·62 crores respectively. The ordinary working expenses, placed at Rs.125·73 crores, include provision of Rs.10·15 crores on account of the inflationary element in the expenditure. The net surplus, after deducting interest charges of Rs.27·24 crores, will be Rs.12·22 crores. Pending a final settlement under a new Convention, the basis of the Railways' contribution for 1946-47 has been altered so as to make the contribution equal to 1 per cent. of the capital at charge on commercial lines, less loss on strategic lines plus half the balance remaining after setting aside Rs.3 crores for the Betterment Fund. Accordingly, General Revenues will receive Rs.7·36 crores and the Railway Reserve Fund Rs.1·86 crores.

The budget estimates of revenue for 1946-47 have been based on the assumption of continued maintenance of the present level of civilian traffic and the Transport Member hinted at the possibility of an upward revision of rates and fares in case of a deterioration in the budgetary position. A feature of the budget is the decision to create a Betterment Fund for providing better amenities for lower class passengers and railway employees; the proposed Fund will be inaugurated with Rs.12 crores from the Railway Reserve Fund and Rs.3 crores from the surplus of 1946-47.

39. *Wartime Railway Finances.*—As the diagram on page 59 reveals, the war period has been one of financial prosperity for the railways. Gross traffic receipts kept on mounting up from Rs.102·73 crores in 1939-40 to the peak figure of Rs.225 crores in the revised estimates for 1945-46. Total working expenses showed a similar trend, rising from Rs.69·93 crores to Rs.169·30 crores. During the period 1939-40 to 1945-46 traffic earnings recorded an increase of 119 per cent. as against a rise of 142 per cent. in working expenses. The war period has been unique in the railway history of India with surpluses swelling from Rs.4·33 crores in 1939-40 to the peak figure of Rs.50·84 crores in 1943-44. In 1944-45 the surplus was Rs.49·89 crores and the estimated surplus for 1945-46 has been placed at Rs.32·07 crores. With such large surpluses the railways have been able not only to wipe out accumulated arrears of unpaid contributions to General Revenues which amounted to Rs.35·41 crores at the end of 1938-39 and to repay borrowings of over Rs.30 crores from the Depreciation Reserve Fund, but also to contribute to General Revenues substantial surpluses amounting in all to Rs.158·43 crores, the Railway Convention of 1924, providing *inter alia* for the allocation of the railway surplus as between the railways and General Revenues, being appropriately modified. In 1943-44 the contribution reached the peak figure of Rs.37·64 crores and it was fixed at Rs.32 crores for each of the two following years. These contributions, part of which in the ordinary course would have augmented the railway reserves, assisted considerably in lessening the

strain on the Central Revenues. In addition, the railways themselves built up during the war large reserves, the balances in the Depreciation Reserve Fund and the Railway Reserve Fund at the end of 1945-46 being Rs.100·61 crores and Rs.29·05 crores respectively as against Rs.25·09 crores and Rs.48 lakhs only at the end of 1938-39. The Railway Reserve Fund, however, amounts to little more than a year's interest on the present capital at charge, and the War Transport Member referred in his Budget speech to the need for revising the basis of the Depreciation and other funds.



A large part of the increase in receipts has been due to passenger earnings which rose from Rs.27·78 crores in 1939-40 to Rs.81·30 crores in the revised estimates for 1945-46. Other coaching traffic earnings rose six-fold from Rs.5·41 crores in 1939-40 to Rs.32·24 crores in 1944-45, although the revised estimates for 1945-46 place them at Rs.27 crores. Goods traffic earnings rose steadily from Rs.68·07 crores in 1939-40 to Rs.110·55 crores in the revised estimates for 1945-46. On the side of expenditure, increases have taken place chiefly under the heads (1) "Maintenance and Supply of Locomotive Power" which rose two and a half times from Rs.18·08 crores in 1939-40 to Rs.45·48 crores in the revised estimates for 1945-46, (2) "Expenses of the Traffic Department" which almost doubled from Rs.10·04 crores to Rs.19·23 crores and (3) " Miscellaneous Expenses " which nearly increased five-fold from Rs.4·51 crores to Rs.21·86 crores. Increased expenses have been due chiefly to heavier wage and fuel bills and to sundry abnormal charges, such as those due to the policy of writing down rolling stock purchased at high prices.

Although capital at charge has risen by Rs.38·78 crores from Rs.758·62 crores at the end of 1939-40 to Rs.797·40 crores at the end of 1945-46, interest charges have actually shown a slight decline from Rs.29·11 crores in 1939-40 to Rs.27·36 crores in the revised estimates for 1945-46, showing the effect of a slight reduction in interest rates.

40. *Provincial Budgets.*—Statement X shows receipts and expenditure on revenue account of the Provinces for the years 1944-45, 1945-46 and 1946-47 and the pre-war year 1938-39. The following table presents consolidated figures for revenue, expenditure and surpluses or deficits.

(In lakhs of rupees)

	1938-39 Accounts	1944-45 Accounts	1945-46 Budget	1945-46 Revised	1946-47 Budget*
Revenue	84,74	208,18	188,17	209,19	203,54
Expenditure	85,76	204,28	191,74	213,75	211,66
Total surpluses	62	8,63	5,26	3,01	1,84
Total deficits	1,64	4,73	8,83	7,57	9,96
Total net surpluses (+) or deficits (—) ..	—1,02	+3,90	—3,57	—4,56	—8,12

* Subject to revision by popular Ministries in certain Provinces.

Revenue and expenditure in 1944-45 were at the high level of Rs.208·18 crores and Rs.204·28 crores respectively ; the revised estimates for 1945-46 show a considerable increase over the budget estimates and a slight rise over the actuals for 1944-45, indicating continued war-time prosperity resulting from higher prices and better taxes as well as attempts, through expenditure on developmental plans, to maintain economic activity during the transitional and post-war periods. The estimates for 1946-47 are placed at Rs.203·54 crores and Rs.211·66 crores for revenue and expenditure respectively and show a slight fall of 3 per cent. and 1 per cent. over the revised estimates for 1945-46. The surplus for 1944-45 has been replaced by deficits of Rs.4·56 crores in 1945-46 and of Rs.8·12 crores in 1946-47, chiefly owing to the heavy deficits suffered by Bengal as a result of the 1943 famine.

It would seem that provincial revenue and expenditure have moved to about 2½ times the pre-war level and with the development contemplated under the five-year plans may be expected to move still higher. Owing to better Income Tax receipts by the Centre, the provincial share of Income Tax has risen steadily, so that in every Province it forms a considerable proportion of the total revenue of the Province. The amalgamation proposed in the Central Budget for 1946-47 of the surcharges on Income Tax and Super Tax with the basic rates will swell the revenue allotted to the Provinces during 1946-47 to Rs.32·39 crores, that is, an increase of Rs.3·64 crores over the allotment of Rs.28·75 crores for 1945-46. The increases under Land Revenue in 1944-45 and 1945-46 over the yields in 1938-39 have in all cases been very appreciable ; the returns under the budget estimates for 1946-47, while they continued to be substantially above the pre-war figures, tended to decline in a greater or smaller degree in most of the Provinces. Similarly the budget estimates for 1946-47 show a fall under Excise which had shown the largest rise in most cases during war years. In Madras the yields in 1944-45, 1945-46 and 1946-47 are placed at Rs.12·78 crores, Rs.16·53 crores and Rs.13·00 crores respectively as against Rs.3·72 crores in 1938-39. In Bombay the yields are respectively Rs.7·56 crores, Rs.7·89 crores and Rs.6·83 crores as against Rs.2·90 crores. The war-time shift in the provincial revenues is indicated by the fact that between 1938-39 and 1945-46 the percentage of Land Revenue to total revenues declined from 30·6 to 14·6 while the percentage of Excise to total revenues increased from 16·0 to 24·5. During the period the expenditure on social services has more than doubled in most of the Provinces and in some cases trebled, the total provincial outlays on social services rising from Rs .21·77 crores in 1938-39 to Rs.46·42 crores in 1945-46.

The large provincial expenditures have helped to keep the national economy at a high level ; and expenditure on developmental schemes is looked upon as one of the ways in which employment may be found for demobilised personnel and economic activity stimulated.

New taxation measures during 1945-46 included the enhancement of (1) the Excise Duty in the United Provinces to discourage consumption of alcohol and (2) the rates of Sales Tax, in Bengal in order to enable the Province to meet a part of its budgetary deficits. It is realised that additional resources would be needed to meet developmental expenditures and further measures of taxation have been accordingly contemplated by Provinces. For example, Madras has proposed the levy of an Agricultural Income Tax and Bombay that of a Sales Tax.

War-time surpluses have enabled most of the Provinces to build up, particularly during the last three years, substantial resources for post-war planning and development. Provincial Governments are expected to have by the end of March 1946 balances of the order of Rs.70 crores and to acquire during the next six years revenue surpluses totalling some Rs. 100 crores. The main features of war time Provincial finances are brought out in the diagram on page 62.

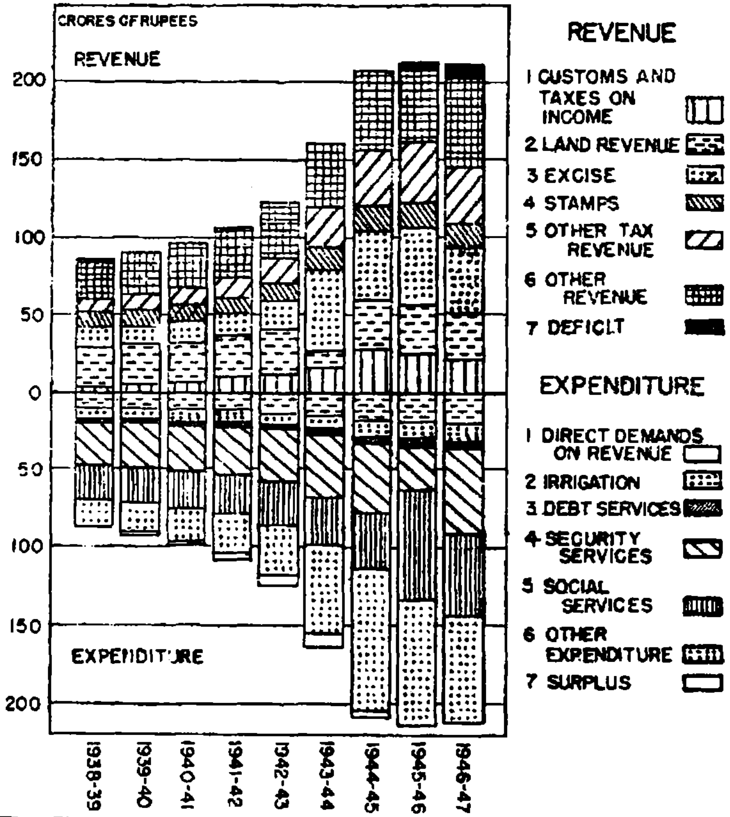
41. *Subventions and Payments from the Centre.*—The table below shows the subventions and other payments made by the Central Government to the Provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order of 1936 as amended in February 1940 and subsequently ; the table also includes special grants by the Centre.

TABLE 15.—ALLOCATION OF TAX PROCEEDS, SUBVENTIONS AND GRANTS-IN-AID TO PROVINCES.

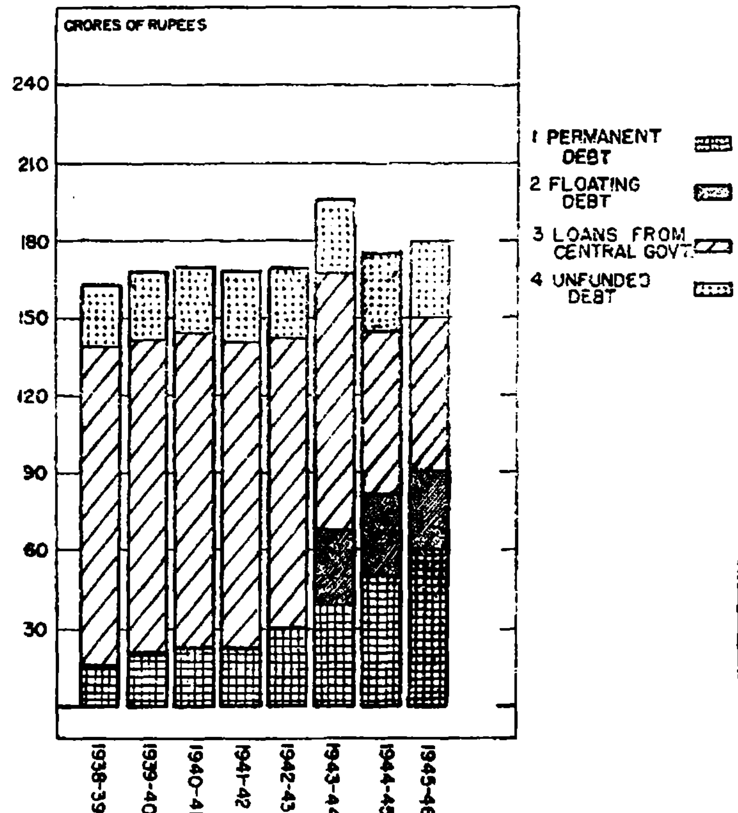
(In crores of rupees)

Year	Income Tax	Jute Duty	Subventions	Other grants-in-aid	Total
1937-38	1·25	2·65	3·12	....	**7·02**
1938-39	1·50	2·51	3·03	....	**7·04**
1939-40	2·79	2·56	3·03	....	**8·38**
1940-41	4·16	1·85	3·03	....	**9·04**
1941-42	7·39	1·95	3·03	....	**12·37**
1942-43	10·90	1·40	2·75	0·01	**15·06**
1943-44	19·50	1·38	2·75	3·00	**26·63**
1944-45	26·56	1·49	1·70	7·00	**36·75**
1945-46 (Revised)	28·75	1·60	1·70	8·00	**40·05**
1946-47 (Budget)	32·39	1·45	1·70	....	**35·54**

WARTIME FINANCES
OF THE PROVINCES



DEBT POSITION
OF THE PROVINCES
SINCE 1938-39



The amended Order enabled the Centre to retain from the provincial moiety, for each of the three years beginning with 1939-40, a sum of Rs.4½ crores in addition to its own share of the divisible pool of Income Tax. This arrangement was continued by amendments to the Order in April 1943 and each of the following years. The amount which the Centre would retain from the provincial moiety in 1946-47 is placed at Rs.3·75 crores only, that is, one-sixth less than in the previous year, as the amount retained out of the provincial share is being re-assigned to the Provinces over the five years commencing with 1946-47 under sub-section (b) of Section 138(2) of the Government of India Act, 1935. Statement XI gives fuller particulars of the payments in respect of each Province.

The revised estimates for 1945-46, as indicated in the table below, show a record figure of Rs.28·75 crores available for distribution among the Provinces, although the budget had placed the figure lower at Rs.23·29 crores in view of an anticipated decline in Income Tax receipts.

TABLE 16.—DIVISIBLE POOL OF TAXES ON INCOME AND DISTRIBUTION BETWEEN THE CENTRE AND THE PROVINCES.

(In lakhs of rupees)

	1945-46 Budget	1945-46 Revised	1946-47 Budget
Total Taxes on Income other than Corporation Tax, excluding Central Surcharge	62,43	63,78	79,81
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces and miscellaneous receipts	6,42	7,25	6,90
Share of cost of collection	43	59	64
Balance	55,58	55,94	72,27
Deduct— Amount to be retained by the Central Government	32,29	32,47	39,88
Amount payable to Provinces	23,29	23,47	32,39
Add—Previous year's arrears	....	5,28	....
Total	23,29	28,75	32,39

The budget for 1946-47 estimates the share of Income Tax revenue payable to Provinces at Rs.32·39 crores, the Provinces benefiting from the amalgamation of surcharges on Income Tax and Super Tax with the basic rates; the amalgamation is estimated to raise the Provinces' share by Rs.12·75 crores during 1946-47.

The share of jute export duty assigned to the producing Provinces has been showing a slight increase, every year, since 1943-44. In that year, it was Rs.1·38 crores; in the following year, it stood at Rs.1·49 crores; the revised estimates for 1945-46 place it at Rs.1·60 crores but the budget estimates for 1946-47 at Rs.1·45 crores. The grants of Rs.3 crores, Rs.7 crores and Rs.8 crores from 1943-44 to 1945-46 represent the *ex-gratia* subvention to Bengal to enable the Province to meet the heavy expenditure on famine relief.

B. PUBLIC DEBT

42. *War-time Trends in Central and Provincial Debt.*—Table on page 48 and the diagrams on pages 55 and 62 reveal the debt position of the Central and the Provincial Governments during the years 1938-39 to 1945-46. Total Central debt almost doubled itself from Rs.1,179 crores (including Rs.1,158 crores of interest-bearing obligations) at the end of 1938-39 to Rs.1,965 crores at the end of 1945-46, while gross Provincial debt showed a small increase of 10 per cent. from Rs.163·20 crores to Rs.180·14 crores over the same period (*vide* Statement XII). As was noticed in a previous chapter, the year 1942-43 marked the beginning of a new phase in war-time financial developments, both the Central and the provincial debt positions recording significant changes. For the Centre the increase in the rate at which the debt is being incurred is the accompaniment of rising budgetary deficits and inflationary pressures consequent on rapidly mounting war expenditures in India. As regards the Provinces, while in the case of Bengal the increase in debt has been occasioned by the need to cover heavy budgetary deficits arising from the increased expenditure in connection with the 1943 famine, in the case of other Provinces it has been occasioned, especially during the last three years, by advance repayments of the debt due to the Centre and expenditures on productive works.

From 1939-40 to 1942-43, Central debt showed an increase of only Rs.91·49 crores, and the most significant feature was the reduction in sterling debt from Rs.442·49 crores at the end of 1939-40 to Rs.55·59 crores at the end of 1942-43. This reduction in sterling debt was accompanied by a very large rise in treasury bills from Rs.54·71 crores to Rs.264·70 crores (which included large *ad hoc* issues to the Reserve Bank for financing the repatriation of the sterling debt) over the same period, as well as by large increases in both terminable and non-terminable loans. Between 1939-40 and 1942-43 undated rupee debt increased by Rs.105·57 crores, debt with a maturity under five years by Rs.123·45 crores and treasury bills by Rs.209·99 crores. After 1942-43 the total debt increased by large jumps, most of the additions to debt being in the form of terminable loans, particularly the longer dated ones. Between 1942-43 and 1945-46 the dated loans increased by Rs.704·39 crores against a rise of Rs.21·09 crores in undated loans. While undated rupee debt rose by Rs.38·54 crores, debt with a maturity of under five years, between five and ten years and over ten years rose by Rs.148·79 crores, Rs.131·00 crores and Rs.425·12 crores respectively. Treasury bill outstandings fell heavily from the figure of Rs.264·70 crores at the end of 1942-43 to Rs.83·33 crores at the end of 1945-46, following the funding of their floating debt by Government, while the demand for this form of rupee finance slackened with the slowing down of the sterling debt repatriation operations. Between 1938-39 and 1942-43 the sterling debt declined from Rs.469·10 crores to Rs.55·59 crores, the outstandings at the end of 1945-46 being Rs.37·46 crores. Another significant development after 1942-43 is the large amount of collection under the head of small savings, which has risen from Rs.92·81 crores at the end of that year to Rs.220·04 crores at the end of 1945-46. Another feature peculiar to the years 1944-45 and 1945-46 which may be noted is that no ways and means advances were taken from the Bank during those years, as the Central Government's balances with the Bank rose from month to month to the unprecedented level of Rs.527·20 crores at the end of 1945-46 and are the counterpart of the heavy borrowing that has taken place since 1942-43.

As regards the Provincial debt position, although the total amount remained virtually the same between 1939-40 and 1942-43, its constituents varied ; permanent debt increased by Rs.11·47 crores as against a decline of Rs.10·66 crores in Loans from Central Government. After 1942-43 total provincial debt increased to a small extent, rising from Rs. 170·26 crores at the end of that year to Rs.180·14 crores at the end of 1945-46, but was accompanied by a steep rise in permanent and floating debt from Rs.31·07 crores and Rs.82 lakhs to Rs.59·52 crores and Rs.30·88 crores respectively. The sharp rise in the permanent debt partly resulted from the flotation by Provinces of loans to repay part of the debt owed to the Centre and partly to meet developmental expenditure. The large part of the increase in the floating debt is on account of Bengal which during the three years 1943-44 to 1945-46 borrowed on short term Rs.29·00 crores, Rs.35·00 crores and Rs.16·50 crores respectively.

For the first post-war year 1946-47 the borrowing programme of the Central Government is expected to aggregate Rs.300 crores which will not only provide a part of the finance for development schemes but also help mitigate inflationary pressure. Also, the Centre has promised assistance to Provinces by means of grants and loans for meeting part of their developmental expenditures, although Provinces will need to borrow on a large scale to put through their post-war projects.

(a) Government Balances and Short-term Borrowing

CENTRAL GOVERNMENT :

43. *Balances.*—Statement XIII shows the respective balances of the Central and Provincial Governments with the Reserve Bank of India as well as at Government Treasuries at the end of each month during 1945-46. The average level of month-end balances maintained by the Central Government with the Bank which had taken an upward turn in 1943-44 and had become more pronounced in 1944-45 recorded a further sharp rise during the year under review. The balances which stood at Rs.268·79 crores at the end of March 1945 rose to Rs.486·63 crores in December and to Rs.527·20 crores in March 1946, the progressive increases indicating a very comfortable ways and means position; the sharp rise also reflected the continued success of Government's borrowing, far in excess of their requirements to meet the budgetary deficits, as well as the advance payments of Income Tax and the deposits in respect of the Excess Profits Tax. The average of monthly balances during the year was Rs.402·14 crores or more than twice the average for 1944-45 at Rs.173·69 crores and over thirteen times the average for 1943-44 at Rs.30·25 crores. The highest, lowest and average month-end balances of the Central Government with the Bank for each of the years 1939-40 to 1945-46 together with the closing balances are shown in the table below.

(In lakhs of rupees)

Year	Highest	Lowest	Average	Year-end
1939–40	15,65 (March)	5,03 (July)	8,29	15,65
1940–41	23,08 (February)	3,97 (April)	10,19	13,57
1941–42	58,68 (February)	5,49 (June)	15,77	15,15
1942–43	25,88 (February)	1,57 (August)	12,10	17,41
1943–44	83,49 (March)	8,39 (June)	30,25	83,49
1944–45	270,54 (January)	56,27 (May)	173,69	268,79
1945–46	527,20 (March)	266,61 (May)	402,14	527,20

44. *Treasury Bills.*—Details of transactions in Central Government treasury bills since 1918 are given in Statement XIV. Particulars of the weekly and monthly transactions in these bills during 1945-46 are given respectively in Statements XV and XVI. There was a further, though small, reduction in the total outstandings of treasury bills from Rs. 86·71 crores at the end of 1944-45 to Rs.83·33 crores at the end of 1945-46. The outstandings with the public also declined during the year from Rs.36·83 crores for the week ended the 30th March 1945 to Rs.21·27 crores for the week ended the 14th September, being the lowest level reached during the year, though towards the close they again moved up to Rs.31·46 crores on the 31st March 1946. The average rate of the accepted tenders further declined from Re. 0-7-10 in 1944-45 to Re.0-6-4 per cent. per annum in 1945-46. As against Rs.551·49 crores against an offer of Rs.252·00 crores in 1944-45, total applications during 1945-46 amounted to Rs.204·78 crores against an offer of Rs.160·00 crores, the percentage of applications to amount offered declining from 219 to 128. The weekly offer of Rs.4 crores with which the year commenced was reduced to Rs.2 crores from the 15th May and raised to Rs.4 crores for the four weeks ending the 17th August; it was reduced to Rs.2 crores on the 21st August but again raised to Rs.4 crores on the 27th November, at which figure it remained till the 26th March after which the offer was discontinued. The amount of maturing treasury bills offered in lieu of cash under the option given in 1942-43 to subscribers was higher during the year under review at Rs.26·59 crores as against Rs.20·80 crores, Rs.16·50 crores and Rs.8·31 crores in 1944-45, 1943-44 and 1942-43 respectively.

The amount of Central Government treasury bills sold in favour of the Issue Department of the Reserve Bank of India during the year was higher at Rs.161·99 crores as against Rs.144·81 crores in 1944-45. The requirements of the Provinces in regard to the investment of their surplus funds in the Central Government treasury bills continued to be met from the holdings of the Issue Department, the amount thus sold being replaced by purchases from the Central Government on tap. All the Provinces except Assam, Bengal and the North-West Frontier Province invested in Central Government treasury bills and the total of their investments increased from Rs.89·28 crores during 1944-45 to Rs.105·89 crores during the year of which Bombay held Rs.42·40 crores, Sind Rs. 18·47 crores, the Central Provinces and Berar Rs.17 crores, Bihar Rs.12·12 crores and the United Provinces Rs.10·50 crores. Total bills held by Provinces at the end of the year amounted to Rs.36·80 crores as against Rs.20·55 crores at the end of 1944-45.

Money conditions continued to be easier in 1945-46 than in 1944-45 with large amounts of floating funds seeking investment, although during the closing months of the year from December 1945 to March 1946 a slight stringency was in evidence, owing partly to a diversion of funds for investment in new Government loans, and partly to the low yield obtaining on the bills. During the first three months, April, May and June 1945, applications for treasury bills were greatly in excess of the amounts offered, while in the second half of July and the first half of August, they fell short of the amounts offered; thereafter, except during the week ending the 26th October, tenders exceeded the offers till the end of November. During the remainder of the year, tenders every week, except on the 22nd February 1946, were below the amount offered. Despite the fact that bidding continued to fall short of the amount offered the particularly low level of sales during this period was due to the rejection by the Bank of the greater part of tenders regarded as unduly low.

The weekly average rate of accepted tenders fell from Re.0-5-7 in the first week of April to Re.0-3-11, for the two weeks ending the 6th July, being the lowest on record. Thereafter it rose gradually to Re.0-7-0 by the middle of August, and, after fluctuating between Re.0-5-0 and Re.0-6-0 from the beginning of September to the middle of December, rose again to Re.0-7-0 and during the last four weeks of the year to Re. 0-8-0.

The following table gives the comparative treasury bill rates for the eight years ended 1945 in India and certain other Empire countries and indicates that the rates have generally shown a progressive decline during the war period.

TABLE 17.—TREASURY BILL RATES IN THE EMPIRE COUNTRIES.

(per cent. per annum)

Year	United Kingdom	Canada	Australia	South Africa*	India
1938 Average	0·61	0·59	1·75	0·75	1·30
1939 „	1·19	0·71	1·75	0·75	2·01
1940 „	1·03	0·70	1·58	0·75	1·21
1941 „	1·01	0·58	1·50	0·75	0·74
1942 „	1·00	0·54	1·50	0·75	0·86
1943 „	1·00	0·48	1·46	0·75	0·96
1944 „	1·00	0·39	1·25	0·75	0·57
1945 „	0·90	0·39	(a)	(a)	0·39

* Six months bills. (a) Not available.

45. *Yield on Treasury Bills.*—Statement XVI shows the average true yield per cent. per annum on Central Government treasury bills sold to the public during each month of 1944-45 and 1945-46. The total realizations in respect of treasury bills during the year totalled Rs.117·79 crores as against the aggregate face value of sales of bills of Rs.117·91 crores, the corresponding figures for the previous year being Rs.229 crores and Rs.229·28 crores. The average monthly yield was lower in 1945-46 at 0·40 per cent. than in 1944-45 at 0·49 per cent. It rose from 0·37 per cent. in April to 0·46 per cent. in May, dropping to 0·29 per cent. in June and to 0·26 per cent. in July, the lowest on record. For the next four months it fluctuated between 0·41 per cent. and 0·34 per cent. and rose steadily from 0·41 per cent. in December to close at 0·50 per cent. in March.

46. *Ways and Means Advances.*—With their balances at the Bank continuing at higher levels during the year, the Central Government, for the second year in succession, had no need to approach the Bank for accommodation. In the previous two years, namely, 1943-44 and 1942-43 the amount borrowed by Government from the Bank totalled Rs.31 crores and Rs.162 crores respectively.

PROVINCIAL GOVERNMENTS :

47. *Balances and Ways and Means Advances.*—The aggregate month-end balances of the Provincial Governments with the Reserve Bank of India were on a higher level than in the previous year, except during April, November and December 1945 and January 1946 (*vide* Statement XIII). The average of the month-end balances for the year worked out higher at Rs.19·36 crores as against Rs.17·52 crores in 1944-45, Rs.12·86 crores in 1943-44 and Rs.8·13 crores in 1942-43. The year-end balances of the Provinces aggregated Rs.31·61 crores of which Bengal

accounted for Rs.12·44 crores. The average of the month-end balances maintained at treasuries was also higher at Rs.1·77 crores as against Rs.1·65 crores in 1944-45 and Rs.1·14 crores in 1943-44. The month-end balances of the Government of Burma with the Bank averaged Rs.1,30 lakhs as compared with Rs.94 lakhs in 1944-45 and Rs.69 lakhs in 1943-44.

During the year, all the Provinces with the exception of Bengal, Bihar, the United Provinces and the North-West Frontier Province had recourse to ways and means advances from the Bank. The total advances were lower at Rs.7·67 crores for the year as against Rs.13·01 crores in 1944-45 and Rs.12·42 crores in 1943-44. Assam, Madras and the Punjab accounted for almost the whole of the advances, namely Rs.6·52 crores, their respective shares being Rs.2·95 crores, Rs.2·49 crores and Rs.1·08 crores. There were no outstandings at the end of the year against any Province. The Government of Burma borrowed Rs.24 lakhs during the year as against Rs.1·35 crores in 1944-45, there being no outstandings at the end of 1945-46.

48. *Treasury Bills.*—Statement XVII shows the sales of treasury bills by Provincial Governments during the year under review, while Statement XVIII shows the yearly treasury bill transactions by Provinces since 1938-39 when they first commenced borrowing in this form. The total sales by Provinces during the year at Rs.35·50 crores were lower than in 1944-45 and 1943-44 when they amounted to Rs.53·50 crores and Rs.45·65 crores respectively. The three Provinces which floated treasury bills were Assam, Bengal and Madras, the respective amounts issued being of the face value of Rs.18 crores, Rs.16·50 crores and Rs.1 crore. The outstandings at the end of the year amounted to Rs.11 crores, of which Bengal accounted for Rs.7·50 crores and Assam Rs.3·50 crores. The average yield on provincial treasury bills during the year was lower at 0·44 per cent. compared with 0·56 per cent. in 1944-45, and 0·98 per cent. in 1943-44.

(b) Long-term Debt and Other Borrowing

49. *Government of India Loans.*—During the year, in pursuance of their cheap money policy, the Central Government continued to float loans on progressively more favourable terms either by a reduction in the rate of interest on loans or by an increase in their maturity, which meant a lowering of the effective rates of interest. Government's loan programme had, on the whole, a healthy effect and contributed to the firmness of the gilt-edged market during the year. The loans were generally well received, there being a keen demand from institutional investors and the market in general. The new issues, created during the year, of the existing loans were made available for sale on tap, as in previous years, by the Reserve Bank of India on Government account through the usual procedure for the sale of Rupee Counterparts and special issues at prices to be ascertained from the Bank.

The 3 per cent. Second Victory Loan 1959-61 which had been issued on the 19th March 1945 continued to be on tap up to the 15th December 1945 when it was closed. The total subscriptions to this loan amounted to Rs.113·74 crores, including Rs.6·15 crores received from the 19th to the 31st March 1945. The Central Government announced on the 9th April the issue of a cash-cum-conversion loan, namely the 3 per cent. First Development Loan repayable not earlier than the 15th October

1970 and not later than the 15th October 1975. Subscriptions were in the form of cash or of the 5 per cent. (tax-free) Loan 1945-55 which had been notified for repayment on the 15th October 1945. The issue price was Rs.97 (cash) for every Rs.100 (nominal), and the 5 per cent. (tax-free) Loan was accepted at Rs.102-8-0 for every Rs.100 (nominal) tendered for conversion. The list for subscriptions was opened on the 16th April and closed on the 18th, and subscriptions in cash and conversions amounted approximately to Rs.40 crores (nominal). Total subscriptions by the public including conversions amounted to Rs.27 crores, the balance of Rs.13 crores being taken up by Government in their investment account and made available for sale through the Reserve Bank on tap. In view of a steady demand on the part of institutional investors and the market generally for a long-term investment Government created three special issues of this loan, namely Rs.30 crores on the 2nd July, Rs.25 crores on the 15th November and Rs.20 crores on the 16th February 1946 ; these issues were made available for sale on tap upto the 11th October 1945, 16th February and 16th March 1946. The aggregate face value of this loan totalled Rs.115·06 crores and exceeded the face value of any other single dated loan issued so far. On the 19th April 1945 Government created a further issue of Rs.25 crores of the existing $2\frac{3}{4}$ per cent. Loan 1948-52, the securities being made available for sale on tap upto the 18th September.

On the 9th July 1945 Government announced the issue of a new loan, namely, the $2\frac{1}{2}$ per cent. Bonds repayable at par on the 16th July 1950, the issue price being Rs.100 for every Rs.100 of the Bonds applied for. Subscriptions were to be received from the 16th July and the list was to be closed as soon as it appeared that the total subscriptions amounted to approximately Rs.20 crores. The loan was fully subscribed within an hour of its opening. On the 12th October 1945, Government announced the creation of a special issue of Rs.15 crores of this loan, the new issue being made available on tap upto the 16th February 1946. On the 29th September 1945 Government announced a further issue (fifth issue) of Rs.25 crores of the existing 3 per cent. Loan 1963-65 ; and on the 8th January 1946 was announced the floatation at par of Rs.25 crores of a medium dated loan carrying interest at $2\frac{3}{4}$ per cent., and repayable at par in 1960. The list for the new loan was opened on the 15th January and closed on the same day, subscriptions having amounted to approximately Rs.25 crores including the amount taken up by Government.

In addition to the new issues the Three Year Interest Free Bonds, first issued in June 1940, were available on tap throughout the year. The option of having the currency of the maturing Bonds extended for a further period of three years continued to be exercised by a good number of the holders. The total net subscriptions (including renewals) from the 6th June 1940 upto the 31st March 1946 were Rs.3·74 crores, the amount repaid and the amount converted into the 3 per cent. Loan 1951-54 being Rs.1·44 crores and Rs.68,100 respectively.

The Five Year Interest Free Prize Bonds 1949, first issued with effect from the 15th January 1944, continued to be available till the entire stock was exhausted in December 1945, the sales having been discontinued earlier at sub-treasuries, Government treasuries, and at the Imperial Bank of India. The facility which had been extended to scheduled banks to purchase the Bonds at a discount was withdrawn from the 1st September 1945. The total sales effected upto the 31st December 1945 were Rs.5·30 crores.

In the following table are given the rates at which the loans on tap issued during the year were made available by the Bank from time to time.

TABLE 18.—RATES AND SALES OF SPECIAL ISSUES DURING 1945-46.

Special issue	Created on	Selling price (Excluding accrued interest)	Price effective from
2¾% 1948-52:		Rs. a.	
Rs. 50 crores	3—6—44	99 14	19—3—45
Rs. 25 crores	19—4—45	100 0	19—4—45
3% *First Development Loan* 1970-75:			
*Rs. 13 crores	19—4—45	97 0	26—4—45
Rs. 30 crores	2—7—45	97 2	3—7—45
Rs. 25 crores	15—11—45	97 4	14—9—45
Rs. 20 crores	16—2—46	97 8	15—11—45
		98 8	29—1—46
		99 0	16—2—46
		99 8	26—2—46
3% 1963-65:			
Rs. 25 crores	29—9—45	99 6	29—9—45
		99 8	30—10—45
		99 12	22—11—45
2½% *Bonds* 1950:			
Rs. 15 crores	13—10—45	100 1	13—10—45

3% *Second Victory Loan* 1959-61:
3% Second Victory Loan 1959-61 subscriptions for which were invited continued to be on 'tap' at *par* (exclusive of accrued interest) up to the 15th December 1945.

*Balance, out of the issue for Rs. 40 crores offered to the publicon the 16th April 1945, taken over in Cash Balance Investment Account and sold on tap.

In contrast with the preceding five years when a progressive increase in the outstandings with the public and the Bank, of rupee counterparts of repatriated loans was recorded, the figures at the end of 1945-46 show a decline of Rs.5·72 crores from Rs.224·26 crores at the end of the preceding year. This is due to a reduction in the 3½ per cent. Rupee Paper following cancellations, which were, however, offset partly by an increase in the 3 per cent. undated Paper. The following table shows the outstandings of the various counterparts as at the end of each year since 1940-41.

TABLE 19.—OUTSTANDINGS OF RUPEE COUNTERPARTS OF REPATRIATED STERLING LOANS.

(In crores of rupees)

	1940–41	1941–42	1942–43	1943–44	1944–45	1945–46
3 per cent. Paper ..	2·89	3·39	3·97	5·28	5·28	6·37
3½ ,, ,, ..	9·38	17·26	55·73	133·78	148·73	142·15
5 ,, 1942–47 ..	7·45	0·29	..	..	..	..
4½ ,, 1950–55 ..	18·72	8·08	8·08	6·73	6·74	6·50
4½ ,, 1958–68 ..	7·27	5·84	5·84	5·85	5·85	5·85
4 ,, 1948–53 ..	6·36	4·72	5·02	5·02	5·02	5·02
3½ ,, 1954–59 ..	3·96	12·24	12·32	12·35	12·37	12·37
3 ,, 1949–52 ..	5·24	7·28	7·48	7·48	7·48	7·48
3 ,, 1951–54* ..	..	10·95	16·79	16·79	16·79	16·79
3 ,, 1963–65† ..	..	13·05	16·01	16·01	16·01	16·01
Total	**61·27**	**83·10**	**131·24**	**209·29**	**224·26**	**218·54**

* Created against conversion of 4½ per cent. Loan 1950-55 for Rs. 15,16,37,400. † Created against conversion of 4½ per cent. Loan 1958–68 for Rs. 13,40,10,200.

Table below shows the total subscriptions to various defence loans, different kinds of postal and other small savings, and issues of counterparts made in connection with the financing of repatriation operations during each of the years 1940-41 (the Defence Loan programme having been started in June 1940) to 1945-46. Investments in Central loans during 1945-46 reached the record figure of Rs.376·56 crores as against Rs.266·93 crores in the preceding year, and Rs.341·49 crores in 1943-44. Investments during the three years 1943-44 to 1945-46 account for nearly 80 per cent. of the total since the programme started.

TABLE 20.—SUBSCRIPTIONS TO INDIAN DEFENCE LOANS INCLUDING SMALL SAVINGS.

(In lakhs of rupees)

	1940–41	1941–42	1942 43	1943–44	1944–45	1945–46	Total
3 per cent. Six Year Defence Bonds :—							
(*a*) First series	71	..	..	..	..	..	**71**
(*b*) Second series	44,43	..	..	20,00*	..	..	**64,43**
3 per cent. Second Defence Loan 1949-52	3,47	55,69	..	..	..	..	**59,16**
Three Year Interest Free Bonds.	2,34	34	32	—1	—9	—63	**2,27**
3 per cent. Loan 1951-54 (Third Defence Loan)	..	..	40,01	14,79	..	..	**54,80**
Rupee Counterparts (Net Investments)	61,27	21,83	48,14	78,05	14,97	—5,72	**218,54**
3 per cent. Loan 1963-65 (Special Issue)	..	..	15,00	15,21	..	25,00	**55,21**
3 per cent. Funding Loan 1966-68	..	..	..	75,12*	35,00*	..	**110,12**
3 per cent. Loan 1953-55 (Fourth Defence Loan)	..	..	..	110,85	3,75	..	**114,60**
Five Year Interest Free Prize Bonds	..	..	..	1,81	2,34	1,15	**5,30**
3 per cent. Victory Loan 1957 ..	..	..	..	..	114,06	..	**114,06**
3 per cent. Second Victory Loan 1959-61	..	..	..	..	6,15	107,45	**113,60**
2¾ per cent. Loan 1948-52 ..	..	..	..	..	50,00*	25,00	**75,00**
2½ per cent. Bonds 1950 ..	..	..	..	..	..	35,09	**35,09**
3 per cent First Development Loan 1970-75	..	..	..	..	..	115,06	**115,06**
2¾ per cent. Loan 1960	..	..	..	..	..	13,35	**13,35**
Post Office Cash Certificates ..	—10,04	—7,97	—4,44	7	1,17	2,95	**—18,26**
Defence Savings Certificates ..	2,29	2,06	1,21	1,41	—55	—50	**5,93**
National Savings Certificates ..	..	..	..	8,65	19,54	23,02	**51,21**
Post Office Savings Bank ..	—18,81	—7,44	15	11,96	16,04	33,65	**35,55**
Post Office Defence Savings Bank.	..	11	29	3,58	4,55	1,69	**10,22**
Total ..	**85,66**	**64,62**	**100,68**	**341,49**	**266,93**	**376,56**	**12,35,95**

50. *Repayment of Loans.*—The 5 per cent. (tax-free) Loan 1945-55 fell due for repayment on the 15th October 1945 in accordance with the notice of redemption given by Government in April 1945. Of the outstanding balance of Rs. 56·75 crores as at the end of March 1945, Rs.18·92 crores were tendered for conversion into the 3 per cent. First Development Loan 1970-75, first issued in April 1945 (*vide* para 49). The approximate outstandings as at the end of September 1945 were Rs.38 crores of which the amount repaid upto the 31st March 1946 came to Rs.24·48 crores.

* Includes amounts taken up by the Government of India in their Cash Balance Investment Account.

Since 1934-35 a provision of Rs.3 crores has been made annually from revenue for reduction of debt. In view of the growth of public debt during the war years the existing provision has been raised to Rs.5 crores for 1946-47. Particulars for the ast three years are given below :—

(In lakhs of rupees)

	1944-45	1945-46 Revised	1946-47 Budget
1. Sinking Fund	95·04	95·04	..
2. Other appropriations	2,04·96	2,04·96	5,00·00
Total appropriation for reduction or avoidance of debt..	**3,00·00**	**3,00·00**	**5,00·00**

51. *Composition of Total Rupee and Sterling Debt.*—Statement XIX gives the outstandings of the rupee and sterling debt of the Government of India as at the end of each quinquennium from 1913-14 to 1938-39 and as at the end of each financial year thereafter. The terminable part of the funded debt is classified according to the period of maturities.

The public debt of India registered a further large increase of Rs.355·35 crores, thus raising the total from Rs.1,609·65 crores at the end of 1944-45 to Rs.1,965·01 crores at the end of 1945-46. Sterling debt which accounted for Rs.39·14 crores at the end of 1943-44 and Rs.37·80 crores at the end of 1944-45 stood at the slightly lower figure of Rs.37·46 crores at the end of 1945-46, comprising Rs.33·91 crores of loans and Rs.3·55 crores of service funds.

The total interest-bearing obligations according to the Explanatory Memorandum on the Central Government Budget for 1946-47 increased by Rs.1,050 crores from Rs.1,206 crores at the end of 1938-39 to Rs.2,256 crores at the end of 1945-46 (revised). These figures include liabilities in respect of the British War Loan which remains suspended since 1931-32 and for accounting reasons the capital portion of the Railway annuities which were funded in 1942-43. Similarly the balances of depreciation and reserve funds of Railways, Posts and Telegraphs and certain other deposits mainly in respect of the Excess Profits Tax and the Income Tax are also included. Deducting liabilities in respect of these items, the total regular interest bearing debt may be placed at Rs.1,950 crores at the end of 1945-46 (revised) as compared with Rs.1,158 crores at the end of 1938-39 ; according to the budget estimates it is expected to amount to Rs.2,216 crores at the end of 1946-47. The total interest bearing obligations *including deposits* increased to Rs.1,839 crores at the end of 1944-45 and to Rs.2,210 crores at the end of 1945-46 compared with Rs.1,185 crores at the end of 1938-39 or by Rs.654 crores and Rs.1,025 crores respectively. As against the total debt of Rs.2,256 crores at the end of 1945-46, the assets held by Government totalled Rs.1,549 crores made up of (1) the capital outlay on Railways, Rs.795 crores, (2) capital advance to other Commercial Departments of the Central Government, Provinces and States, Rs.141 crores, (3) debt due from Burma, Rs.48 crores, (4) deposits from His Majesty's Government for redemption of Railway annuities, Rs. 26 crores and (5) cash and securities held on treasury account Rs. 539 crores.

52. *Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts.*—Conversions of Government Promissory Notes into Stock Certificates during 1945-46 amounted to Rs.42·28 crores compared with Rs.44·95 crores in 1944-45 and Rs.50·23 crores in 1943-44, the total amount

converted since the 1st March 1942, when the scheme for conversion (without charge) of Promissory Notes into Stock Certificates and *vice versa* came into force, being Rs.318·61 crores. Reconversions of Stock Certificates into Promissory Notes during 1945-46 amounted to Rs.18·99 crores as against Rs.18·44 crores and Rs.18·66 crores in 1944-45 and 1943-44 respectively, and the aggregate of Rs.68·75 crores since the 1st March 1942. Institutional investors continued to avail themselves of the facility allowed by the Bank for holding securities in Subsidiary General Ledger Accounts. The distribution according to the form in which the total rupee debt is held is shown in the table below.

Percentage to Total Rupee Debt.

As on 31st March	G. P. Notes	Stock Certificates	S.G.L. A/c.	Misc. (*i.e.*, G. P. Notes & Stock held in London)
1942	*53·69*	*15·40*	*30·57*	*0·34*
1943	*25·60*	*31·28*	*42·85*	*0·27*
1944	*32·65*	*28·88*	*38·27*	*0·20*
1945	*37·05*	*25·95*	*36·85*	*0·15*
1946	*37·70*	*22·66*	*39.53*	*0·11*

The preference of the investors to hold Government debt in the form of Stock Certificates has been continuously dwindling for the past three years. Stock Certificates accounted for 22·66 per cent. of the total debt in this year as against 25·95 per cent. in the previous year. As against this, the percentage of debt held in Subsidiary General Ledger Accounts rose from 36·85 at the end of March 1945 to 39·53 at the end of March 1946, while that held in the form of Promissory Notes remained more or less unchanged.

53. *Small Savings.*—Statement XX shows the transactions in Post Office Five Year Cash Certificates since their inception in 1917-18, Ten Year Defence Savings Certificates first introduced in June 1940 and Twelve Year National Savings Certificates issued from the 1st October 1943 to replace the Ten Year Defence Savings Certificates. Statement XXI gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941. Particulars of monthly transactions in the various types of small savings are given in Statement XXII. The net investment during the year in all these forms of savings was higher at Rs.60·80 crores or an average of Rs.5·07 crores per month as against an average of Rs.3·40 crores per month in 1944-45.

National Savings Certificates have been issued by the Hyderabad State Government since June 1944 on the same terms and conditions as applicable to the Post Office Twelve Year National Savings Certificates issued in British India. The settlement of accounts in British Indian Currency is made at a fixed rate of exchange of Rs.116-10-8 of Halisicca (Hyderabad State Currency) for Rs.100-0-0 of British Indian Currency. The Hyderabad State issues of National Savings Certificates amounted to Rs.19 lakhs in 1945-46 as against Rs.15 lakhs in 1944-45. The Post Office National Savings Certificates Rules, 1944, were further amended in April 1945, so as to permit a person who has purchased the certificates on behalf of a minor to nominate the father, mother or legal guardian of the minor to encash the certificates, the same facilities being extended in October 1945 to Defence Savings Certificates. With a view to further popularising investments in these Certificates the Central Government announced in September 1945 that certificates of the denominations of Rs.10 and over, purchased on or after the 1st October 1945, were encashable on completion of two years from the date of purchase, the period of non-encashability originally fixed being three years. Certificates of the denomination of Rs.5, which were introduced in January 1945, continued to be encashable on completion of eighteen months from the date of purchase. From December 1945, withdrawals from the Defence Savings Bank accounts for investments in National Savings Certificates were permitted. The following table gives particulars of the various forms of small savings from 1940-41 to 1945-46.

(In lakhs of rupees)

Outstandings of	1940–41	1941–42	1942–43	1943–44	1944–45	1945–46*
Cash Certificates	46,98	39,01	34,57	34,64	35,82	38,77
Defence Savings Certificates ..	2,29	4,36	5,56	6,97	6,42	5,93
National Savings Certificates ..	....	....	....	8,65	28,19	51,19
Savings Banks Deposits	59,57	52,13	52,28	64,24	80,28	113,93
Defence Savings Bank Deposits.	....	11	40	3,98	8,53	10,22
Total ..	**108,84**	**95,60**	**92,81**	**118,48**	**159,24**	**228,04**

* Preliminary.

The yield on the Post Office Five Year Cash Certificates, the Ten Year Defence Savings Certificates and the Twelve Year National Savings Certificates continued unchanged at 2½, 3⅛ and 3½ per cent. (Compound Interest) respectively. New investments in Post Office Cash Certificates during the year improved from Rs.5·48 crores in 1944-45 to Rs.6·66 crores, while withdrawals were lower at Rs.3·71 crores as against Rs.4·31 crores with the result that the amount outstanding at the end of March 1946 was higher at Rs.38·77 crores against Rs.35·82 crores at the end of March 1945. Repayments of Defence Savings Certificates amounted to Rs.50 lakhs, the outstandings being thereby reduced to Rs.5·93 crores at the end of 1945-46. Investments in National Savings Certificates (including the Hyderabad State National Savings Certificates) showed a substantial monthly increase from Rs.1·57 crores in April 1945 to Rs.2·52 crores in March 1946, the total net investments for the year being Rs.23·02 crores as against Rs.19·54 crores in the preceding year and constituted 37·7 per cent. of the aggregate net accrual of Rs.60·80 crores under small savings. Deposits in the Post Office Savings Bank during the year were maintained throughout at the high monthly average of Rs.6·20 crores, the total for the year being Rs.74·42 crores, with withdrawals at Rs.40·77 crores, or a monthly average of Rs.3·40 crores. The outstandings at the end of March 1946 rose to Rs.113·93 crores as compared with Rs.80·28 crores at the end of March 1945. Deposits in the Post Office Defence Savings Bank were considerably lower during the year at Rs.1·71 crores than in the preceding year at Rs.4·37 crores.

Efforts further to popularise the small savings movement were intensified during the year with a view to converting the movement from a war time measure to combat inflation to a peace-time organisation to fulfil a great social end ; the primary object being to encourage savings among the less well-to-do sections of the community who may be induced to put the accumulated savings to productive use and for the creation of additional wealth.

54. *Provincial Loans.*—On the 5th September, three Provincial Governments, *viz.*, Madras, the Punjab and the United Provinces simultaneously announced the flotation of loans of the face value respectively of Rs.3 crores, Rs.3 crores and Rs.2½ crores at a uniform issue price of Rs.99-8-0 for every Rs.100 nominal, bearing interest at 3 per cent. per annum and repayable at par on the 14th September 1960. The proceeds of the first two, namely the Madras and the Punjab Government loans, were intended

to be used for productive capital expenditure, while those of the United Provinces Government loan were for the repayment in part of the Province's consolidated debt to the Central Government. The loans, which were opened on the 12th September, remained open until the close of business on the 14th September and were fully subscribed after a call on the underwriters. The amount of United Provinces Encumbered Estates Act Bonds issued during the year under review was of the value of Rs.57·22 lakhs as against Rs.79·61 lakhs in the preceding year. These Bonds have been issued on tap since 1940 in terms of Section 30 of the United Provinces Encumbered Estates Act 1934 for the relief of encumbered estates in the Province.

No Provincial Government loan fell due for repayment during the year 1945-46; but the 3½ per cent. United Provinces Encumbered Estates Act Bonds of the nominal value of Rs.11·00 lakhs were discharged during the year, the balance outstanding as at the end of March 1946 being Rs.2·57 crores.

55. *Repatriation of Sterling Debt.*—With the virtual completion of the various schemes of repatriation by 1943-44, the debt repaid during 1945-46, as in the previous year, related to repayment of repatriated stocks not surrendered earlier. Table below shows the amounts repatriated and cancelled year by year from 1937-38 to 1944-45 and the particulars of debt cancelled under the various schemes of repatriation during 1945-46.

TABLE 21.—AMOUNTS OF STERLING DEBT REPATRIATED SINCE 1937-38.

Year	Face Value (£ Million)	Purchase Value (£ Million)	Purchase Value (Rs. Crores)	Rupee counterparts created (Rs. Crores)
1937–38	2·99	3·04	4·05	1·12
1939–40	17·09	16·54	22·05	22·79
1940-41	71·29	75·24	100·32	94·86
1941–42	99·04	92·28	123·04	33·58
1942–43	119·00	120·48	161·67	82·62
1943–44	13·02	12·97	17·29	38·42
1944–45	0·41	0·37	0·49	0·17
Total ..	322·84	320·92	428·91	273·56
1945-46				
1. First compulsory scheme of 8th February 1941 (including special arrangements) ..	0·15	0·16	0·21	0·01
2. Second compulsory scheme of 24th December 1941 (including special arrangements)	0·06	0·06	0·07	....
3. Redemption of 3½ per cent. sterling stock 1931 or after	0·06	0·06	0·08	....
4. Repatriation of Railway debenture stocks..	0·005	0·005	0·007	....
Total ..	0·275	0·285	0·367	0·01
Grand Total ..	**323·115**	**321·205**	**429·277**	**273·57**

Of the total amount of £323 million repatriated since 1937-38 at the purchase value of £321 million (or Rs.429 crores), stocks of the value of Rs.155·7 crores or a little over one-third have been cancelled, while rupee counterparts have been issued in respect of the balance of Rs.273·6 crores. During the year 1945-46 stray lots of the face value of £0·28 million were repatriated at a cost of Rs.37 lakhs, the rupee counterparts created being only Rs.1 lakh.

VI. CAPITAL MARKETS, MONEY AND BANKING

56. *Government Securities Market.*—The maintenance of a progressively cheap money policy has had a marked effect in stabilising the Indian gilt-edged market as well as in stimulating interest in it—a feature common to other countries of the world committed to an expansionist economy with full employment as their declared objective. In consequence there has been a lowering of yields on existing securities and a rise in their prices. The prevailing plethoric money conditions continued to impart a steady tone to the gilt-edged market, which ruled generally firm after September 1945 following the end of the war. During the last quarter of the year the trend turned distinctly bullish, especially in the long-dated and non-terminable sections, the closing quotations for the year showing substantial gains over 1944-45. The Economic Adviser's Index Number of the prices of Government Securities (1927-28 = 100) averaged 118·6 in 1945-46 as against 118 in 1944-45 and 117·2 in 1943-44. Commencing with 117·6 in April 1945 it rose gradually and almost continuously with slight set-backs in August, December and February to close at 119·3. Statement XXIV gives the highest and lowest prices of representative rupee securities since 1933-34, while Statement XXIII shows the highest, lowest and average prices and average yield during each month of the year under review.

While comparatively quiet conditions characterised the market in the early part of the year, prices showed an improvement beginning with June owing both to investment and speculative demand. The spurt in prices during the closing months of the year indicated the market's reaction to the Government's cheap money policy. The year saw a number of scrips touch, and soon after cross, par value. On the 17th April the 3½ per cent. Rupee Paper was quoted at Rs. 101-1-0 and reached the highest quotation for the year at Rs. 104-0-0 on the 8th January 1946. Towards the close of the year rumours of repayment of the loan caused wide fluctuations. On the 12th February 1946 the 3 per cent. Loan 1963-65 touched par followed by the 3 per cent. Funding Loan 1966-68 and the 3 per cent. First Development Loan 1970-75 on the 28th February and the 5th March respectively. The 3 per cent. Rupee Paper which had commenced the year at Rs.90-12-0 and from June onwards risen to new heights every month, also touched par on the 22nd March 1946 for the first time since the 22nd July 1896. The closing quotations of these scrips for the year were Rs.103-2-0, Rs.101-15-0, Rs.101-15-0, Rs.101-13-0 and Rs.100-10-0 respectively.

The short-dated securities registered the smallest gains over the year, the medium-dated responded more satisfactorily, while the long-dated and non-terminable securities recorded the largest gains, the 3 per cent. and the 3½ per cent. undated Government Paper showing increases of Rs.9-14-0 and Rs.3-9-0 respectively. Sales on tap by the Bank also contributed to the improvement in quotations as in the case of the 3 per cent. First Development Loan 1970-75 from Rs.97-0-0 on the 4th May 1945 to Rs.101-13-0 by the end of March 1946. The creation of fresh issues of existing loans and the flotation of new loans, both at progressively lower effective rates of interest, also added to the strength of the gilt-edged. Almost all loans touched new high levels during the year, indicating the sustained interest of the public in the gilt-edged. A feature of the year has been a continued shift of the market's preference from medium-dated to long-dated securities, suggesting a disharmony in the yields on the short, medium and long-dated scrips.

Provincial loans, following generally the trend of the Central Government loans, also presented a firm tone throughout the year, most of them gaining from 13 annas to Rs.2-4-0 during the year, the only exception being the 4 per cent. Punjab Loan 1948 which lost 4 annas.

The table below gives the average face value and market value of rupee securities of the Government of India for each year of the decade 1936-37 to 1945-46 and for each of the months of the year under review.

TABLE 22.—FACE VALUE AND MARKET VALUE OF RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Year (1)	Face Value (2)	Market Value (3)	Percentage of (3) to (2) (4)
1936–37	437·33	470·86	107·7
1937–38	437·39	463·86	106·0
1938–39	477·92	471·23	105·2
1939–40	457·56	454·59	99·4
Five pre-war months to August 1939 ·	441·86	453·78	102·7
Seven war months to March 1940 ..	441·32	426·53	96·6
1940–41	502·73	496·73	98·8
1941–42	587·92	589·26	100·04
1942–43	663·84	660·10	99·44
1943–44	873·08	878·58	100·63
1944–45	1,126·28	1,140·09	101·23
1945–46	1,387·23	1,402·67	101·12
Five war-months to August 1945 ..	1,298·02	1,316·17	101·40
Seven post-war months to March 1946	1,450·94	1,464·45	100·91
April	1,267·39	1,282·23	101·17
May	1,290·49	1,305·26	101·14
June	1,285·97	1,305·02	101·48
July	1,285·54	1,307·51	101·71
August	1,360·71	1,380·84	101·48
September	1,391·97	1,415·76	101·71
October	1,391·15	1,414·75	101·70
November	1,440·13	1,362·02	94·58
December	1,454·03	1,480·34	101·81
January	1,479·53	1,509·22	102·01
February	1,500·04	1,531·51	102·09
March	1,499·75	1,537·56	102·50

57. *Industrial Share Markets Abroad.*—As regards security markets both in India and abroad, the year has been an eventful one as it witnessed the end of the two major phases of the war, and the advent to power of the Labour Government in the United Kingdom. Though the war ended as early as in August 1945, the international political situation continued to remain uncertain, and security values were subject to the influence of a variety of national and international factors, political as well as economic. The stock markets emerged from these vicissitudes, however, with renewed strength and optimism. Contrary to expectations in certain quarters, the termination of the war did not lead to any severe shake-out of the markets, which in fact recorded a steady upward trend in share values in most of the countries such as the United States, the United Kingdom, Canada, Mexico and Switzerland. In the Latin American countries no uniform trend is discernible. In France fluctuations have been wide and erratic, and after a severe slump in the middle of 1945, improvement was noticeable towards the end of the year. In Australia and New Zealand the markets have been remarkably steady. The table on page 78 brings out these features clearly.

TABLE 23.—INDEX NUMBERS OF MARKET VALUE OF INDUSTRIAL SHARES.

(*Base : Jan.—June* 1939 = 100)

Country	Average				1945												1946		
	1942	1943	1944	1945	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Canada	67	86	86	103	92	96	97	98	101	105	102	102	105	108	112	116	127	125	..
U.S.A.	77	102	110	133	119	125	123	126	130	132	129	129	139	145	149	154	160	158	156
Chile	106	106	100	101	100	98	100	99	97	100	101	104	104	103	104	106	..	..	..
Colombia	96	125	141	150	165	157	153	144	145	150	152	150	143	145	147	148	..	..	..
Mexico	277	376	396	418	396	398	404	407	409	417	431	429	430	428	432	434	435	436	436
Denmark	126	137	147	131	142	137	136	137	133	130	130	128	126	124	126	126	130	131	132
Finland	216	207	199	381	185	182	228	271	317	430	620	647	467	458	382	385	379	287	257
France	431	486	495	405	460	454	448	422	372	347	324	379	429	420	397	405	389	415	406
Norway	174	180	188	180	189	194	195	197	205	198	192	192	167	174	174	187	201	201	197
U.K.	103	124	136	147	142	145	146	150	141	146	144	144	147	153	153	150	153	154	152
Sweden	111	110	119	134	130	135	134	136	131	135	139	139	139	134	129	131	140	137	140
Switzerland	105	102	96	99	94	90	88	96	96	97	98	102	106	109	107	109	112	115	114
Australia	94	112	114	117	115	115	116	116	116	116	116	116	116	122	127	..	..	..	..
New Zealand	106	122	131	135	130	131	132	133	134	134	137	139	139	138	137	137	138	..	..
India (*Base :* August 1939)	151	197	235	255	248	244	242	240	241	248	268	254	254	257	269	294	289	287	..

Source : Monthly Bulletin of Statistics, League of Nations.

The factors mainly responsible for the general rise in share values are the abundance of money in the hands of the public, fall in interest rates, relief from the high wartime taxation, and expectation of higher levels of economic activity as a result of the pursuit of full employment policies.

As between the United States and the United Kingdom the rise has been sharper in the former. Between January 1945 and January 1946 the rise in the United States was 34·4 per cent. as compared with a rise of 7·7 per cent. in the United Kingdom. In the United States there is no group that has not made some progress, and very large rises have occurred in retail trade, dairy products, automobile, aircraft, shipping, steel, mining and copper industries.

In the United Kingdom, on the other hand, divergent tendencies are noticeable. Shares of industries which were expected to be nationalised, such as coal, railways, electric supply, and banks suffered a slight fall. On the other hand, shares of rayon, silk, breweries, retail stores, shipping and insurance companies received good support and their prices advanced. In the United States labour disputes have been largely responsible for the occasional set-backs in prices.

A fact to be recorded about the United States markets is that in order to check excessive speculation the Board of Governors of the Federal Reserve System between February 1945 and January 1946 raised by steps the margin requirements from 40 per cent. to 100 per cent. In other words, all stock transactions are for cash only. Banks were also forbidden to make loans on pledges of stocks owned outright when these loans were to be used for purchases of additional stock.

58. *Industrial Share Markets in India.*—In India the share markets displayed remarkable strength and buoyancy throughout the year, with prices touching new high levels. The markets withstood remarkably well all the disturbing factors. During 1945-46 there was a rise of 6·1 per cent. and 11·9 per cent. in the Economic Adviser's index numbers of Fixed Yield and Variable Yield Securities respectively, compared with rises of 7 per cent. and 8 per cent. in the previous year (*vide* Statement XXV).

The year began with a hesitant anticipation of early allied victory in Europe and prices were marked down; the surrender of Germany in May did not give any shock to the share markets. In fact the prices of market leaders began to recover partly on account of the technical position in the market and partly because the operators felt that the fall in prices had gone unreasonably far. On the whole, the markets remained remarkably stable till June 1945. From June onwards there was a slow movement in an upward direction, which was accelerated by the Report (issued in May 1945) of the Parliamentary Select Committee on Britain's expenditure in India. This report revealed that prices of Tata Iron and Steel products were considerably lower than the corresponding prices in Britain and America. Thus a strong competitive position was expected for the Tatas even after the war. The markets hence developed a buoyant mood which was strengthened by the announcement of the issue of the 2½ per cent. Loan 1950. Market leaders like the Tata Steels and Bombay Dyeings registered substantial rises. Tata Ordinaries, Deferreds and Dyeings which stood at Rs.375, Rs.2,012 and Rs.1,816 just before the VE—Day, respectively rose to Rs.424, Rs.2,275 and Rs.1,953 towards the middle of July.

The surrender of Japan in the second week of August did not create any nervousness in the markets, though prices received a slight set-back. This indeed was remarkable, for it was feared that with the end of the war there would be a severe landslide in prices. While on the one hand the end of the war meant the curtailment of demand and therefore wartime prosperity, on the other hand it also meant the elimination of Japanese competition, which the Indian industries had to reckon with. Between July and August the Economic Adviser's index fell only by 4·4 points. But prices ruled considerably higher than the April–June levels. Throughout August the markets were quiet.

From the beginning of September again an optimistic sentiment was noticeable, particularly in Calcutta, which seems to have assumed leadership. The maintenance of dividends by the Tata Iron and Steel Co. at the previous level imparted a strong tone to the market. The end of lend-lease in September was interpreted as a bullish factor because it was expected that the reconversion and rehabilitation of British industry would be delayed considerably and that till then Indian industries would be free from British competition. So throughout September and during the first half of October the tone of the markets was one of confidence, though no appreciable rise was witnessed.

As October advanced the share markets developed a bullish fervour, the stimulus coming this time from Great Britain as a result of the interim budget introduced in September 1945 providing for the reduction of the Excess Profits Tax from 100 to 60 per cent. and for the lowering of the rates of interest on Government borrowing. These led to anticipation of similar changes in India and prices advanced rapidly on a wide front. In the week ended the 2nd November, Tata Deferreds gained 50 points to reach Rs.2,358, Bombay Dyeings crossed the 2,000 mark, closing at Rs.2,019 and other leading shares made similar progress. Thereafter there were narrow movements till the last week of November, Tata Steel shares, however, moving up steadily. Towards the end of November statements of leading industrialists envisaging a bright future for the steel and textile industries gave further support to the bullish sentiment. The upward trend of prices was accelerated and several scrips reached record levels towards the end of December. The extremely buoyant tone of the market continued with renewed vigour when the markets reopened after the Christmas Holidays. In the beginning of the new year the Government announced the issue of the 2¾ per cent. Loan 1960, which marked another milestone in the Government's policy of cheap money. Between August and December 1945, the Economic Adviser's index rose from 212·6 to 232·4.

This boom was attributable to a combination of factors, such as the weight of money at the disposal of the investing public, the continued expansion of currency, absence of alternative channels of investment, diversion of funds to stock and bullion markets from the commodity markets where tight controls have been exercised, cheap money policy of the Government, expectation of tax reliefs, anticipation of issue of bonus shares, and optimism about the future of Indian industry.

The currency ordinances issued in the second week of January 1946 perplexed the markets and the first reaction was a setback in prices. But when the implications of the ordinances were better understood recovery was in evidence. However, till the end of January the markets were bearish apprehending fresh measures of control. In February these fears gradually died down, but the undertone was subdued in view of the impending budget. Operators were generally optimistic about the budget proposals and so a slow upward trend was to be noted a little before the budget.

The Government of India budget for 1946-47 appeared to surpass the expectations of even optimistic bulls. The announcement of the total abolition of the Excess

Profits Tax and further concessions in taxation caused share prices to soar to high levels, steels and textiles achieving the largest rises. The second week of March witnessed the general bullish fervour give way to selective interest, particularly in the steel section, and in the third week there was general selling pressure due to the uncertainty of the Iranian situation and the fears that textile and steel prices would be revised in a downward direction, and that the Finance Bill might be rejected by the Assembly. Also, there was large-scale profit-taking at higher levels. Towards the end of the month, sentiment brightened with the passing of the Finance Bill. Also, the reduction of textile prices did not materialise and the markets closed quite firm. The price trends of a few leading scrips of the Bombay, Calcutta and Madras exchanges in the year may be noted in the table on page 82.

As regards the behaviour of different groups of shares in 1945-46, with the exception of sugar and cement shares, the remaining have reached higher levels than in 1944-45. Jute shares accounted for the largest rise, namely 27·2 per cent. The rise in the case of other groups is as follows: coal 19·6 per cent.; paper 17·5 per cent.; iron and steel 16·8 per cent.; banking 12·1 per cent.; tea 9·6 per cent. and cotton 7·5 per cent. The rise in cotton shares though small is in contrast with the previous year's setback. The expected world shortage of cloth led to a bright outlook of the market and the prospects of improved dividends following the abolition of the Excess Profits Tax further supported this sentiment. Jute shares touched 100 in November 1945, a similar brightening of outlook being noticed there also with the removal of coal and labour shortage difficulties and the likely increase in foreign demand following an expansion of international trade.

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

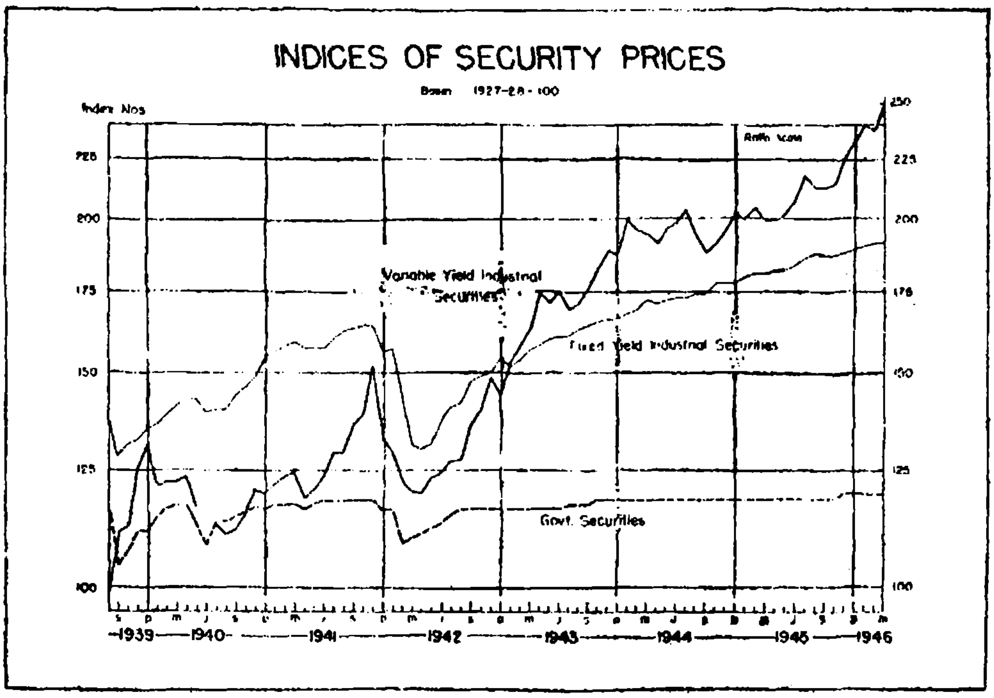


TABLE 24.—PRICES OF CERTAIN INDUSTRIAL SHARES, 1945-46.*

	Scrip	29th Mar. 1945	27th Apr. 1945	11th May 1945	3rd Aug. 1945	10th Aug. 1945	11th Jan. 1946	18th Jan. 1946	21st Feb. 1946	1st Mar. 1946	29th Mar. 1946	Highest in 1945–46	Lowest in 1945–46	% Increase of March 1946 over Mar. 1945
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
1.	Tata Steel Deferred ..	2,030–0	2,077–8	2,050–0	2,228–12	2,201–4	2,697–8	2,527–8	2,815–0	2,920–0	2,976–4	3,032–8	1,980–0	*46·61*
2.	Tata Steel Ordinary ..	378–0	389–8	386–0	409–8	401–0	482–0	457–8	483–0	531–0	526–0	548–0	372–0	*39·15*
3.	Steel Corporation of Bengal	32–3	30–13	33–3	34–5	33–8	47–12	42–4	46–6	52–0	52–7	56–0	31–8	*62·91*
4.	Indian Iron & Steel ..	38–10	39–15	39–11	42–5	40–13	57–8	51–4	54–6	58–8	58–6	61–4	38–8	*51·13*
5.	Bombay Dyeings, Cotton	1,833–12	1,827–8	1,936–4	1,972–8	1,960–0	2,147–8	2,132–8	2,175–0	2,250–0	2,393–12	2,515–0	1,752–8	*30·54*
6.	Kohinoor ,, ..	606–0	603–0	601–8	607–8	592–0	678–0	662–0	670–0	766–0	788–0	880–0	566–8	*30·03*
7.	Swadeshi ,, ..	537–0	524–8	515–0	547–8	537–8	733–0	715–0	675–0	715–0	724–0	773–0	507–0	*34·82*
			X.D.											
8.	New Great ,, ..	370–8	376–0	370–8	387–8	375–0	439–8	420–8	435–0	457–0	444–8	480–0	362–8	*19·97*
9.	Buckingham ,, ..	316–8	313–0	315–0	350–0	345–8	405–0	393–0	394–0	420–0	502–8	512–0	312–0	*58·77*
						C.D.						C.D.		
10.	Rajalakshmi ,, ..	170–0	173–0	168–0	189–0	189–0	225–0	217–0	192–0	224–0	215–0	242–0	160–0	*26·47*
		C.D.												
11.	Cambodia ,, ..	22–4	24–8	23–4	30–12	30–0	40–0	38–14	37–8	41–12	37–2	41–8	22–8	*66·85*
		C.D.	C.D.	X.D.										
12.	Imperial Bank Fully Paid	1,985–0	1,980–0	1,980–0	2,217–8	2,217–8	2,522–8	2,522–8	2,395–0	2,307–8	2,445–0	2,535–0	1,965–0	*23·17*
13.	Bank of India ..	189–8	185–8	183–0	189–0	190–0	235–0	226–0	234–0	238–12	234–0	246–8	181–8	*23·48*
14.	Central Bank of India ..	79–8	77–12	78–8	85–0	85–8	113–0	103–8	108–12	115–8	120–4	125–8	75–0	*51·26*
		X.D.												
15.	Bank of Mysore	375–0	376–0	375–0	389–0	389–0	439–0	440–0	465–0	455–0	460–0	462–8	372–8	*22·67*
					C.D.	C.D.								
16.	Anglo-India, Jute ..	464–0	480–0	483–0	545–0	519–0	639–0	625–0	621–0	635–0	681–0	694–0	448–0	*46·77*
17.	Howrah ,, ..	89–4	93–0	98–14	97–0	94–7	128–6	119–12	122–0	126–6	130–8	134–0	82–0	*46·22*
18.	Kanknarrah ,, ..	574–0	598–0	610–0	684–0	660–0	819–0	804–0	806–0	818–0	846–0	863–0	558–0	*47·39*
19.	Reliance ,, ..	74–6	78–2	78–2	85–2	80–12	107–8	103–8	105–6	106–12	112–8	114–0	97–8	*51·26*
20.	Bengal, Coal	682–0	682–0	670–0	767–0	763–0	860–0	838–0	814–0	875–0	864–0	908–0	670–0	*26·69*
21.	Burrakur ,, ...	41–0	42–2	39–10	46–8	44–4	50–0	47–10	46–14	49–3	49–8	53–6	37–10	*20·73*
22.	Equitable ,, ...	66–8	66–12	68–0	73–0	71–12	79–12	78–0	76–12	81–12	82–0	83–0	66–0	*23·31*
23.	Hassimara, Tea	80–0	79–0	78–8	83–8	83–8	86–8	86–0	82–8	83–8	83–0	93–8	70–0	*3·75*
24.	Patrakola ,, ...	1,370–0	1,330–0	1,317–0	1,420–0	1,425–0	1,510–0	1,510–0	1,495–0	1,480–0	1,515–0	1,602–0	1,254–0	*10·80*
25.	Carew Sugar	26–1	26–11	24–8	29–14	30–7	36–4	33–4	34–7	35–1	39–8	42–3	26–0	*51·56*
26.	Indian Sugar	31–0	31–0	31–8	31–12	31–12	29–2	29–2	29–8	30–0	31–0	32–0	29–0	....
27.	Chembra Peaks, Plantings	9–0	9–5	9–0	10–0	9–15	10–9	10–12	10–10	11–2	10–12	11–8	8–14	*19·44*
28.	Cochin Malabar ,,	16–4½	16–13	16–9	19–3	18–15	18–12	18–10	18–8	17–12	18–2	19–8	15–14	*11·32*
					C.D.	X.D.								
29.	A.C.C.	227–8	231–8	235–0	208–8	206–8	251–0	233–4	235–8	258–0	258–0	266–0	204–12	*13·40*

* The dates given above are selected with a view to indicating the position of security values just before and after some outstanding days of the year as explained below: (1) Closing prices of 1944-45; (2) Pre VE- (Victory in Europe) Day; (3) Post VE- Day; (4) Pre VJ- (Victory in Japan) Day; (5) Post VJ-Day; (6) Pre Currency Ordinance Day (*vide* paragraph 80) ; (7) Post Currency Ordinance Day; (8) Pre Budget-Day; (9) Post Budget Day; (10) Closing prices of 1945-46.

59. *Control of Capital Issues.*—Statistical data are now available about the working of the Control of Capital Issues from its inception in May 1943 to the end of September 1945. The objects of the Control were to prevent the establishment of those industries which did not assist in the production of essential war or consumption goods and to check the growth of mushroom companies with little chances of survival after the war. The Control has passed through several phases, and relaxations have been made as experience indicated or as the situation improved.

In the first phase of the Control, lasting from May 1943 to May 1944, long-range schemes were discouraged, exception being made in suitable cases for issues of capital required to purchase plant or machinery for which orders had already been placed for delivery after the war, subject to the condition that the money would be invested in defence loans or other new Government securities and kept so invested until it could be spent for the intended purpose. This procedure was revised in December 1943 when the condition that an actual order for machinery etc. should have been placed was removed; but the raising of capital was allowed only if the promoters had prepared final schemes, revealing the nature of the plant required and had also conducted negotiations with suppliers of machinery up to a certain degree of definiteness. A further relaxation was made in April 1944 when the Government of India decided to allow issues of capital for long-range schemes even if the schemes were still in an indefinite form, out of the consideration that industrial development in the immediate post-war years would be facilitated if companies with adequate amounts of capital at their disposal are already in existence.

After the termination of the Japanese War in August 1945 the Government of India granted an exemption in favour of any issue by a company, other than a banking or insurance concern, for an amount which, taken with the amount of any other issue made by the same company within the preceding 12 months, makes a total not exceeding Rs.1,00,000. In December 1945 the exemption figure was raised to Rs.5 lakhs in the case of all except banking and insurance companies.

An analysis of available statistics, of which complete details are given in Statement XXVI, indicates that in all 4,660 companies applied for an aggregate issue of Rs.385 crores. Of these, 4,371 companies were from British India for an issue of Rs.342 crores, and 289 from outside British India (mostly the Indian States) for an issue of Rs.43 crores. Consent was given to 3,784 companies involving a total capital of Rs.260·5 crores and constituting 81·2 per cent. and 67·7 per cent. respectively of the number of companies and the amounts applied for. Of these, 3,575 companies for a total of Rs.228 crores relate to British India; 209 companies for Rs.32·5 crores relate to outside British India. Outright refusals numbered 876 (18·8 per cent.) for an amount of Rs.89 crores (23·2 per cent.) involving 250 companies (for Rs.23 crores) in the case of Industrial issues, and 626 companies (for Rs.65·8 crores) in the case of Non-industrial issues. Partial refusals amounted to Rs.35 crores. It may be noted that in respect of the amount sanctioned, the percentage of consents to applications was the highest in the Industrial group, namely 82·4 as contrasted with 52·7 in the Non-industrial group.

Of the consents, Industrial issues numbering 1,766 account for an amount of Rs.159·6 crores. In this group, out of the amount sanctioned, the Metals and Engineering section tops the list with Rs.42·93 crores, followed by Textiles (Rs.39·27 crores), Chemicals (Rs.24·43 crores) and Food (Rs.11·54 crores). As regards the number of companies, Chemicals lead with 392, followed by Engineering (376), Textiles (246) and Food (118). In the Non-industrial group, Financial companies account for 50 per cent. of the amount sanctioned, while in number the Trade and Transport section leads the group.

As regards distribution between Immediate and Long-range schemes, it will be seen (*vide* table below) that 94·7 per cent. of applications and 75 per cent. of the amount asked for relate to Immediate schemes. In the Immediate class, the Non-industrial group is more important than the Industrial group both as regards applications and consents. In the Long-range category, the Industrial group is the most important, accounting for nearly 90 per cent. of the number of companies and the amount sanctioned. In other words, in the Non-industrial group Long-range schemes are negligible. Within the Industrial group itself, of the consents, 87·8 per cent. of companies relate to the Immediate category, with only 48·5 per cent. of the amount sanctioned. Obviously most of the Long-range schemes required very large capital amounts.

TABLE 25.—CONTROL OF CAPITAL ISSUES.

(A) CONSENTS AND REFUSALS AS PERCENTAGES OF APPLICATIONS.

Serial No.	Classification	Consents: No. of companies	Consents: Amount wholly or partially allowed	Refusals: No. of companies	Refusals: Amount asked for
1.	**Grand Total—Industrial and Non-Industrial.**				
	Immediate	80·19	57·45	19·81	30·86
	Long-range	99·20	98·20	0·80	0·30
	Immediate & Long-range combined	81·20	67·65	18·80	23·22
2.	**Total Industrial.**				
	Immediate	86·21	70·56	13·79	21·29
	Long-range	99·08	97·96	0·92	0·35
	Immediate & Long-range combined	87·60	82·44	12·40	12·22
3.	**Total Non-Industrial.**				
	Immediate	76·04	49·42	23·96	36·71
	Long-range	100·00	99·92	....	....
	Immediate & Long-range combined	76·32	52·66	23·68	34·34

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

Serial No.	Classification	Total: No. of companies	Total: Amount asked for	Consents: No. of companies	Consents: Amount wholly or partially allowed	Refusals: No. of companies	Refusals: Amount asked for
1.	**Grand Total—Industrial and Non-Industrial.**						
	Immediate	94·66	75·01	93·47	63·72	99·77	99·68
	Long-range	5·34	24·99	6·53	36·28	0·23	0·32
2.	**Total Industrial.**						
	Immediate	89·18	56·68	87·77	48·53	99·20	98·77
	Long-range	10·82	43·32	12·23	51·47	0·80	1·23
3.	**Total Non-Industrial.**						
	Immediate	98·83	93·54	98·46	87·75	..	..
	Long-range	1·17	6·46	1·54	12·25	..	..

60. *Money Rates and Conditions.* During the year under review bank rates in the United Kingdom, the United States of America and most other leading countries remained unchanged. In the United Kingdom, after the Labour Government came to power, the Chancellor of the Exchequer announced the Government's intention to pursue a cheap money policy and in accordance with it on the 19th October 1945 effected a reduction in the rate of the Treasury Deposit Receipts from 1⅛ per cent. to ⅝ per cent. As about 40 per cent. of the assets of the clearing banks are held in this form, all short-money rates have been revised downward. The following table indicates the range of money rates in the United Kingdom at selected dates and shows the actual decline which occurred in them after the announcement of the reduction in the Treasury Deposit Receipts rate. The rate for Treasury Bills remained steady round about 1 per cent. till the middle of October 1945 but thereafter it declined and stood round about ½ per cent. for the remainder of the year.

TABLE 28.—MONEY RATES.

1945	Floating Money	Market Rates—Best Bills			Bank Rate
		Three months	Four months	Six months	
1. March 17	¾ to 1¼	1 1/32	1 1/32 to 1 1/16	1 1/16 to 1⅛	2
2. September 20	¾ to 1¼	1 1/32	1 1/32 to 1 1/16	1 1/16 to 1⅛	2
3. October 22	½ to ¾	17/32	9/16	9/16 to ⅝	2
(Movement between 2 and 3) ..	— ½	— ½	— 31/64	— 9/16	..
4. November 20	½ to ¾	17/32	9/16	9/16 to ⅝	2

Governments in several other countries also seem to appreciate the importance of cheap money conditions during the transition period and in the plans for the attainment of full employment as may be inferred from the low bank rates maintained by them. On the 31st December 1945 the bank rate in the United States of America, France, Netherlands, Sweden, Switzerland, Belgium, Canada and Czechoslovakia stood at ½ per cent., 1⅝ per cent., 2½ per cent., 2½ per cent., 1½ per cent., 1½ per cent., 1½ per cent. and 2½ per cent. respectively

With the same object in view, under Regulation 11 of the National Security (Economic Organisation) Regulations, the Commonwealth Bank of Australia revised downward the maximum rates of interest to be paid by banks on Savings Bank deposits and fixed deposits from the 1st December 1945. The maximum rates payable on fixed deposits for 12 months and 24 months received on or after the 1st December 1945 have been reduced by ¼ per cent. to 1 per cent. and 1½ per cent. respectively ; and for deposits for 24 months, while the first £10,000 will bear interest at the full rate, the balance will carry interest at only 1 per cent. The rates for three and six months' deposits, however, remain unchanged at ½ and ¾ per cent. respectively. The existing rate of 2 per cent. payable on the first £500 of deposits with the Commonwealth Savings Bank and State Savings Bank of Victoria remains unaltered, but the rate on any further balance upto £1,000 has been reduced by ¼ per cent. to 1 per cent.; deposits beyond £1,000 carry no interest. Other savings banks are allowed to pay rates $\frac{1}{4}$ per cent. higher than these rates. Though the maximum rate for new loans by building societies and co-operative societies has been reduced by $\frac{1}{4}$ per cent. to 5 per cent., the rate of the trading banks remains unchanged at $4\frac{3}{4}$ per cent.

Statement XXVII gives various money rates in India on the 1st day of each month of the year of the report. The Bank rate of the Reserve Bank of India and the Hundi rate of the Imperial Bank of India remained unchanged at 3 per cent. throughout the year. Money conditions generally continued to remain easy during 1945-46 as in the previous year, with the inter-bank call money rate, for dealings between certain larger and particularly the Exchange banks in Calcutta and Bombay, remaining unaltered at $\frac{1}{2}$ and $\frac{1}{4}$ per cent. respectively for the major part of the year except during the months of February and March when the rate in Bombay moved between $\frac{1}{4}$–$\frac{1}{2}$ per cent. in February and $\frac{1}{4}$–1 per cent. in March, largely because of tax payments and stock exchange advances. The three and six months' fixed deposit rates which were quoted by the larger scheduled banks at $\frac{1}{2}$–$\frac{3}{4}$ per cent. and $\frac{3}{4}$–1 per cent. at the end of the last year remained throughout the year steady excepting in the last quarter, when the two rates moved up to $\frac{3}{4}$–1 per cent. and 1–$1\frac{1}{4}$ per cent. in sympathy with the growing stringency in the money market. For the same reason the twelve months' rate which was quoted at $1\frac{1}{4}$–$1\frac{1}{2}$ per cent. in the beginning of the year moved up to $1\frac{1}{2}$–$1\frac{3}{4}$ per cent. in February and March 1946 in sympathy with the short rates. The average rate of three months' Central Government Treasury bills declined further from 0·49 per cent. in 1944-45 to 0·38 per cent. during the year under review. It touched the lowest rate of the year of 0·26 per cent. in July 1945.

61. *Banking Trends Abroad.*—The abnormal stress of wartime finance affected banking policy and practice in several countries. In the belligerent countries particularly central banking policy was subordinated to the requirements of the Treasury to facilitate the financing of the War in a manner that is without parallel, and was committed also to support, when necessary, the commercial banks of the country which directly or indirectly played their part in it. Consequently there has been an unprecedented expansion, though varying in extent from country to country, in the note issue of central banks. The following table gives an idea of the increase in note circulation between August 1939 and December 1945.

NOTES IN CIRCULATION

(In Millions)

	1939 August	1945 December	% increase
U.K. £	529·5	1,380	160·6
Australia £A	45·5	200·0	339·6
Canada $C	210	992	372·4
New Zealand £NZ	15·8	46·2	192·4
U.S.A. $	7,171	28,515	297·6
France Fr.	142,359	570,006	300·4

Source: League of Nations monthly Bulletin of Statistics

In some of the countries steps were taken early with marked success to control the inflationary effects caused by the ever-widening gap between the volume of output and the effective purchasing power. Nevertheless, the prevailing levels of prices, costs and employment stand in need of adjustment internally as well as externally;

and how precisely to work out this equilibrium internationally without distorting national economy presents a formidable world economic problem.

As a partial solution to this problem the principles of central banking have been subjected to modifications to suit the changing world. One such modification is the dissociation of gold from currency accomplished in most countries, the outstanding exception being the United States even where the statutory gold reserve against notes and deposits has been reduced with effect from June 1945 to a uniform 25 per cent. as against the former 40 and 35 per cent. respectively. Consequently an important feature of wartime developments is the considerable growth in the volume of managed currency. But there is even a more momentous change than this. At the end of the First World War, in view of the prevalence of unbridled inflation in many countries the Brussels Conference of 1920 found it necessary to resolve that " Banks, and especially a Bank of Issue, should be freed from political pressure and should be conducted on the lines of prudent finance "—by which was meant the pre-war principles of finance. At the end of the Second World War, however, the central banks in three countries (England, France and New Zealand) stand nationalised and that in a fourth (Australia) has been completely subjected to Government control. All this is in contrast with the Brussels resolution and affords a measure of the change in ideas on central banking between the two Wars.*

* It is reported that the Central Bank of Argentina has also been nationalised by a Government decree issued in March 1946.

In the manner of nationalisation there has been much similarity between England, France and New Zealand. In England, no drastic changes have been introduced in the form of organization of the Bank of England excepting that its capital stock of £14,553,000 will be transferred to a nominee of the Treasury and the stock-holders will be paid in 3 per cent. Government stock of £58,212,000 which approximates to its market value. The Government stock may be redeemed at par on or at any time after the 5th April 1966, but subject to such redemption, it will be perpetual. The Governor, Deputy Governor and 16 Directors (instead of the former 24) will be appointed by His Majesty, the period of appointment being 5 years in the case of the Governor and Deputy Governor and 4 years in the case of the Directors. It is also provided that the Treasury, after consultation with the Governor, may issue directions to the Bank, but subject to such directions its management will be entrusted to the Court of Directors. The Bank in turn may request information from and make recommendations to bankers and if authorised by the Treasury, even issue directions to any banker for the purpose of giving effect to any such request; but no such request will be made with respect to the affairs of any particular customer of a banker. Before authorising the issue of any such directions, however, the Treasury will give the banker concerned an opportunity of making representations in regard to them. The Bank of England Act, 1946, which introduced these changes came into force from the 1st March 1946.

The French Constituent Assembly enacted in December 1945 a law nationalising as from the 1st January 1946, the Bank of France and the four big commercial banks and providing for control and supervision of the banking and credit system of the country. It provided for the transfer of the capital stock of the Bank of France to the State in exchange for 2 per cent. negotiable registered Government bonds redeemable within 50 years. A committee of two Government officials and a representative of the shareholders appointed by the Minister of Finance would determine the liquidation value of the shares which is not to exceed their average quotation between the 1st September 1944 and the 31st August 1945 or their price on the Paris Bourse between the 1st September 1945 and the date on which the liquidation value is fixed. The composition of its General Council and its relations to the State are to be defined by a subsequent law. The nationalisation law further provides for the establishment of two bodies the National Council of Credit and the Banking Control Commission, to which would be entrusted the supervision of the credit system which is normally a function of the central bank. The National Council of Credit will consist of a Chairman from amongst the Ministers, and the Governor of the Bank of France who would be ex-officio Vice-Chairman; the Chairman can delegate his powers to the Vice-Chairman. In addition, there would be 38 members, of whom 10 will represent various economic associations, 7 the Ministries of National Economy, Industrial Production, Public Works and Transport, Agriculture, Reconstruction and Municipal Planning, and Colonies; 7 Financial and Banking experts and 7 Official financial institutions. The functions of this National Council are mainly consultative in character but extend over a wide field such as the development of banking, concentration of banks, further nationalisation of banks, protection of deposits, distribution of bank credit, control of capital issues, financing of reconstruction and foreign trade, etc. It is to meet once a month and at the end of the year submit a report to the Ministers of National Economy and Finance. The Banking Control Commission, however, will consist of five members: the Governor of the Bank of France, who will be ex-officio Chairman, the President of the Financial Section of the State Council, the Director of the Treasury, the Director in charge of the credit problems at the Ministry of National Economy, and a representative of the bank employees' union. It has been entrusted with the enforcement of the laws of the 13th and 14th June 1941 (enacted under the Vichy Administration) which provide for a close control of banking. Control would thus vest not only in the central bank as heretofore, but also in the hands of bodies representing the various interests of the community.

In New Zealand, the House of Representatives passed a bill in November 1945, to nationalise the Bank of New Zealand on the grounds that a State trading bank was desirable for the purpose of facilitating post-war reconstruction and development, rehabilitation of returned servicemen and provision of reliable, prompt and economical banking services and generally to promote the country's economic welfare. The Chairman, Deputy Chairman and Board of Directors will be appointed by the Minister of Finance. The Board will consist of 5 to 7 members appointed for a term not exceeding 3 years. The shareholders have been offered three alternatives—for each share a payment of £2-5-0 in cash; or £2-13-4 in 3 per cent. ordinary taxable Government stock; or £2-6-8 in tax-free non-transferable 3 per cent. Government stock. The Government may acquire long-term mortgage shares registered in Wellington at £1-10-0 in cash or 3 per cent. Government stock. The Government is further empowered to acquire ordinary or long-term mortgage shares registered in London, Sydney or Melbourne at prices to be agreed on. It is reported that of the 7,900 shareholders of the Bank, 7,000 made applications for an amount totalling £7·95 million for replacement of their holdings. Applications for repayment in cash amounted to £0·8 million; acceptances of tax-free non-transferable Government stock to £1·45 million; and acceptances of taxable transferable stock to £5·7 million. The remaining 900 shareholders will be allotted tax-free stock.

As a State bank the Commonwealth Bank of Australia has been, since its inception, under the domination of the Government. The Commonwealth Bank Act of 1945, however, has introduced far-reaching changes in its management and business, and, control over trading banks. The Bank has been charged with the duty to pursue a monetary and banking policy directed to the greatest advantage of the people of Australia so as to contribute to the stability of the currency, the maintenance of full employment and the economic prosperity and welfare of the people. Though these duties are assumed in the case of other central banks, Australia has preferred to incorporate them in the law itself. The control of the Bank has been taken over from the Board and vested in a Governor, as it used to be before 1924, who will be appointed by the Governor-General for a period not exceeding seven years. As regards monetary and banking policy, it is provided that in the event of disagreement between the Bank and the Government, on the responsibility of the latter, the former will adopt a policy considered by the latter as necessary. Further the Bank is not only authorised to carry on general banking business but is charged with the duty to develop and extend it and not to refuse to conduct banking business for any person by reason of the fact that it would have the effect of taking away business from another bank. The Bank will have a Rural Credit Department through which advances will be made upon the security of primary produce or such other security associated with the production or marketing of primary produce to approved co-operative associations or marketing boards for a period not exceeding one year. There will be a Mortgage Bank Department through which loans on prescribed conditions will be made to any person engaged in farming, agricultural, horticultural, pastoral or grazing operations or in such other form of primary production as the Bank thinks fit, upon the estate or interest in land in the Commonwealth owned by the borrower where the land is used or is to be used primarily for farming, agricultural, horticultural, pastoral or grazing operations or in such other form of primary production as the Bank thinks fit. Such loans will not be made for a period of less than five years or more than forty years and their amount will not exceed 75 per cent. of value or five thousand pounds, whichever is less. There will also be an Industrial Finance Department through which loans will be made and shares and securities purchased to provide finance for the establishment and development of industrial undertakings, particularly small undertakings. The Department may assist in the establishment and development of industrial undertakings and provide advice with a view to promoting their efficient organization and conduct. There is also provision to advance housing loans to individuals and building societies through the General Banking Division for the erection or purchase of homes or for the discharge of mortgages on homes. In making such loans the Bank will give preference for the erection or for the purchase of newly erected homes. Loans will be made at the lowest practicable interest. The amount of loans to individuals will not exceed eighty-five per cent. of value or one thousand two hundred and fifty pounds whichever is less for a period of not less than five years or more than thirty-five years. Loans to building societies, however, may extend upto ninety per cent. of value. Under the Banking Act of 1945 the Commonwealth Bank can direct the loan policies of the trading banks if it thinks it to be necessary or expedient in public interest, but such direction will relate to principles and classes of advances only. It is further empowered with the approval of the Treasurer, to control discount rates and interest rates on advances and deposits.

The outstanding feature of commercial banking development in countries directly affected by the Second World War is a marked growth of deposits, particularly demand deposits, consequent upon the colossal war expenditure. This, combined with such other factors like the large governmental requirements of finance, the commandeering of productive resources for war purposes, restrictions on civilian consumption of many luxury and semi-luxury goods, and methods adopted to finance war production and purchases have all led to conspicuous changes in the usual assets of commercial banks, of which the following table gives an indication.

(Figures in millions)

TABLE 27.—CHANGES IN THE ASSETS OF COMMERCIAL BANKS.

	Deposits		Discounts		Loans and Advances		Investments and Securities	
	1939*	1945	1939*	1945	1930*	1945	1939*	1945
U.K. £	2,441	4,859[a]	334	2,114[a]†	1,002	799[a]	609	1,178[a]
Canada $	3,247	5,573[a]	§	§	1,337	1,381[a]	1,646	4,159[a]
Australia £A ..	329·7	582·5[b]	§	46·5[b]‡‡	292·9	207·9[b]	46·7	104·3[b]
New Zealand £NZ ·	73·2	130·8[c]	§	§	51·4	51·3[c]	15·5	31·5[c]
Union of South Africa £SA ..	166·9	399·8[d]	13·1	4·5[d]	65·5	51·5[d]	56·5	202·1[d]
U.S.A. $	45,941	134,245[b]	§	§	16,866·0	23,376[b]	22,428·0	88,978[b]
Denmark — Krone	2,455	4,520[d]	454	207[d]	1,674	1,333[d]	618	1,582[d]
Argentina — Peso..	3,913	6,432[d]	1,327	1,509[d]	1,425	1,235[d]	297	1,706[d]

* December. *a* October. † Includes £1925 million of T.D.R. *b* June. ‡‡ T. Bills.
c End of May. *d* March 1944. § Information not available.

The above figures indicate that while deposits have nearly doubled in most of the countries, in the United States of America they have trebled. Depositors, however, have preferred to keep, as remarked before, the bulk of their deposits on sight or demand indicating a marked degree of liquidity preference. The following indices (base: June 1939 = 100) will show the difference in the expansion of Sight, Savings and other deposits in selected countries. But since the end of the war time deposits reveal a tendency to rise.

	1 Sight Deposits		2 Savings Deposits		3 Other Deposits	
	Dec. 1939	Sept. 1944	Dec. 1939	Sept. 1944	Dec. 1939	Sept. 1944
U.K.	113	229	..	..	106	144
Canada	120	262	..	..	101	146[a]
Australia	106	261	99	108	..	..
New Zealand	111	242	..	..	109	103
Union of South Africa ..	107	287[b]	97	160	125	469
U.S.A.	109	235	..	..	101	193
Denmark	121	325	95	159	..	..
Argentina	107	244	99	144	94	105

a Relates to Col. 2 & 3. *b* Relates to December 1943.

Before the Second World War commercial banks in all countries performed their primary function of financing the short-term requirements of trade and industry and therefore loans and advances rightly represented a substantial percentage of deposits. In December 1939, of the total assets, they accounted for 37, 35, 78, 61, 32, 27, 48 and 35 per cent. in the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, the United States, Denmark and Argentina respectively. They, however, declined by 1944 to 16[*], 21, 38[a], 36[b], 11[a], 17[b], 22[a] and 28[c] in the respective countries. With the fall in trade and industrial demand for accommodation simultaneously with an increase in deposits and public debt, banks increased their investments, largely in Government securities, partly to help Government war finances and partly to meet interest charges and expenses. Their corresponding percentages in 1939 and 1944 were 25 and 26[d], 43 and 57, 10 and 26, 11 and 31, 28 and 45, 38 and 59, 18 and 26, and, 7 and 24, in the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, the United States, Denmark and Argentina respectively. The significance of these percentages is no doubt heightened by the growing magnitude of deposits. Commercial banking, therefore, reveals a tendency to be less of commercial and more investment banking in the direction of substituting private by State demand. Banks are, therefore, no doubt faced with the problem of the future behaviour of deposits, advances and investments on which depends not only their income but also their stability.

* September 1944. *a* March 1944. *b* June 1944. *c* August 1944. *d* The percentage of discounts which, however, includes T. D. Rs. rose from 10 to 37.

The tendency to bring banking under control did not confine itself to the central banks. In England the Bank of England Act of 1946 empowers the Bank of England to direct any bank to adopt a certain policy which it regards as imperative in the public interest. In Australia with a view to protecting the interests of depositors the Banking Act of 1945 provides for the control of private commercial banking and empowers the Commonwealth Bank to control their interest rates in respect of advances, discounts and deposits and also to determine, if necessary, even the policy regarding advances. France has gone further by nationalising the 'Big Four', the Comptoir National d'Escompte de Paris, Credit Lyonnais, Societe Generale and Banque Nationale Commerce et Industrie.

62. *Banking in India During War.*—The effects of the Second World War on Indian banking have been far-reaching. As India increasingly became a supply base for the Allied armies in the Middle East and South-East Asia, Government expenditure on defence and supplies to the Allies led to a rapid expansion of currency and the total money income of the community. This, combined with a diversity of causes like the difficulty of obtaining imports, the diversion of internal supplies to war needs, the control of the channels of investment, the distortion in the pattern of income distribution, etc., led to a rapid increase in the 'unspent margin' in the higher income groups and the reserves of trade and industry, which in turn brought about a rising pool of bank deposits. These encouraged the development of banking enterprise and since 1943 a number of new banks, some of them with large volumes of capital, were floated. The number of new banks started between the 1st July 1943 and the 30th June 1945 has been 82 out of a total of 147 banks started between the 1st July 1939 and the 30th June 1945.

The table on page 92 relates to the progress of scheduled banks and reflects the striking changes in Indian banking during the war. The number of scheduled

TABLE 28.—CONSOLIDATED POSITION OF SCHEDULED BANKS SINCE THE OUTBREAK OF WAR (ON THE 3RD SEPTEMBER 1939) TO THE CESSATION OF HOSTILITIES (ON THE 2ND SEPTEMBER 1945).

(In lakhs of rupees)

	Number of Scheduled Banks	Liabilities in India: Demand	Liabilities in India: Percentage of Total liabilities	Liabilities in India: Time	Liabilities in India: Percentage of total liabilities	Liabilities in India: Savings †	Liabilities in India: Total	Cash in India (Notes and coins)	Balances with Reserve Bank	(7+8) as percentage of 6	Advances in India	Bills discounted in India	(10+11) as percentage of 6
		1	2	3	4	5	6	7	8	9	10	11	12
1 September 1939	59	141,40 (7,03)	57·0 (62·5)	106,46 (4,22)	43·0 (37·5)	.. ..	247,86 (11,25)	7,30 (59)	25,28	13·14	105,65 (4,13)	3,87 (30)	44·19
8 „ 1939	59	137,94 (6,83)	56·8 (61·8)	104,80 (4,23)	43·2 (38·2)	.. ..	242,74 (11,06)	8,12 (58)	17,48	10·55	109,33 (4,09)	3,80 (30)	46·61
6 „ 1940	60	161,76 (7,57)	61·5 (68·0)	101,47 (3,57)	38·5 (32·0)	.. ..	263,23 (11,14)	8,47 (37)	39,79	18·33	116,71 (3,99)	1,77 (11)	45·01
5 „ 1941	64	213,06 (10,91)	66·5 (68·3)	107,45 (5,07)	33·5 (31·7)	.. ..	320,51 (15,98)	9,66 (79)	44,81	16·99	116,26 (4,56)	4,03 (6)	37·53
4 „ 1942	*59	302,63	75·4	98,27	24·5	41,24	400,90	12,15	67,54	19·88	79,35	1,34	20·13
3 „ 1943	*67	446,60	76·5	137,21	23.5	58,46	583,81	19,83	76,16	16·45	143,83	3,35	25·22
1 „ 1944	*78	593,30	75·9	188,71	24·1	80,01	782,01	26,10	99,78	16·10	202,84	9,47	27·15
7 „ 1945	*87	639,66	71·7	252,52	28·3	106,91	892,18	33,00	114,42	16·52	256,12	13,49	30·22

† Included partly in 1 and 3. These figures denote monthly averages. * Excluding Burma Banks. Burma figures shown in brackets. Figures for India only from February 1942.

banks increased from 59 on the 1st September 1939 to 87 (excluding 3 Burma scheduled banks) by the 7th September 1945, which contrasts with the slow increase from 50 to 59 between the 1st July 1935 (when banks were first admitted to the Second Schedule to the Reserve Bank of India Act) and the 1st September 1939. Thus in addition to the large banks newly started, some of the old ones became Scheduled banks either by an increase of capital or an addition to reserves or both. There has been, however, a noticeable tendency for too rapid an expansion of branch banking, particularly among the smaller banks, without careful preliminary prospecting in each case in the light of existing banking facilities, the size of available business and the likely changes therein, the overhead costs and probable scope for reasonable earnings. This has resulted in the opening of too many branches in some places.

It may be seen from the table that in the six war years, the total of demand and time liabilities has increased from Rs.247·86 crores to Rs.892·18 crores, *i.e.*, at an annual rate of Rs.107·39 crores, which is phenomenal in the history of joint stock banking in India, the average per bank having changed from Rs.4·2 crores in 1939 to Rs.10·25 crores in 1945. As in other countries, demand liabilities have increased faster than time liabilities, the percentage of the former to total liabilities having increased from 57·0 to 71·7 and that of the latter fallen from 43·0 to 28·3 during the war period. But from (the latter half of) 1944 this tendency seems to have been checked, if not reversed, as the percentage of demand liabilities shows a fall from 76·5 on the 3rd September 1943 to 71·7 on the 7th September 1945, the percentage of time liabilities on the respective dates being 23·5 and 28·3.

With such an augmentation in the resources of banks, their stability and growth would depend on the continuance of a proper distribution of the resources among different assets. The percentage of cash to deposits which was 13·14 on the 1st September 1939 improved to 19·88 on the 4th September 1942 after which it declined by stages to 16·52 on the 7th September 1945. Though the improvement noticed above may be regarded as small because of the overwhelming percentage of demand deposits, considered against the large security portfolio which banks today carry and in the light of the composition of liabilities and assets, it could be regarded as adequate for the system though not for individual banks.

Among other assets, advances and bills which amounted to Rs.109·52 crores on the 1st September 1939 and formed 44·19 per cent. of total liabilities declined to the lowest of Rs. 80·69 crores on the 4th September 1942, the corresponding percentage being 20·13. Since then, however, they have improved to Rs. 269·61 crores on the 7th September 1945 representing 30·22 per cent. of total liabilities, which is still less than the pre-war percentage by 13·97. The fall in advances shows the decline in demand for banking accommodation caused by the decline in imports, shrinkage in the free sector of internal trade, progress payments made by the Government to trade and industry diverted to war supplies and the liquidity of business in general. As the influence of these factors wears out, demand for bank accommodation has shown improvement. The difference between the total assets of cash and balances with the Reserve Bank, advances and bills, and, total liabilities works out at Rs.105·76 crores and Rs.475·15 crores on the 1st September 1939 and the 7th September 1945 respectively. The bulk of this is no doubt held by banks in the form of investments, largely in Government securities. This is a factor in the liquidity of banks which is comparable in this respect with that of banks in foreign countries.

The non-scheduled banks, which are generally small and scattered, have none-the-less followed the scheduled banks at a distance during the war years as the following table showing their demand and time liabilities and cash balances as on the last Friday of each year will indicate.

TABLE 29.—DEMAND AND TIME LIABILITIES AND CASH BALANCES OF NON-SCHEDULED BANKS AS SHOWN BY THEIR MONTHLY RETURNS AS ON THE LAST FRIDAY OF EACH YEAR.

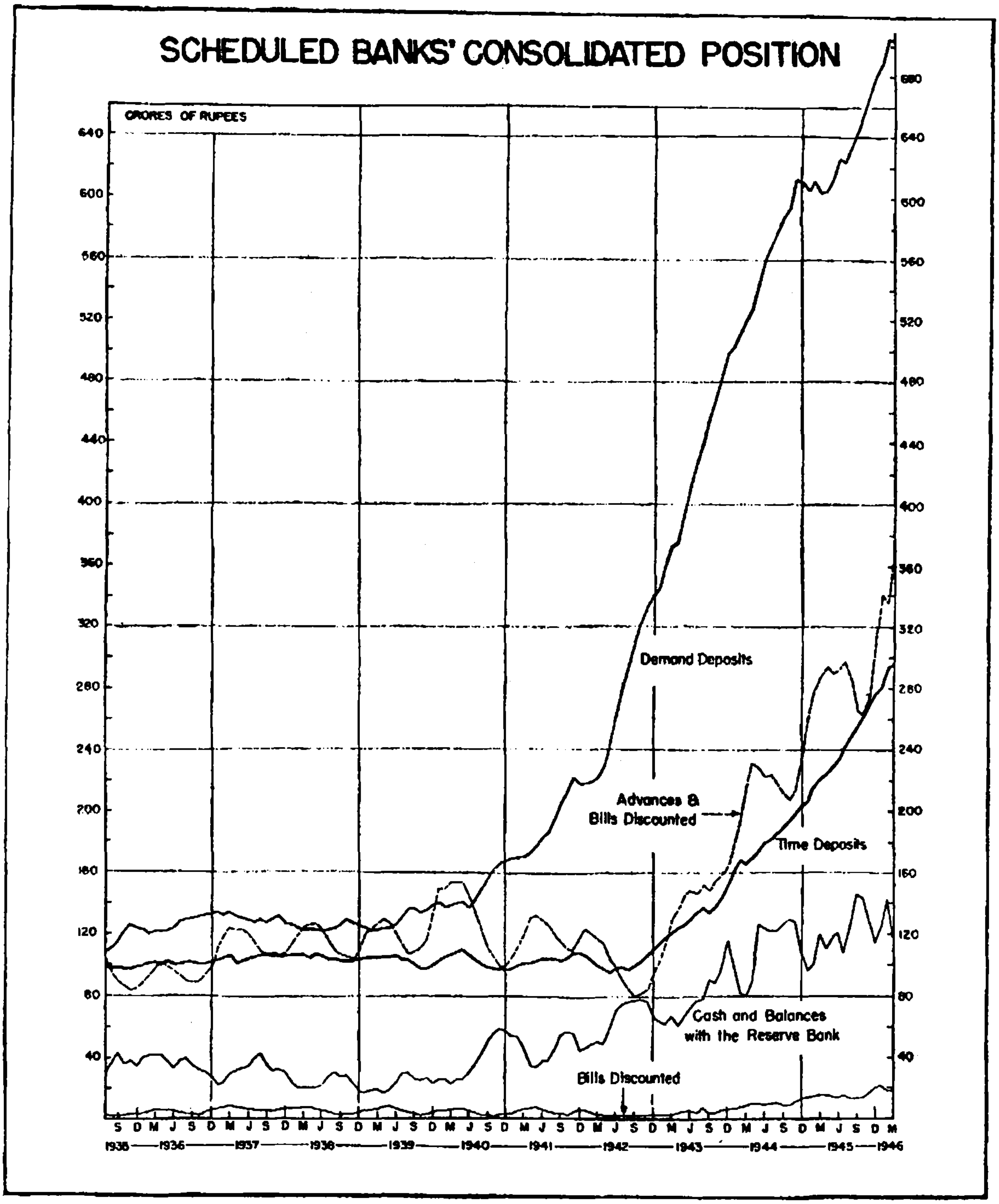
(In lakhs of rupees)

Year	No. of Banks submitting returns	Demand Liabilities	Time Liabilities	Total Demand and Time Liabilities	Cash Balances	*Percentage of Cash to Demand and Time Liabilities*
1939..	669	4,87	11,09	15,96	1,10	*6·9*
1940..	604	5,26	11,48	16,74	1,30	*7·8*
1941..	601	7,06	12,47	19,54	1,64	*8·4*
1942..	534	11,06	13,59	24,64	2,63	*10·7*
1943..	530	17,52	17,27	34,79	4,88	*14·0*
1944..	613	24,84	28,29	53,13	6,04	*11·4*

The number of non-scheduled banks submitting cash reserve returns under Section 277 L of the Indian Companies Act of 1913 (as amended in 1936) dwindled from 669 in 1939 to 530 in 1943 and thereafter improved to 613 in 1944. The table shows that their demand liabilities rapidly increased during the war years, inspite of the fall in the number of reporting banks, from Rs.4·87 crores in 1939 to Rs.24·84 crores in 1944. Time liabilities also showed an equally remarkable growth from Rs.11·09 crores to Rs.28·29 crores during this period. Thus between 1939 and 1944 their total of demand and time liabilities showed a marked increase from Rs.15·96 crores to Rs.53·13 crores. It is, however, significant that unlike the scheduled banks whose demand liabilities preponderate over time liabilities, deposits of the non-scheduled banks are nearly equally distributed between the two classes though in 1939 time liabilities greatly exceeded demand liabilities. These banks which work with slender resources generally keep the minimum cash necessary, but because of the increase in deposits and the uncertainties of the war period they seem to have increased their cash balances, the percentage to total of demand and time liabilities in 1944 being 11·4 as against 6·9 in 1939. With the increased deposits, however, the position of their capital and reserves has undergone a change. In the case of banks with capital and reserves between rupees one lakh and five lakhs, and, rupees fifty thousand and one lakh, the percentage of capital and reserves to deposits declined between 1939 and 1943 from 24·3 to 14·8 and from 25·8 to 15·7 respectively.

63. *Consolidated Position of Scheduled Banks.*—Statement XXVIII shows the consolidated position of the scheduled banks in India (excluding Burma) during the year under review and Statement XXIX gives the indices in respect of all the items of assets and liabilities included in Statement XXVIII. The progress of the scheduled and non-scheduled banks during the six war years has been discussed in paragraph 62. See also graph on page 95.

During the year under review the number of scheduled banks increased from 85 to 91, the six new banks admitted to the Second Schedule to the Reserve Bank of India Act, 1934, being the Tripura Modern Bank, Ltd., Tripura, the Kumbakonam Bank, Ltd., Kumbakonam, the Bank of Assam, Ltd., Shillong, the South India Bank, Ltd., Tinnevelly, the United Sind-Punjab Bank, Ltd., Karachi and the Jodhpur Commercial Bank, Ltd., Jodhpur.


SCHEDULED BANKS' CONSOLIDATED POSITION
CRORES OF RUPEES
Demand Deposits
Advances & Bills Discounted
Time Deposits
Cash and Balances with the Reserve Bank
Bills Discounted
S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

On the liabilities side, demand and time liabilities recorded a continuous increase throughout the year, except during the month of March when demand liabilities showed a slight decline on account of the end of year tax payments, and stood respectively at Rs.703·65 crores and Rs.296·00 crores for March 1946 as compared with Rs.604·26 crores and Rs.220·28 crores for March 1945. The range of variation between the minimum and maximum of demand and time liabilities during the year 1945-46 was Rs.100·43 crores and Rs.72·14 crores respectively, as compared with Rs.84·97 crores and Rs.49·86 crores in the previous year indicating that time deposits record a tendency to grow more rapidly than demand deposits. The total of demand and time liabilities reached Rs.999·65 crores in March 1946, the highest since the beginning of the war.

On the assets side, with the continuous increase in deposits, cash showed a sustained rise from 28·86 crores for March 1945 to Rs.40·77 crores for January 1946, after which it declined to Rs.36·27 crores for March 1946 ; but the balances with the Reserve Bank fluctuated between the minimum of Rs.74·00 crores for May 1945 and the maximum of Rs.111·42 crores for September 1945. Throughout they were considerably in excess of the statutory minimum, the excess varying between the minimum and maximum of Rs.37·94 crores and Rs.74·16 crores for the months of July and September 1945 respectively. The percentage of cash and balances with the Reserve Bank to total demand and time liabilities fluctuated between the minimum of 11·77 for March 1946 and the maximum of 16·18 for September 1945, these months marking the culmination respectively of the busy and slack seasons of the year. After remaining nearly steady in the first four months of the year, advances steeply declined from Rs.282·46 crores for the month of July 1945, to Rs.249·66 crores for the month of October 1945 (the lowest for the year) because of the slack season ; thereafter they continuously increased, except for a slight fall in the month of February, until in March they reached Rs.341·54 crores (the highest for the year), this being due mainly to seasonal demand and activity on the stock exchanges. These movements are almost identical with those of the year 1944-45 in which the highest and lowest advances of Rs.272·81 crores and Rs.198·63 crores respectively were recorded during the months of March and October. Bills discounted also indicate a parallel trend during the last two years, the highest and the lowest amounts during the year under report being Rs.20·38 crores and Rs.13·26 crores for January 1946 and October 1945, as compared with the respective amounts of Rs.14·91 crores and Rs.9·08 crores for March 1945 and June 1944. There is, however, no perceptible improvement in the ratio of advances and bills discounted to total demand and time liabilities.

Of the 16 Indian scheduled banks and 3 Burma scheduled banks which were functioning in Burma prior to evacuation, so far 12 banks of which one is a Burma scheduled bank have resumed business in Rangoon by the 23rd January 1946. The demand and time deposits of these banks as on the 31st March 1946 amounted to Rs.5,16,77,000 and Rs.92,55,000 respectively.

64. *Clearing House Statistics.*—Statement XXX shows the amount of cheques cleared through the more important Clearing Houses in India and Burma since 1918-19. The total amount of cheques cleared in India increased from Rs.5,617 crores in 1944-45 to Rs.6,540 crores in 1945-46. Out of the increase of Rs.923 crores, Calcutta and Bombay together accounted for Rs.725 crores. They handled 38·0 per cent. and 43·2 per cent. respectively of the total cheques cleared. With the pre-war

year 1938-39 as base, the index numbers of the value of cheques cleared (*vide* Table below) during the last seven years 1939-40 to 1945-46 are 117, 107, 136, 149, 226, 279 and 323 respectively. Statement XXXI gives the monthly figures of the number and amount of cheques cleared in 1945-46 including the sixteen Clearing Houses managed by the Imperial Bank of India. It will be noticed that the increase in the amount of cheques passed through the Clearing Houses was proportionately greater than the increase in their number.

It is not possible to determine accurately the turnover of bank deposits in India but a comparison of the ratio of clearings to scheduled banks' liabilities furnishes an approximate and general idea of changes in the activity of bank deposits. The table below indicates that the main decline in the velocity of circulation of deposit currency had occurred by 1942-43, the ratio having declined from 15·3 for 1938-39 to 9·2 for 1942-43; since then, however, no appreciable change has occurred in the multiple of clearings to demand deposits.

Year	Average Demand Liabilities of Scheduled Banks*	Indices	Total Clearing House Returns*	Indices	*Number of times 4 to 2*
(1)	(2)	(3)	(4)†	(5)	(6)
1938–39	123·8	100	1,893	100	*15.3*
1939–40	132·6	107	2,221	117	*16.7*
1940–41	155·8	126	2,030	107	*13.0*
1941–42	200·1	162	2,575	136	*12.9*
1942–43	306·3	247	2,816	149	*9.2*
1943–44	456·6	369	4,281	226	*9.4*
1944–45	584·8	472	5,279	279	*9.0*
1945–46	654·5	496	6,120	323	*9.3*

* In crores of rupees. † Excluding Rangoon and "other centres" (*vide* Statement XXX).

65. *Internal Remittances.*—Statement XXXII(A) shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to Centres. Statement XXXII(B) gives transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on its own account. Statement XXXII(C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and Government in the remittances by (1) telegraphic transfers, and (2) drafts and mail transfers effected through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies together, for each of the half years ended September 1944, March 1945 and September 1945.

(A) The continued increase in the telegraphic transfers issued which began in 1940-41 when they stood at Rs. 277·74 crores was maintained during the year under review. Telegraphic transfers issued and paid at the offices of the Reserve Bank of India during 1945-46 stood at Rs.1,094·87 crores and Rs.1,025·34 crores respectively as against Rs.987·29 crores and Rs.925·91 crores in the previous year registering an increase of 10·9 per cent and 10·7 per cent. (B) The total remittances through the Imperial Bank of India increased by 8·3 per cent. largely due to a rise in the remittances within the Bombay circle, though there has been a fall in the remittances from and to the Bengal Circle as well as within the Bengal circle itself. (C) The total remittances through the Reserve Bank of India, the Imperial Bank of India and the Treasury agencies during the half year ended the 30th September 1945 on account of the general public continued to decline as in the previous year, while those on account of co-operative banks and societies showed an increase as compared with the two previous half years. Remittances on account of Government continued to increase. The aggregate number of transactions showed a decline. The amount of remittances by telegraphic transfers during the half year ended the 30th September 1945 showed an increase as compared with the two previous half years, while the amount of remittances by drafts and mail transfers was lower than during the latter half of 1944-45 but was higher than during the corresponding period of the previous year. The total amount of remittances during the first half of 1945-46 stood higher at Rs.675·77 crores as compared with Rs.660·00 crores during the previous half year and Rs.607·89 crores during the corresponding period of 1944-45. Of the total remittances during the first half of 1945-46, the percentage shares of the scheduled banks, general public, Government and co-operative banks and societies were 60·9, 15·5 , 7·9 and 2·5 respectively.

The new scheme of remittance facilities is being availed of by the scheduled banks and co-operative banks to a larger extent than by the public. The increase in the issue of intra-provincial Government drafts is due partly to compulsory levy and purchase of food grains.

66. *Encashment of Foreign Circle Notes.* Statement XXXIII shows the encashment of foreign circle notes in 1944-45. The total encashments during the year were higher at Rs. 53·30 crores as against Rs. 38·24 crores in 1944-45. As was observed in the earlier Reports the increase was due to a larger volume of commercial transactions effected on a cash basis and the large scale purchases by army contractors and transfers of funds from one centre to another by military field cashiers.

67. *Reserve Bank of India: Banking Department.*—Statement XXXVI shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year along with their annual averages from 1935-36 to 1945-46. Statement XXXIV gives weekly (Friday) figures for 1945-46.

The average deposits of the banks with the Reserve Bank of India in 1945-46 remained almost unchanged at Rs. 90·22 crores as compared with Rs.90·57 crores in 1944-45. The minimum and maximum deposits during the year stood higher at Rs.67·5 crores on the 21st December 1945 and Rs.115·10 crores on the 1st February 1946 respectively as against Rs.51·26 crores on the 7th April 1944 and Rs.113·10 crores on the 3rd November 1944. The balances which amounted to Rs.85·46 crores on the 30th March 1945 rose with occasional fluctuations to Rs.114·87 crores on the 14th September 1945. Since then they declined except during a few of the weeks and stood at Rs.72·98 crores on the 18th January 1946. After the issue of the High Denomination Bank Notes (Demonetisation) Ordinance on the 12th January 1946, the balances swiftly rose to Rs.115·10 crores on the 1st February 1946; but subsequently on account of seasonal demand and tax payments, they declined to Rs.73·95 crores on the 22nd March 1946, and again rose to Rs.76·90 crores by the close of the year.

The deposits of the Central and other Governments with the Reserve Bank of India were considerably higher on an average during the year at Rs. 407·61 crores as against Rs.179·50 crores in 1944-45, and reached the record figure of Rs.556·91 crores on the 29th March 1946. The highest and lowest balances of the Central Government during the year were Rs.530·91 crores on the 22nd February 1946 and Rs.251·42 crores on the 8th June 1945. The reasons for this remarkable increase are indicated in paragraph 43 on Government balances.

On the assets side, the average cash balances rose from Rs.11·19 crores last year to Rs.16·72 crores. The average balances held abroad, including cash and short-term investments in sterling securities, showed a very steep rise from Rs.277·28 crores to Rs.488·23 crores. The increase represented the excess of receipts of sterling from the Central Government over the transfers to the Issue Department as cover for the increases in note issue.

The average of loans and advances to Government declined further, from Rs.43 lakhs to Rs.22 lakhs, the highest amount under this head being Rs.2·19 crores on the 13th April 1945. The average investments of the Banking Department increased from Rs.13·13 crores to Rs.24·65 crores, being the highest since 1935. The average of other loans and advances, comprising advances to schedule banks and co-operative banks, rose from Rs.11 lakhs to Rs.12 lakhs during the year under review, the highest amount reached being Rs.2·30 crores on the 18th January 1946. The average of bills purchased and discounted showed a comparatively larger rise from Rs.1·46 crores in 1944-45 to Rs. 3·35 crores in 1945-46, the highest amount being Rs.8·98 crores on the 20th April 1945.

68. *Reserve Bank of India: Issue Department.*—Statement XXXVII shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935; Statement XXXV gives weekly (Friday) figures in respect of these for 1945-46, and Statement XXXVIII shows notes in circulation in India and Burma as on the last Friday of each month since April 1940.

Notes in circulation (excluding Burma notes) increased further by Rs.133·89 crores or by 12·34 per cent. from Rs.1,084·88 crores on the 30th March 1945 to Rs.1,218·77 crores on the 29th March 1946. The total notes issued stood at Rs.1,238·41 crores at the end of 1945-46 as compared with Rs.1,094·66 crores at the end of the previous year, showing an increase of 13·13 per cent. Thus the percentage of increase in the notes in circulation and the total notes issued during the year under review has perceptibly declined as compared to the increase in the preceding two years of 37·12 per cent. and 22·93 per cent. in the former year and 36·60 per cent. and 22·33 per cent. in the latter year respectively.

On the assets side gold coin and bullion remained unchanged at Rs.44·42 crores, their percentage to total notes issued further declining from 4·05 to 3·59. The valuation of the gold holding continued to be based on the statutory rate of Rs.21-3-10 per tola while the market rate for gold stood at Rs.97-12-0 on the 31st March 1946. As in the previous years the Bank's holdings of sterling securities increased continuously and stood at Rs.1,120·32 crores on the 29th March 1946 compared with Rs.978·32 crores on the 30th March 1945. The percentage of sterling securities to total notes issued rose to 90·46 at the end of the year from 89·37 at the end of the previous year; the percentage of gold and sterling securities together to total notes issued stood at 94·05 at the end of the year as compared with 93·43 at the end of 1944-45.

Rupee securities which stood at Rs.57·84 crores on the 30th March 1945 remained steady throughout the year 1945-46. The holding of rupee coin (including one rupee notes) fluctuated between Rs.10·15 crores on the 25th January 1946 and Rs.18·32 crores on the 6th April 1945 and stood at Rs.15·83 crores at the end of March 1946.

The graphs on pages 101 and 102 illustrate the relative movements in the various components of the assets of the Issue Department and the liabilities of the Banking Department of the Reserve Bank of India; the liabilities of the Issue Department are entirely made up of notes issued and the assets of the Banking Department are largely composed of (sterling) balances held abroad; a graph of combined assets and liabilities of the Bank is also given on page 103 and shows the Bank's over-all position. The figures below bring out the direction and extent of changes in the principal items of liabilities and assets of the Bank on the combined basis.

TABLE 36.—WARTIME CHANGES IN CERTAIN ITEMS OF ASSETS AND LIABILITIES OF THE RESERVE BANK OF INDIA.

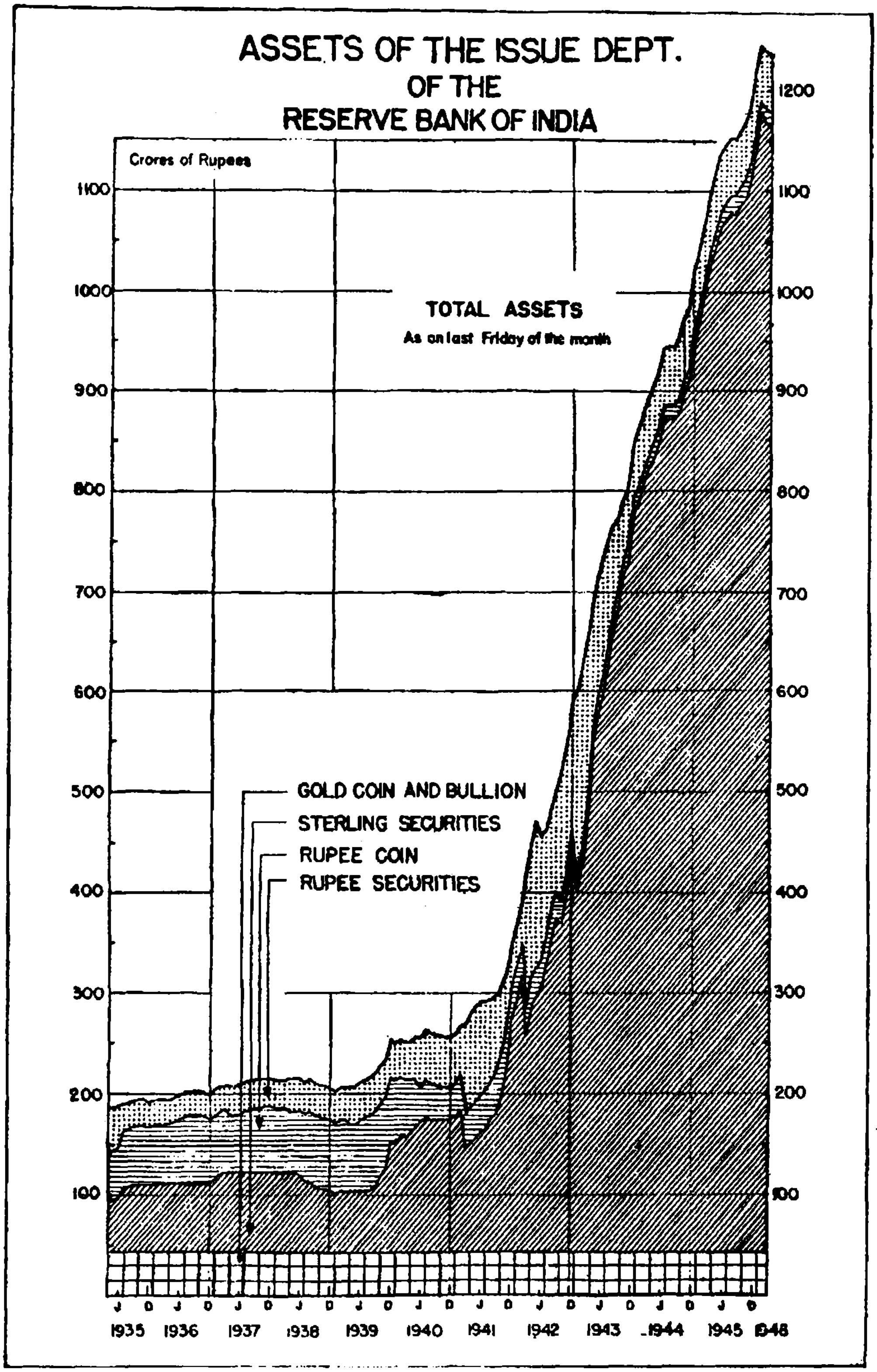
(In crores of rupees)

	End of month : change over previous date						
	March 1940*	March 1941	March 1942	March 1943	March 1944	March 1945	March 1946
Note Circulation :							
Increase over previous date ..	+ 60	+ 19	+ 152	+ 234	+ 239	+ 202	+ 134
Progressive increase	..	+ 79	+ 231	+ 465	+ 704	+ 906	+ 1,040
Deposits :							
Increase over previous date ..	— 2	+ 23	..	+ 24	+ 79	+ 226	+ 251
Progressive increase	..	+ 21	+ 21	+ 45	+ 124	+ 350	+ 601
Total Sterling Assets :							
Increase over previous date ..	+ 75	+ 3	+ 104	+ 261	+ 437	+ 417	+ 361
Progressive increase	..	+ 77	+ 182	+ 443	+ 880	+1,297	+ 1,658
Total Rupee Coin :							
Increase over previous date ..	— 20	— 21	— 7	— 13	— 2	+ 2	+ 2
Progressive increase	..	— 41	— 48	— 61	— 63	— 61	— 59
Total Rupees Securities :							
Increase over previous date ..	+ 2	+ 49	+ 53	+ 32	— 113	+ 9	+ 12
Progressive increase	..	+ 51	+ 104	+ 136	+ 23	+ 32	+ 44

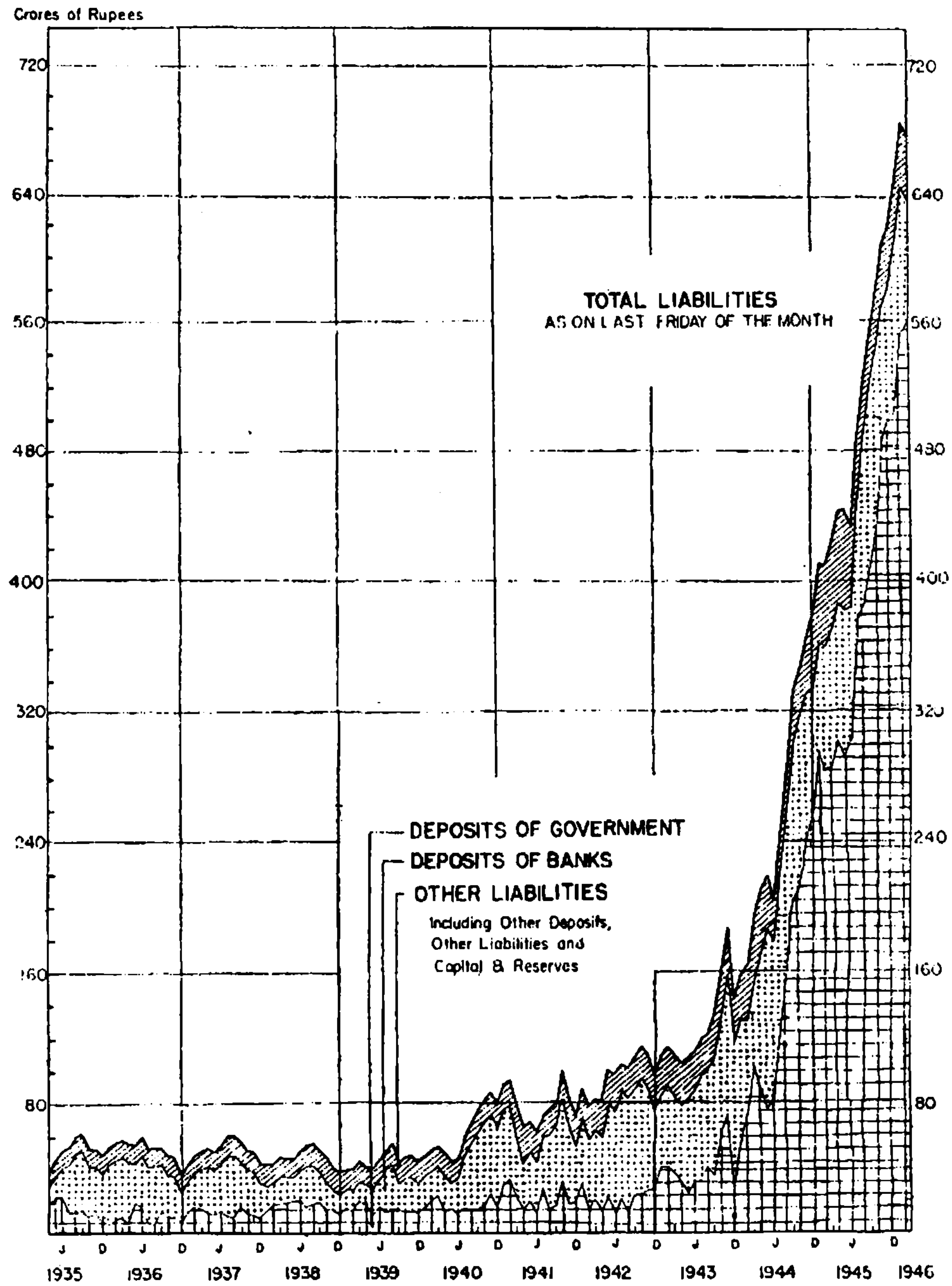
* Change over August 1939.

The above table shows that up to the end of 1941-42, the addition to the note circulation was greater than the net accumulation of sterling assets, and was partly backed by additions to rupee securities rendered necessary by the utilisation of considerable amount of sterling in debt repatriation. During 1942-43 the accumulation of sterling assets began to outpace the progressive net increase in note circulation while the amount of rupee securities held also continued to increase. By the end of 1942-43, the progressive addition to the note circulation (since the beginning of war) corresponded more or less with the net accretion of sterling. During the last three years, however, the additions to the note circulation are considerably less than the net additions to sterling assets and there has been appreciable replenishment of the (cash) balances of the Government and the banks with the Reserve Bank. It may, however, be noted that the annual net additions to note circulation and sterling assets in the last three years have progressively declined, while (cash) balances of the Government and the banks with the Reserve Bank have progressively increased.

The Rangoon office of the Reserve Bank of India which remained closed during the period of enemy occupation, reopened for business on the 20th August 1945, and took over the functions of the British Military Administration Treasury temporarily established after the liberation of Burma. Business was, however, limited to receipts and payments on account of the B.M.A. But as ordinary banking facilities were not then available to the public, at the request of the B.M.A. the Bank undertook to accept deposits from the public bearing interest which was debitable to the account of the B.M.A. After the reopening of the scheduled banks in Rangoon, however, this facility was discontinued as from the 1st February 1946.

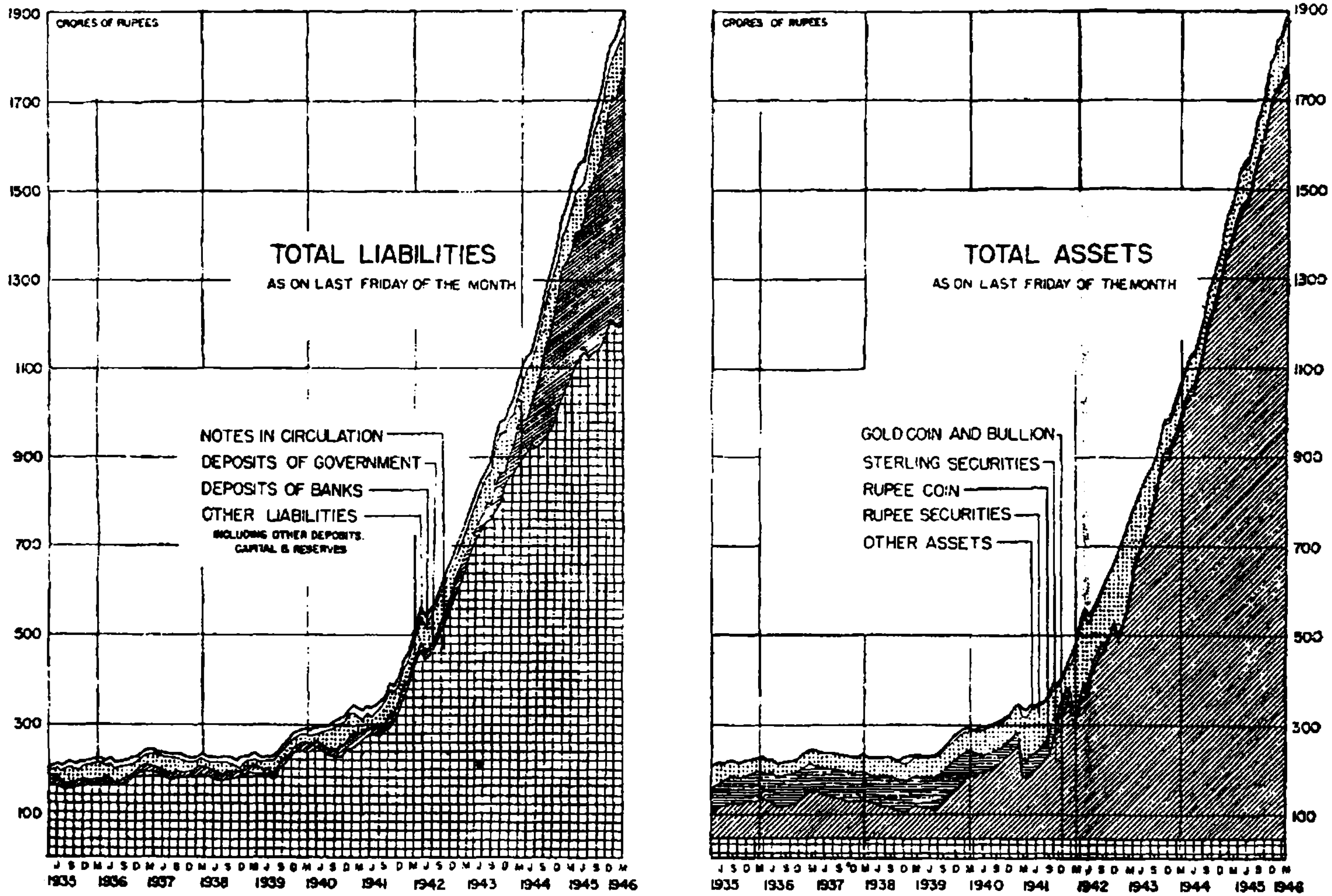

ASSETS OF THE ISSUE DEPT.
OF THE
RESERVE BANK OF INDIA
Crores of Rupees
TOTAL ASSETS
As on last Friday of the month
GOLD COIN AND BULLION
STERLING SECURITIES
RUPEE COIN
RUPEE SECURITIES
1100
1000
900
800
700
600
500
400
300
200
100
1200
J O J O J O J O J O J O J O J O J O J O J O J
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

LIABILITIES OF THE BANKING DEPT.
OF THE
RESERVE BANK OF INDIA



LIABILITIES AND ASSETS OF THE RESERVE BANK OF INDIA

ISSUE AND BANKING DEPTS. COMBINED



69. *Banking Legislation*.—The Banking Companies Bill, 1945, which was introduced in the Legislative Assembly on the 16th November 1944 and which was to have been referred to a Select Committee lapsed when the Assembly was dissolved last year. The Bill was, therefore, reintroduced by the Finance Member in the newly elected Assembly on the 15th March 1946 and a motion for the reference of the Bill to a Select Committee of the Legislative Assembly was adopted by the Assembly on the 11th April 1946. The main features of the Bill are as follows.

(*i*) A simple definition of banking with the object of limiting the scope of the legislation to institutions in which funds are deposited, primarily to ensure their safety and ready withdrawability;

(*ii*) Fixing of minimum capital standards;

(*iii*) Prohibition of trading with a view to eliminating non-banking risks;

(*iv*) Inclusion in the scope of the legislation of banks incorporated or registered outside British India;

(*v*) Introduction of a comprehensive system of licensing banks;

(*vi*) Provision of an expeditious procedure for liquidation;

(*vii*) Inspection of the books and accounts of a bank by the Reserve Bank when necessary;

(*viii*) Empowering the Central Government to take action against banks conducting their affairs in a manner detrimental to the interests of the depositors; and

(*ix*) Prescription of a special form of balance sheet and conferring of powers on the Reserve Bank to call for periodical returns.

The Bill as introduced now has been revised in certain respects in the light of opinions expressed by the public so as to give the Reserve Bank of India a greater control over banks, in such matters as calling for statistical returns and information from banks, and their admission to or exclusion from the Schedule. Other modifications relate to the exemption of scheduled banks in existence on the 1st January 1946, from being compelled to use either of the words 'Bank', 'Banker', or 'Banking' in their name. So also the provisions relating to the disposal of non-banking assets have been liberalised. Clause 18 relating to the licensing of banks has been also redrafted so as to be applicable to all banks with the exception that scheduled banks other than those whose country of origin discriminates in any way against British Indian banks are exempted from compliance with it. Non-scheduled banks and the foreign banks excepted above must, however, comply with the requirements of the proposed legislation and obtain a licence within a period of 5 years.

Pending enactment of the Banking Companies Bill by the Legislative Assembly, the Central Government issued an Ordinance on the 15th January, namely the Banking Companies (Inspection) Ordinance, 1946, empowering Government to direct the Reserve Bank to inspect the affairs of any banking company. The Ordinance *inter alia* empowers Government to take corrective action, if after perusing the Reserve Bank's report of inspection, Government consider that the affairs of a banking company are conducted to the detriment of its depositors. Government may, wherever necessary, prohibit the banking company concerned from receiving fresh deposits, or refuse its inclusion as a scheduled bank, or direct its exclusion from the schedule if it was already so included.

VII. CURRENCY

A. CIRCULATION AND ABSORPTION

70. *Circulation and Absorption of Notes.*—Statement XXXIX shows the year-end figures and annual averages of the total notes issued, and in circulation (excluding Government of India one rupee notes issued in 1940) since the quinquennium ended 1913-14, together with the percentage annual rise or fall in the circulation. India notes and Burma notes are shown separately for the years 1937-38 to 1941-42. The figures for 1942-43 and later years relate to India notes only, as from June 1942, the Bank was relieved of its liabilities in regard to Burma notes. The decline in the relative as well as the absolute expansion of note circulation, which began with the year 1943-44, was maintained during the year under review. Notes in circulation registered an increase of Rs.133·89 crores, to Rs.1,218·77 crores at the end of 1945-46 as against Rs.202·39 crores in 1944-45, Rs.238·91 crores in 1943-44, and Rs.261·85 crores in 1942-43. The annual rate of expansion declined to 12 per cent. in 1945-46 from 23 per cent. in 1944-45, 37 per cent. in 1943-44 and 69 per cent. in 1942-43, the last being the highest recorded annual rate of increase. The average circulation for the year, having increased by 20 per cent., worked out at Rs.1,162·64 crores, as against Rs.968·69 crores during 1944-45.

There was a net absorption of notes during all the months of 1945-46 except in July 1945, when there was a net return of Rs.8·24 crores, and again in January and February 1946, when there were returns of Rs.11·20 crores, and Rs.3·79 crores respectively. In 1944-45, a net return (of Rs.9·41 crores) was recorded only in July 1944, this being for the first time since July 1941. The average monthly absorption during 1945-46 declined to Rs.11·16 crores from Rs.16·87 crores during 1944-45; it stood at Rs.21·82 crores in 1942-43, the peak year of absorption. As usual the maximum absorption occurred in December at Rs.34·52 crores, as against Rs.36·51 crores in December 1944, Rs.46·43 crores in December 1943, and Rs.30 crores in December 1942. During the first half of the year the increase in note circulation averaged at Rs.9·49 crores per month as against Rs.9·79 crores for the corresponding period of 1944-45. During the second half of the year, or the busy season, the monthly average rate of increase rose to Rs.12·82 crores. The rise was not so pronounced as that of last year when the monthly average rate rose to Rs.23·94 crores in the second half of the year. The fall in the rate of expansion, to a considerable extent due to the continuation of the vigorous loan policy of the Government, was substantially accentuated, particularly in the second half of the year, by a fall in the Defence expenditure of the Government of India as well as that on behalf of the Allied Governments, and also by a change during the year in India's international balance of payments through larger merchandise imports.

71. *Absorption of Rupees.*—The fall in the demand for rupee coin which has been in evidence since 1943-44 was arrested during the year under report. The absorption stood at Rs.18·35 crores, compared with Rs.10·05 crores in 1944-45, Rs.25·60 crores in 1943-44 and the record figure of Rs.44·93 crores in 1942-43. There was a return of rupee coin during April, July, August and September 1945, totalling Rs.4·91 crores compared with a return of Rs.3·69 crores during July, August and November 1944. The increase in circulation during the first nine months of the year was relatively small and amounted to Rs.2·40 crores as against Rs. 4·36 crores during the corresponding period of the previous year. The last quarter, however, witnessed a marked rise in the absorption with a monthly average of

Rs.5·32 crores which was over twenty times the absorption during the rest of the year, and compared with Rs.1·90 crores and Rs.2·36 crores during the corresponding periods of 1944-45 and 1943-44 respectively.

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

During the year the Bank received from the Government of India, one rupee notes and coin, on four occasions to the extent of Rs.20 crores in all, under Section 36 of the Reserve Bank of India Act as amended in July 1940, against credits to Central Government, and against value in Bank notes.

72. *Absorption of Small Coin.*—Statement XL shows the annual absorption of small coin by denominations for each of the years 1919-20 to 1945-46 and average annual absorption for the two preceding quinquenniums. Unlike rupee coin, the demand for small coin showed a steep fall during the year under review, the decline in absorption being more marked than in the case of notes. The absorption during the year stood at Rs.9·98 crores compared with the record figure of Rs.19·20 crores in 1944-45, Rs.18·46 crores in 1943-44, Rs.11·64 crores in 1942-43. As during 1944-45, the absorption during the second half of the year (which generally coincides with the busy season) was smaller at Rs.3·03 crores as against Rs.6·95 crores in the first half; this indicates the continuance of the decline in the rate of absorption noticed last year. The monthly absorption ranged between Rs.1·63 crores in May 1945 and Rs.33 lakhs in December 1945. The following table shows the absorption of small coin by denominations during the war.

TABLE 31.—WARTIME ABSORPTION OF SMALL COIN BY DENOMINATIONS.*

(In lakhs of rupees)

Denominations	September to August						September 1939 to August 1945
	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	
I. SILVER							
8 annas	1,43	1,34	2,20	4,63	6,07	4,78	**20,45**
4 „	89	91	1,98	3,66	5,95	4,83	**18,22**
Total Silver Coin ..	2,32	2,25	4,18	8,29	12,02	9,61	**38,67**
II. NICKEL							
4 annas	14	..	— 8	— 5	— 1	— 2	**— 2**
2 „	88	69	1,28	2,87	3,42	2,61	**11,75**
1 anna	87	76	1,31	2,49	3,59	2,84	**11,86**
½ „	..	..	17	83	1,39	1,02	**3,41**
Total Nickel Coin ..	1,89	1,45	2,68	6,14	8,39	6,45	**27,00**
III. COPPER							
Pice	27	24	24	14	40	56	**1,85**
Half Pice	1	1	1	..	..	..	**3**
Pie Pieces	1	1	1	1	..	..	**4**
Total Copper Coin ..	29	26	26	15	40	56	**1,92**
IV. Total Small Coins ..	**4,50**	**3,96**	**7,12**	**14,58**	**20,81**	**16,62**	**67,59**

* Excluding Burma since February 1942.

With the exception of the pice pieces, whose absorption increased slightly from Rs.40 lakhs to Rs.56 lakhs, the absorption of all denominations of small coin showed a considerable decline during the last war year, as compared with the previous war year. Of the net issues of small coin between September 1939 and August 1945, silver accounted for 57·2 per cent., nickel for 40·0 per cent. and copper for 2·8 per cent.

The increase in circulation of small coin in the different circles during the last three years are shown in the table below.

TABLE 32.—ABSORPTION OF SMALL COIN BY CIRCLES.

(In thousands of rupees)

Circle	1943-44	1944-45	*Percentage increase* (+) *decrease* (—) *over* 1943-44	1945-46	*Percentage increase* (+) *or decrease* (—) *over* 1944-45
Bombay	5,82,85	4,67,75	*—19·7*	2,03,19	*—56·6*
Calcutta	6,43,36	7,60,81	*+18·3*	5,44,03	*—28·5*
Cawnpore	2,50,27	3,06,94	*+22·6*	1,12,49	*—63·4*
Karachi	33,94	26,71	*—21·3*	6,37	*—76·2*
Lahore	1,37,13	1,69,24	*+23·4*	23,23	*—86·3*
Madras	1,98,71	1,88,93	*—4·9*	1,08,52	*—42·6*
Total ..	**18,46,26**	**19,20,38**	**+4·0**	**9,97,83**	**—48·0**

The decline in the absorption of small coin as compared with the previous year was shared more or less by all the circles; the decline was maximum at 86·3 per cent. in the case of Lahore followed by Karachi and Cawnpore; Calcutta showed the smallest decrease at 28·5 per cent. Of the total absorption of Rs.9·98 crores of small coin, Bombay and Calcutta accounted for Rs.7·47 crores or 74·8 per cent., the share of Calcutta as in the previous year being the largest at 54·5 per cent.

73. *Total Absorption of Currency.*—Statement XLI gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XLII gives similar figures on a monthly basis for 1945-46 and 1944-45. The total absorption of currency including small coin during the year was lower at Rs.162·22 crores as against Rs.231·64 crores in 1944-45, Rs.282·97 crores in 1943-44 and the record figure of Rs.318·42 crores in 1942-43 and compares with the aggregate total absorption of Rs.199·10 crores during the whole of the last war period between 1914-15 and 1918-19. The following table gives the war time absorption of currency since September 1939.

TABLE 33.—WAR TIME ABSORPTION OF CURRENCY.

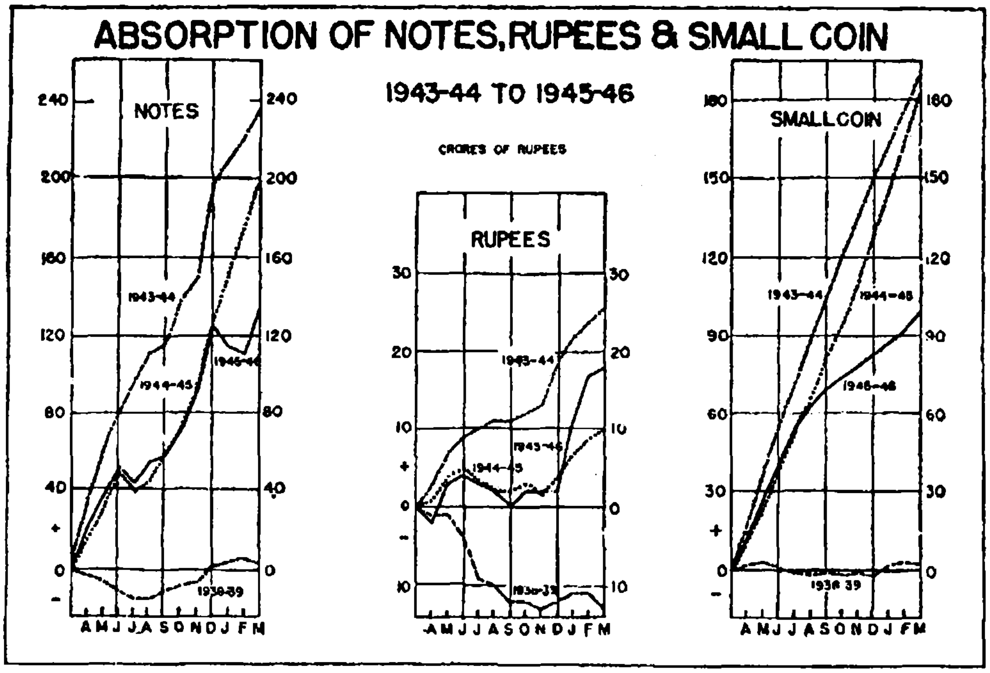
(In lakhs of rupees)

	Notes*	Rupee Coin*	Small Coin†	Total
September 1939 to August 1940 ..	52,60	52,82	4,50	**1,09,92**
,, 1940 ,, 1941 ..	45,10	—3,84	3,96	**45,22**
,, 1941 ,, 1942 ..	226,00	11,74	7,12	**2,44,86**
,, 1942 ,, 1943 ..	280,38	54,95	14,58	**3,49,91**
,, 1943 ,, 1944 ..	172,37	16,43	20,81	**2,09,61**
,, 1944 ,, 1945 ..	212,44	10,06	16,62	**2,39,12**
Total ..	**988,89**	**142,16**	**67,59**	**11,98,64**

* Excluding Burma since April 1942. † Excluding Burma since February 1942.

Of the total war time absorption of legal tender currency of Rs.1,198·64 crores, notes accounted for Rs.988·89 crores or 82·5 per cent., rupee coin for Rs.142·16 crores or 11·9 per cent. and small coin for Rs. 67·59 crores or 5·6 per cent.

The accompanying two graphs bring out the trends in the war time absorption of currency referred to above. The graph below shows absorption during the years 1943-44 to 1945-46 separately for (*i*) notes, (*ii*) rupees, and (*iii*) small coin. The linear diagram in the second graph at page 109 shows the progressive absorption of notes, rupees and small coin since the beginning of the war, while the bar diagram depicts the absorption month by month, for the entire period of the war, of notes, rupees and small coin separately.



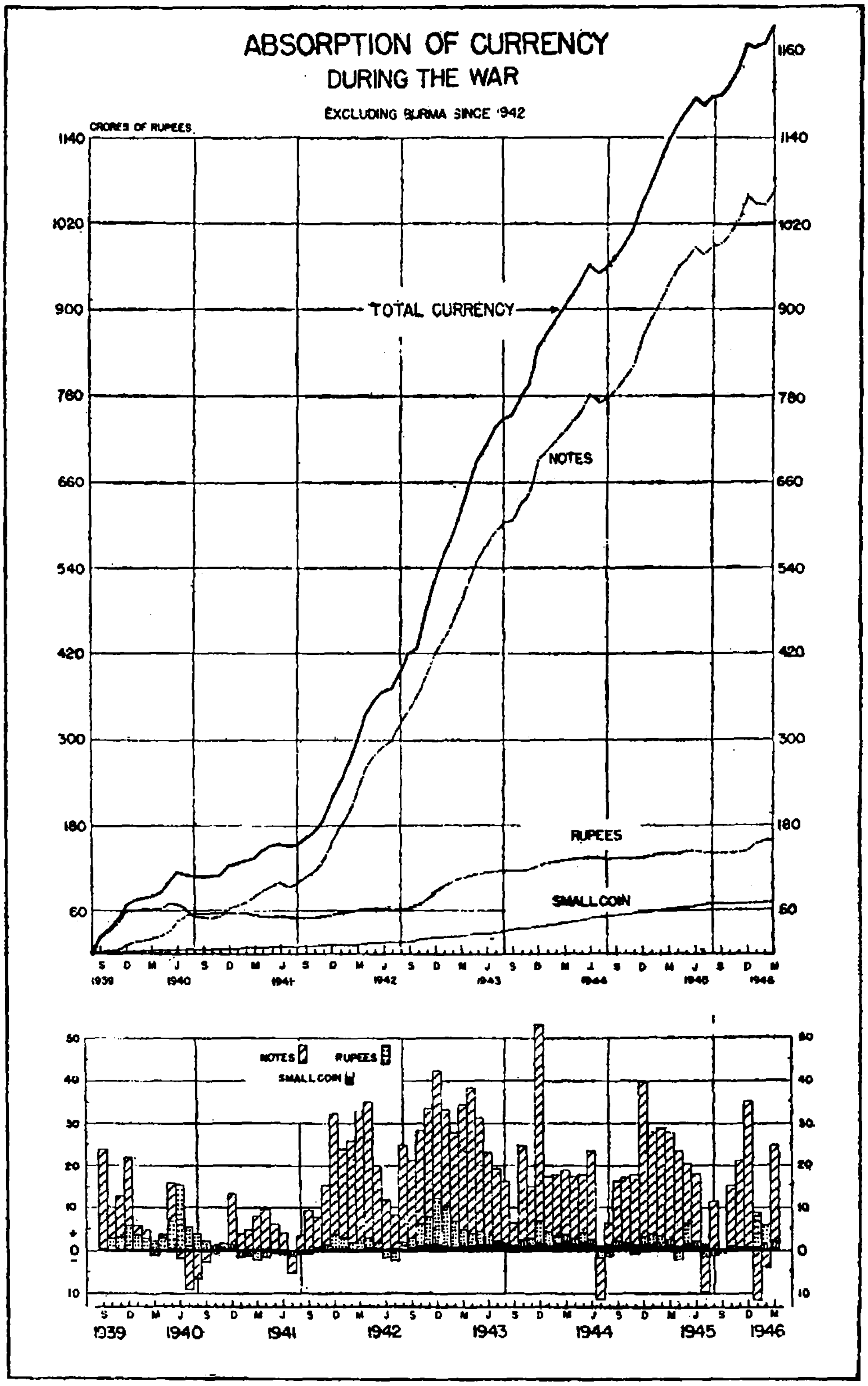
74. *Seasonal Movements of Currency.*—The normal seasonal variations in the absorption of currency reflect the incidence of the busy and the slack seasons. This seasonal ebb and flow of currency has, however, been appreciably smoothened out and occasionally overborne by the steady demand for additional currency arising from the sustained level of the Governmental expenditure connected with the war and the tempo of economic activity arising therefrom. The table below shows the seasonal fluctuations in the demand for currency from 1939-40, the period September to February being regarded as the busy season and March to August as the slack season.

TABLE 34.—SEASONAL DEMAND FOR CURRENCY.

(In lakhs of rupees)

	Slack Season (March to August)			Busy Season (September to February)		
	Notes	Rupee Coin	Total	Notes	Rupee Coin	Total
1939–40	—12,32	—10,74	—23,06	60,66	17,21	77,87
1940–41	—8,06	35,52	27,46	17,99	2,32	20,31
1941–42	27,11	—6,08	21,03	103,09	8,99	112,08
1942–43*	122,91	2,73	125,64	140,10	40,04	180,14
1943–44*	140,28	14,91	155,19	112,86	12,79	125,65
1944–45*	59,51	3,64	63,15	132,33	7,35	139,68
1945–46*	80,11	2,71	82,82	56,45	15,28	71,73

* Excluding Burma figures from April 1942.


ABSORPTION OF CURRENCY
DURING THE WAR
EXCLUDING BURMA SINCE 1942
CRORES OF RUPEES
TOTAL CURRENCY
NOTES
RUPEES
SMALL COIN
1939
1940
1941
1942
1943
1944
1945
1946
NOTES
RUPEES
SMALL COIN

It may be observed that while from 1940-41 onwards there has been an absorption of currency both during the slack and the busy seasons, the demand for currency during the slack seasons of 1940-41, 1943-44 and 1945-46 exceeded the busy season absorption during these years. The panicky demand for silver rupee coin in the summer of 1940-41 partly accounted for the larger absorption in the slack season during that year ; the cumulative effect of the various stabilisation measures explained the relatively smaller absorption in the busy season of 1943-44, while the gradual falling off in the war time demand for currency mainly accounts for a similar phenomenon during the year under review.

75. *Note Circulation and Demand Deposits.*—The following table gives comparative figures of the expansion in note circulation and the changes in scheduled banks' demand deposits since the beginning of the war, on a half yearly basis.

TABLE 35.—CHANGES IN NOTE CIRCULATION AND DEMAND DEPOSITS OF SCHEDULED BANKS.

(In crores of rupees)

	1941-42		1942-43		1943-44		1944-45		1945-46	
	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March
1. Note circulation at the end of period	270	388	498	651	764	882	941	1,085	1,142	1,219
2. Increase during the period	29	118	110	153	113	118	59	144	57	77
3. *Percentage increase*	*12*	*44*	*28*	*31*	*17*	*15*	*7*	*15*	*5*	*7*
4. Demand Deposits at the end of period	209	227	318	370	460	524	588	597	645	701
5. Increase during the period	37	18	91	52	90	64	64	9	48	56
6. *Percentage increase*	*23*	*9*	*40*	*16*	*24*	*14*	*12*	*2*	*8*	*9*

Under normal conditions opposite trends were witnessed in the movements in the volume of currency circulation and of demand deposits in the busy and slack seasons, note circulation tending to rise and demand deposits to contract in the busy season and *vice versa* in the slack season. During the war both deposits and currency circulation have continued to expand, the incidence of the seasons being reflected in their varying rates of expansion : during the first half of the year, corresponding generally to the slack season in trade, there has been usually a greater relative increase in demand deposits than in notes issued, while a larger comparative expansion in note circulation than in deposits has occurred in the second half of the year which corresponds to the busy season. These trends have been observed to be in evidence throughout, except in the second half of 1943-44 when the rate of expansion in note circulation was smaller than that in the first half, and again in the second half of 1945-46 when the absolute as well as the percentage increase in demand deposits was higher than in the first half.

It may be noted that the period of the highest rate of expansion in note circulation was between October 1941 and September 1942, while the period of the highest absolute increase was between October 1942 and September 1943. There was a sharp drop in the rate of increase in the note circulation in the period following April 1944, largely due to the anti-inflationary policy of the Government of India, consisting of vigorous loan and taxation programmes, and official sales of bullion. The further reduction in the rate of increase in 1945-46 was due to conditions brought about by the end of the war. The period of the highest rate of expansion in demand deposits was between April 1942 and March 1943, while between April 1943 and March 1944 there was the highest absolute increase. From April 1944 there was a sharp drop in the rate of expansion of demand deposits until September 1945, but it was sustained again at higher levels in the period between October 1945 and March 1946. Compared with deposits, notes in circulation moved up at a faster rate up to the end of 1942-43 ; in the subsequent period 1943-44 to 1945-46, the rise in both has been more or less of the same order, *viz.* 87 per cent. in note circulation and 89 per cent. in deposits. During the year under review deposits increased by 17 per cent. as against an increase of only 12 per cent. in note circulation.

76. *Total "Money Supply" in India.*— Under this head is given a somewhat closer analysis of the trends during the course of the war, and during the year under review, in the total "money supply" in the country, and its main constituents, with a view to indicating the fundamental factors underlying the process of monetary expansion.

The table on page 112 shows the composition of the total money supply in the country since the beginning of the war at annual intervals upto September 1945, and on a monthly basis for the year 1945-46. Total "money supply" may be said to consist of (legal tender) currency in circulation, plus demand deposits of all banks including the Reserve Bank, minus total cash reserves of banks (including cash held by banks and their deposits with the Reserve Bank). Of this, currency in circulation plus demand deposits of banks (including the Reserve Bank), excluding Government deposits with the Reserve Bank and the total cash reserves of banks, may be said to represent the cash balances of the public. The Government deposits with the Reserve Bank may be said to constitute the cash balances of Government.

It may be noticed that the rate of increase in money supply after having reached its peak by September 1942, has been declining thereafter. Against this tendency, there has been a sharp rise in the rate of increase in the rupee debt of Government since then. Underlying the decline in the rate of increase in total money supply, there has been a greater deceleration in the rate of increase in the cash balances of the public, while the cash balances of Government have grown considerably.

As regards the sources of additions to money supply the total net accrual of sterling from the surplus balance of payments on private as well as on Government Account, *i.e.*, including the payments on account of the supply of goods and services to His Majesty's and Allied Governments in India against recoverable war expenditure, has been the largest part of what may be termed as the inflationary potential, while the budget deficit on revenue account and the defence expenditure on capital account are the other constituents. The additions to the internal rupee debt of the country acts largely as a deflationary influence (*viz.*, a factor tending to reduce the volume of money supply in the hands of the public) ; but this has been reflected partly in the high and rising level of government balances recently. The expansion of the public's cash balances measures the extent of monetary inflation. The progressive series of each of these factors, since April 1939, are given in the table on page 113.

The direct correlation between the net accrual of sterling and the increase in total money supply is readily apparent. During the first three years the net progressive amount of accrual of sterling is somewhat larger than the degree of increase in monetary circulation, and during the last four years it is somewhat

TABLE 36.—TOTAL MONEY SUPPLY IN INDIA.

(Rupees in crores)

	Aug. 1939	Sept. 1940	Sept. 1941	Sept. 1942	Sept. 1943	Sept. 1944	Sept. 1945	April 1945	May 1945	June 1945	July 1945	Aug. 1945	Sept. 1945	Oct. 1945	Nov. 1945	Dec. 1945	Jan. 1946	Feb. 1946	March 1946
1. Notes in Circulation	169	217	268	493	760	941	1,142	1,107	1,121	1,137	1,129	1,139	1,142	1,156	1,176	1,211	1,200	1,196	1,219
2. Demand deposits of Banks (scheduled & non-scheduled)* ..	141	163	213	324	473	610	672	633	649	659	653	671	672	685	700	700	730	732	728
3. Deposits with the Reserve Bank of India (excluding deposits of Burma Government)	41	60	65	91	117	311	528	410	409	399	470	500	528	552	579	591	617	652	643
4. Deposits of banks with the Reserve Bank	27	46	49	65	73	96	111	84	91	79	75	105	111	111	83	76	105	92	77
5. Cash held by banks (scheduled & non-scheduled)*	7	9	10	15	24	33	41	37	38	44	30	41	41	42	43	50	50	44	42
6. Total cash Reserves of Banks, scheduled and non-scheduled (4 + 5)*	34	55	59	80	97	129	152	121	129	123	114	146	152	153	126	126	155	136	119
7. Money Supply excluding rupee coin & small coin (1+2+3—6) ..	317	385	487	828	1,253	1,733	2,190	2,029	2,050	2,072	2,138	2,164	2,190	2,240	2,329	2,376	2,392	2,444	2,471
8. Index of Money Supply excluding rupee coin & small coin	100	121	154	261	395	547	691	640	647	654	674	683	691	707	735	750	755	771	779
9. Increase in Money Supply excluding rupee coin & small coin	..	+ 68	+102	+341	+425	+480	+457	..	+ 21	+ 22	+ 66	+ 26	+ 26	+ 50	+ 89	+ 47	+ 16	+ 52	+ 27
10. *Percentage rate of increase*	..	*21·5*	*26·5*	*70·0*	*51·3*	*38·3*	*26·4*	..	*1·0*	*1·1*	*3·2*	*1·2*	*1·2*	*2·3*	*4·0*	*2·0*	*0·7*	*2·2*	*1·1*
11. Increase in Circulation of rupee coin	..	+ 55	— 7	+ 14	+ 53	+ 17	+ 9	..	+ 5	+ 1	— 1	— 1	—0·7	+0·6	+0·5	+0·4	+ 9	+ 6	+ 1
12. Increase in Circulation of small coin	..	+ 5	+ 4	+ 8	+ 15	+ 21	+ 16	..	+ 2	+ 1	+ 1	+0·9	+0·6	+0·5	+ 0·4	+0·3	+0·5	+0·6	+0·7
13. Increase in Total Money Supply (9+11+12)	..	+128	+ 99	+363	+493	+518	+482	..	+ 28	+ 24	+ 66	+25·9	+25·9	+51·1	+89·9	+47·7	+25·5	+58·6	+28·7
14. Circulation of rupee coin	..	..	..	..	124 †	+140	148	146	150	151	150	149	148	149	149	150	158	164	166
15. Total Money Supply (excluding small coin) (7+14)	..	..	..	..	1,377	1,873	2,338	2,175	2,200	2,223	2,288	2,313	2,338	2,389	2,478	2,526	2,550	2,608	2,637

Columns 1-7, 14 & 15: Figures as on last Friday. * For some periods figures relating to non-scheduled banks are estimates. † As at the end of October 1943.

smaller. During the last four years the figure for Budget deficit and the Defence Capital expenditure has grown considerably, although for the last two years it has been declining slightly, and this provides another element to the inflationary potential. But the simultaneous large increase in the rupee debt of the Central Government has partly neutralised the inflationary impact of the Budget deficit on the public's cash balances, though, in the process, government's cash balances have appreciably increased. Some part of the increase in bank deposits (and therefore in total money supply) must be assigned to secondary expansion as reflected in the appreciable rise in bank advances since the last quarter of 1942 (*vide* para 62), but for the greater part the increase is primary in character, and derives from the same factors as the increase in the currency circulation.

TABLE 37.—GENERAL ANALYSIS OF SOURCES OF MONEY SUPPLY.

(In crores of rupees)

		1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
(1)	Total net accrual of sterling to end of period since the beginning of war	100	187	435	819	1,260	1,680	2,026
(2)	Budget deficit including Defence Capital Expenditure, progressive* ..	..	7	19	184	411	635	795
(3)	**Total of (1) and (2)** ..	**100**	**194**	**454**	**1,003**	**1,671**	**2,315**	**2,821**
(4)	Increase in note circulation, rupee coin and small coin circulation, and in total deposits of scheduled banks, progressive	82	163	379	870	1,350	1,706	2,048
(5)	Increase in deposits with the Reserve Bank, progressive† (of which addition to Central Government balances, progressive)	9 (4)	46 (11)	34 (19)	58 (13)	112 (50)	346 (255)	596 (503)
(6)	**Total of (4) and (5)** ..	**91**	**209**	**413**	**928**	**1,462**	**2,052**	**2,644**
(7)	Increase in the Rupee debt of the Central Government since 31st March 1939, progressive.	18	152	231	497	623	860	1,200‡

* The actual figures of budget deficit are nil, 6.5, 12.7, 112.2, 189.8 and 161.1 and 145.0 crores respectively for the seven years from 1939-40 to 1945-46 (revised) and of defence capital expenditure 52.5, 37.5, 62.8 and 14.9 crores during the last four years. † Increase in the average of the last quarter of each year. ‡ Provisional.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

77. *Changes in the form of Notes.*—No alterations were made in respect of paper, size, colour, etc., of notes of various denominations (including the Government of India one rupee notes) issued during 1945-46.

78. *Encashment of Burma Notes.*—The stringent restrictions on the import of Burma notes into India and on their encashment detailed in previous years' reports were cancelled with effect from the 1st May 1945 following the re-occupation of Burma early in 1945. As from that date the exchange of Burma notes into Indian Currency at par is allowed at the following offices.

(*a*) Reserve Bank of India, Issue Department, Calcutta.

(b) Imperial Bank of India, Chittagong.
(c) The treasuries at Imphal and Aijal and the sub-treasuries at Margherita and Cox's Bazar.

For amounts upto Rs.500 exchange is allowed on production of a certificate signed by any Civil Affairs Service (Burma) Officer. For exchanging amounts in excess of Rs.500 a certificate is required to be produced from a Senior Civil Affairs Officer in Burma, the Political Officer at Margherita or the Government of Burma Representative at Calcutta. The above change in procedure resulted in a large increase in the encashment of Burma notes during the year under review, amounting to Rs.9,95,45,870 as against only Rs.9,33,305 during 1944-45 and an aggregate of Rs.16,78,03,585 since the 5th January 1942 when the offices of the Reserve Bank in India were first authorised to encash Burma notes. The outstanding Burma notes for the week ended the 12th June 1942 when liabilities in respect of these were transferred to the Government of India stood at Rs.28·69 crores.

79. *Circulation of Notes by Denominations.*—Statement XLIII shows the relative popularity of the different denominations of notes as at the end of December 1945. Expansion of paper currency during 1945 was accounted for in different degrees by notes of all denominations, excepting those of Rs.50 and Rs.500, issues of which further declined from Rs.30 lakhs and Rs.32 lakhs to Rs.25 lakhs and Rs.26 lakhs respectively. A relatively greater absorption of higher denomination notes has been noticed during the war. Notes of the denomination of Rs.100 rose from 38 per cent. of the total notes issued at the end of 1944 to the record figure of 41·2 per cent. during 1945, the highest percentage previously recorded being 40·5 in 1924. For the first time since 1914 notes of the denominational value of Rs.100 and above showed a greater proportionate circulation than lower denomination notes; their percentage circulation rose to 50·6, from 48·1 in December 1944 and 38·2 in December 1939, since when they have been showing a continual rise. The proportion of Rs.1,000 denomination, however, showed a small decline during 1944 and stood at 9·4 per cent. at the end of December 1945 compared with 10·1 per cent. a year before and 10·9 per cent. at the end of December 1943. Amongst the lower denomination notes, the proportion of Rs.2 denomination, introduced in February 1943 to relieve the strain on one rupee notes, increased further to 1·2 per cent. by the end of December 1945 from 1·0 per cent. a year before and 0·7 per cent. at the end of December 1943. The Rs.5 and Rs.10 notes continued to decline and stood at 12·8 per cent. and 35·3 per cent. respectively as against 14·8 per cent. and 36·1 per cent. at the end of 1944.

80. *Demonetisation of High Denomination Notes.*—With a view to discouraging black market operations, and tax evasions the Government of India promulgated two Ordinances on the 12th January 1946 *viz.*, the Bank Notes (Declaration of Holdings) Ordinance, 1946 and the High Denomination Bank Notes (Demonetisation) Ordinance, 1946. The first Ordinance required all banks and Government treasuries in British India to furnish to the Reserve Bank of India by 3 P.M. on the 12th January a statement of their holdings of bank notes of Rs.100, Rs.500, Rs.1,000 and Rs.10,000 separately as at the close of business on the 11th January 1946. In order to enable banks to prepare the statement, 12th January was declared a bank holiday under the Ordinance. The second Ordinance demonetised bank notes of the denomination of Rs.500 and above with effect from the expiry of the 12th day of January 1946. This Ordinance provided that a non-scheduled bank could exchange high denomination notes declared by it under the Bank Notes (Declaration of Holdings) Ordinance

at the Reserve Bank or a scheduled bank, for value in one hundred rupee notes or for credits with the Reserve Bank or a scheduled bank. Scheduled banks and Government treasuries could obtain from the Reserve Bank value in one hundred rupee notes or in deposits with the Reserve Bank in exchange for high denomination notes declared by them under the abovementioned Ordinance. Other holders of high denomination notes could get them exchanged at the Reserve Bank, a scheduled bank or a Government treasury on presentation of the high denomination notes and a declaration in the form prescribed in the schedule to the Ordinance, within 10 days of the commencement of the Ordinance. Under a Press Note issued subsequently by the Government of India on the 26th January 1946, Managers and Officers in charge of offices and branches of the Reserve Bank of India were authorised to allow exchange of high denomination notes, in any particular case, up to and inclusive of the 9th February 1946 on production of sufficient and valid reasons. Thereafter the Governor and the Deputy Governor of the Bank were authorised to allow exchanges up to and inclusive of the 26th April 1946. The power for the extension of the time limit beyond the 26th April 1946 was retained by the Government of India.

The High Denomination Bank Notes (Demonetisation) Ordinance extended to British India only, but under a notification issued by the Political Department, Government of India, on the 22nd January 1946 the provisions of the Ordinance were extended to the Administered Areas with suitable modifications. Many Indian States also issued parallel Ordinances demonetising high denomination notes in their respective States. States, which did not enact legislation corresponding to the High Denomination Bank Notes (Demonetisation) Ordinance, were required to exchange their holdings of demonetised notes before the 7th March 1946 in accordance with the procedure prescribed in this behalf under the High Denomination Bank Notes (Demonetisation) Rules, which were framed by the Government of India under Section 11 of the Demonetisation Ordinance and published in the Gazette of India on the 26th January 1946. These Rules also provided for the exchange of high denomination notes held in places outside India.

Although the bulk of the demonetised notes aggregating Rs.109,66,91,000 were exchanged before the 26th January 1946, applications for exchanges of high denomination notes continued to be received after that date, particularly from Indian States, where, owing to the late issue of the parallel ordinances, varying time limits were fixed for the exchange of such notes. The total value of high denomination notes exchanged up to the 31st March 1946 was Rs.123,36,52,500.

81. *Old Notes.*—Section 34 of the Reserve Bank of India Act provides that any currency note or bank note which has not been presented for payment within 40 years from its date of issue shall be deemed to be no longer in circulation. The value of currency notes written off under this section during 1945-46 amounted to Rs.1,40,150 compared with Rs.1,29,180 in the previous year. Notes amounting to Rs.6,710 which had been previously written off under this section were presented for payment and were paid by the Banking Department during the year. The following table gives the value of notes written off and refunded for the past three years.

	1943-44	1944-45	1945-46
Value of Notes written off at the end of the year ..	2,11,260	1,29,180	1,40,150
Value of Notes refunded during the year ..	900	8,840	6,710

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

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes ..	410	1,688	4,31,500	17,350*
Half notes	1,212	2,770	7,51,550	300,150
Mutilated notes	84,213	5,65,654	3,706,357	2,718,971½

* Represents amount paid during 1945-46 in respect of claims admitted in previous years.

83. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year showed a large increase and stood at the record figure of 23,792 compared with 12,675 in 1944-45 and 13,239 in 1943-44. The distribution of note forgeries according to denominations for the last three years is given below.

Year	Re. 1 Old Notes	Re. 1 Government of India Notes	Rs. 2	Rs. 2½	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1945-46	..	12,306	584	..	494	10,389	..	17	1	1
1944-45	..	4,820	2,599	..	352	4,894	1	9	..	..
1943-44	1	8,560	1,280	1	210	3,140	..	17	..	30

Of the total number, Government of India one rupee notes detected in Lahore aggregated 9,145 or 38·4 per cent. Forgeries of Rs.10 notes received in the Calcutta and Rangoon Offices numbered 5,367 and 2,947 respectively or 22·5 per cent. and 12·4 per cent. The number of forged notes of all denominations detected amounted to 9,892 in Lahore, 6,581 in Calcutta, 2,970 in Rangoon and 2,311 in Cawnpore. The following table gives certain particulars regarding prosecutions on account of forgeries for the past three years.

Year	Fresh prosecutions	Pending at the end of the previous year	Total trials	Discharges	Convictions	Pending
1945-46 ..	39	36	75	18	18	39
1944-45 ..	51	15	66	15	15	36
1943-44 ..	23	13	36	11	10	15

84. *Coinage.*—Statement XLIV gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. Rupee coin minted during 1945 amounted to Rs.22·59 crores against Rs.23·76 crores in 1944. The table on page 117 gives the total mintage of rupee coin and the various denominations of small coin during 1945-46 at the Bombay, Calcutta and Lahore mints.

TABLE 38.—MINTAGE OF RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint Rs.	a.	Calcutta Mint Rs.	a.	Lahore Mint Rs.	a.	Total Rs.	a.
Quaternary Rupees	8,94,94,000	0	....		7,79,00,000	0	**16,73,94,000**	**0**
" Half Rupees ..	1,09,11,000	0	....		3,02,44,500	0	**4,11,55,500**	**0**
" Quarter Rupees.	3,51,38,000	0	....		22,87,500	0	**3,74,25,500**	**0**
Nickel 2 annas	1,44,98,500	0	64,03,000	0	4,83,500	0	**2,13,85,000**	**0**
" 1 anna	40,48,750	0	1,40,67,500	0	2,55,000	0	**1,83,71,250**	**0**
" ½ anna	4,44,000	0	30,58,250	0	5,000	0	**35,07,250**	**0**
Single Pice	19,43,700	0	18,25,530	13½	13,73,800	0	**51,43,030**	**13½**
Total ..	**15,64,77,950**	**0**	**2,53,54,280**	**13½**	**11,25,49,300**	**0**	**29,43,81,530**	**13½**

The mintage of quaternary rupee coin since December 1940, when they were first issued, upto the end of March 1946 amounted to Rs.105·04 crores. The number of pieces of quaternary rupees first issued in December 1940, half rupees first issued in August 1940 and quarter rupees first issued in May 1940 minted up to the end of 1945-46 were 1,050 million, 484 million and 875 million respectively, the amount of silver consumed in the mintage being 567 million ounces.

85. *Decimalization of the Coinage.*—With a view to simplifying accounting and facilitating calculations the Government of India have under consideration the introduction of a decimal system of a coinage in India. The present occasion, calling for a huge recoinage programme necessitated by the unpopularity of the Nickel Brass coin introduced in 1942 as a wartime measure, is considered to be most opportune for the proposed reform. The proposals under this system are that the rupee would remain unaltered and the half rupee and the quarter rupee, while retaining their present shape, size and weight, would be issued as 50 cent and 25 cent coins. The existing lower denominations of small coin would, however, be discarded and instead cupro-nickel coins of 10 cents, 5 cents and 2 cents and bronze coins of 1 cent and if necessary ½ cent will be issued. A bill incorporating the above changes was introduced in the Central Legislative Assembly on the 18th February 1946 and has been circularised to elicit public opinion.

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

(In lakhs of rupees)

	1943–44	1944–45	1945–46
William IV 1835	0·06	0·01	....
Queen Victoria 1840	0·35	0·07	0·01
Standard Silver Rupee	530·00	50·25	13·39
Other uncurrent coin	2·58	0·80	0·12
Defective Quaternary Rupees ..	0·17	0·27	0·21
Total ..	**533·16**	**51·40**	**13·73**

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

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

		Rs.	a.	p.
Uncurrent coin	Nickel eight anna	280	8	0
	Bronze double pice	434	10	0
Badly worn and defaced nickel, copper and bronze coin.	Nickel -/4/-	68,572	12	0
	Nickel -/2/-	51,634	10	0
	Nickel -/1/-	57,140	12	0
	Nickel -/½/-	256	0	0
	Single Pice	4,676	11	0
	Half Pice	8	6	3
	Pie Pieces	258	2	5
	Total ..	**1,83,262**	**7**	**8**

88. *Counterfeit Coin.*—The following table gives the number of counterfeit coin by denominations cut at Treasuries and railway stations during the three years 1943-44 to 1945-46.

	1945-46		1944-45		1943-44	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	8,056	....	7,143	....	39,223	....
Half Rupees ..	9,293	10	4,881	28	7,365	96
Quarter Rupees ..	9,795	3,170	7,113	1,406	7,363	3,605
Eighth Rupees ..	142	40,530	93	18,300	151	9,400
One Anna	....	4,509	....	3,241	....	4,307
Half Anna	....	3	....	....	....	....
Total ..	**27,286**	**48,222**	**19,230**	**22,975**	**54,102**	**17,408**

STATEMENT I

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

(JANUARY—JUNE 1939=100)

(*Reference paragraph* 13)

	India Calcutta P	India Bombay C	U. K. P	U. K. C	U. S. A. P	U. S. A. C	Canada P	Canada C	Australia P	Australia C
(Original Base.	July 1914	July 1933 to June 1934	1930	July 1914	1926	1935-39	1926	1935-39	1928-29	1923-27)
Year & month										
1938	**96**	**102**	**104**	**101**	**103**	**102**	**107**	**102**	....	....
1939	**109**	**102**	**106**	**104**	**101**	**101**	**103**	**101**	....	....
1940	**121**	**108**	**140**	**121**	**103**	**101**	**113**	**105**	**110**	**104**
1941	**141**	**118**	**157**	**129**	**114**	**106**	**123**	**112**	**117**	**110**
1942	**187**	**151**	**164**	**130**	**129**	**118**	**130**	**116**	**131**	**119**
1943	**311**	**223**	**167**	**129**	**135**	**125**	**136**	**118**	**137**	**123**
1944	**302**	**229**	**171**	**131**	**136**	**127**	**140**	**118**	**139**	**122**
1945	**292**	**227**	**174**	**132**	**139**	**130**	**141**	**119**	....	**123**
1943 April	296	217	167	120	136	125	135	117	137	....
May	329	219	168	129	136	126	135	118	137	125
June	323	227	168	130	136	126	136	118	139	....
July	336	228	169	129	135	125	137	118	139	....
August	349	230	167	129	135	125	137	119	138	123
September	353	236	167	129	135	125	138	119	139	....
October	338	239	167	129	135	125	139	119	138	....
November	318	239	167	129	135	125	140	119	138	122
December	305	238	168	129	135	126	140	118	138	....
1944 January	301	230	169	130	135	125	140	118	138	....
February	304	222	169	130	136	125	140	118	137	122
March	304	218	169	130	136	125	141	118	137	....
April	301	223	170	130	136	126	140	118	138	....
May	295	227	171	130	136	126	140	118	138	122
June	304	228	171	131	137	127	140	118	139	....
July	303	232	172	131	136	127	140	118	140	....
August	302	241	172	131	136	128	140	118	140	123
September	305	231	172	131	136	128	140	118	139	....
October	301	231	171	131	136	128	140	118	139	....
November	303	233	172	131	137	128	140	118	139	122
December	305	228	172	131	137	128	140	118	139	....
1945 January	303	221	172	131	137	128	140	118	138	....
February	303	221	172	131	138	128	140	118	139	122
March	310	217	172	131	138	128	141	118	139	....
April	300	218	172	132	138	128	141	118	140	....
May	297	222	173	133	139	129	141	119	139	122
June	290	227	175	135	139	130	141	120	140	....
July	284	232	176	133	139	131	142	120	140	....
August	286	235	175	132	138	130	141	119	140	123
September	282	232	174	132	138	130	140	119	140	....
October	283	234	174	132	139	130	140	119	140	....
November	280	234	174	132	140	131	141	119	139	123
December	286	234	174	132	140	131	141	119	....	....
1946 January	287	234	177	132	140	131	142	119	....	....
February	303	235	176	132	141	131	143	....	....	....
March	306	238	177	....	143	....	....	....	....	....

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

STATEMENT II

Index Numbers of Wholesale Prices in India by Groups of Articles since 1939-40

(*Average of weekly figures*)

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

(*Reference paragraph* 14)

Year and Month	Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	Chief Articles of Export	**General Index**	Certain Industrial Articles: Sugar	Kerosene	Petrol	Cotton Manufactures	Jute Manufactures	Cement	Food Articles †
1939–40§ ..	**127·5**	**118·8**	**124·2**	**131·5**	**130·5**	**125·6**	**121**	**109**	**109**	**117**	**178**	**109**	
1940–41 ..	**108·6**	**121·5**	**113·4**	**119·8**	**114·1**	**114·8**	**100**	**122**	**125**	**118**	**186**	**114**	
1941–42 ..	**124·2**	**146·9**	**132·5**	**154·5**	**137·3**	**137·0**	**102**	**138**	**135**	**173**	**181**	**118**	
1942–43 ..	**166·2**	**165·9**	**166·0**	**190·4**	**161·7**	**171·0**	**127**	**185**	**163**	**292**	**183**	**136**	
1943–44 ..	**268·7**	**185·0**	**232·5**	**251·7**	**236·4**	**236·5**	**146**	**186**	**167**	**422**	**249**	**175**	
1944–45 ..	**265.4**	**206.0**	**240.5**	**258.3**	**243.9**	**244.2**	**158**	**176**	**170**	**293**	**252**	**211**	
1945–46 ..	**272.8**	**210.1**	**246.4**	**240.0**	**249.0**	**245.0**	**167**	**169**	**163**	**271**	**252**	**202**	
April 1943	265.7	174.2	225.4	235.6	229.4	**227.6**	143	194	166	469	232	145	
May ,,	282.6	173.4	233.7	246.8	240.8	**236.4**	143	194	166	505	255	145	
June ,,	284.1	178.4	237.1	257.5	243.2	**241.4**	143	198	166	513	252	162	
July ,,	273.0	182.8	233.7	259.5	236.3	**239.0**	143	203	166	493	237	186	
August ,,	273.3	183.8	234.3	251.6	239.3	**237.9**	143	194	166	426	246	185	
September ,,	272.0	181.4	232.4	251.3	238.2	**236.3**	143	177	166	417	247	182	
October ,,	277.5	184.6	235.8	255.8	243.6	**240.8**	143	178	166	417	253	182	
November ,,	268.5	189.1	234.3	256.9	239.3	**239.1**	149	178	166	405	252	186	
December ,,	261.0	189.3	230.3	251.8	234.2	**234.8**	151	178	166	381	251	182	
January 1944	262.7	193.4	233.2	251.3	234.0	**237.0**	151	178	166	381	252	182	
February ,,	258.4	194.8	231.8	251.0	232.4	**235.7**	151	178	168	350	254	182	243.4
March ,,	248.4	196.7	226.9	252.3	226.7	**232.1**	151	178	176	328	255	189	236·2
April ,,	247·8	199·4	227·7	261·2	229·8	**234·6**	151	178	176	324	256	212	233.7
May ,,	250·6	203·1	231·0	262·5	235·9	**237·4**	151	178	176	321	256	212	228.3
June ,,	256·1	204·3	234·5	259·4	239·3	**239·7**	151	180	176	300	256	212	232·1
July ,,	268·5	203·8	241·2	260·7	246·7	**245·3**	151	181	176	295	256	212	236·9
August ,,	268.8	201.5	240.3	262.5	246.9	**245.0**	151	175	168	295	256	212	237.3
September ,,	265.3	203.2	239.2	259.0	244.5	**243.3**	151	175	168	290	250	212	234·2
October ,,	262.7	208.3	240.1	255.8	242.4	**243.4**	159	175	168	285	249	212	233·9
November ,,	268.9	209.5	244.1	255.7	245.2	**246.5**	167	175	168	285	242	212	235·4
December ,,	273.8	210.2	247.1	256.8	248.0	**249.2**	167	175	168	285	246	209	231·4
January 1945	275.3	211.6	248.5	257.1	249.7	**250.3**	167	175	168	285	248	208	233.5
February ,,	274.5	209.0	246.9	255.7	249.1	**248.8**	167	175	163	278	252	208	231.3
March ,,	273·6	208.7	246.2	253.7	249.8	**247.8**	167	175	161	274	255	208	234.9
April ,,	267.9	208.5	243.1	239.6‡	246.8	**242.3**	167	175	161	275*	256	208	233·7
May ,,	258.3	208.7	237.8	239.0	241.8	**238.1**	167	175	161	276	252	208	234·0
June ,,	256.2	208.7	236.6	240.7	239.8	**237.4**	167	175	161	276	252	208	234·2
July ,,	268.3	212.0	244.8	242.8	248.6	**244.4**	167	175	168	277	253	208	236·7
August ,,	268.0	210.8	244.1	243.5	248.4	**244.1**	167	168	168	277	255	208	239·4
September ,,	264.2	210.8	241.9	242.9	246.2	**242.2**	167	168	168	277	256	208	238·2
October ,,	268.7	210.8	244.5	242.9	248.0	**244.1**	167	168	168	277	253	208	235·9
November ,,	271.1	210.8	245.9	236.0	246.4	**243.6**	167	168	168	266	243	193	236·5
December ,,	278.5*	211.7	250.3	235.8	249.1	**247.1**	167	168	168	262	243	193	238·8
January 1946	285.4*	211.2	253.9*	237.3	253.5*	**250.2***	167	166	160	262	246	193	240·5
February ,,	291.5*	210.3	256.7*	239.2	257.4*	**252.8***	167	165	157	262	255	193	243·0
March ,,	295.4*	206.3	256.9*	240.2	261.0*	**253.2***	167	159	142	262	256	193	244.8

‡ The fall in the index number as compared with March is due to the reappearance of the price quotations for

STATEMENT III

BALANCE OF TRADE IN MERCHANDISE OF BRITISH INDIA, 1945

(*Reference paragraph* 16)

(In lakhs of rupees)

1944								1945						
Imports*	*Import Price Indices*†	Exports	*Export Price Indices*†	Re-exports	Total Exports	**Balance of trade**		Imports*	*Import Price Indices*†	Exports	*Export Price Indices*†	Re-exports	Total Exports	**Balance of trade**
11,83	*119*	16,54	*132*	53	17,67	− **5,24**	January	18,21	*127*	18,07	*136*	1,39	19,46	+ **1,25**
11,58	*108*	23,32	*116*	56	23,68	+ **12,30**	February	17,86	*127*	15,91	*135*	2,45	18,36	+ **50**
11,37	*138*	16,66	*123*	54	17,20	+ **5,83**	March	19,70	*121*	13,24	*136*	1,78	15,02	− **4,68**
12,55	*142*	16,40	*135*	77	17,17	+ **4,62**	April	18,31	*124*	16,04	*142*	46	16,50	− **1,81**
17,05	*123*	15,98	*133*	27	16,25	− **80**	May	21,45	*141*	16,41	*130*	44	16,85	− **4,60**
14,21	*125*	18,95	*145*	29	19,24	+ **5,03**	June	23,34	*131*	17,86	*134*	56	18,42	− **4,92**
19,26	*133*	21,44	*132*	56	22,00	+ **2,74**	July	20,06	*134*	17,03	*133*	1,13	18,16	− **1,90**
17,22	*136*	18,24	*140*	47	18,71	− **1,49**	August	21,17	*118*	16,49	*127*	4,62	21,11	− **6**
13,37	*125*	18,54	*131*	2,75	21,29	+ **7,92**	September	18,86	*118*	17,82	*129*	85	18,67	− **19**
16,86	*120*	18,27	*130*	3,03	21,30	+ **4,44**	October	19,04	*129*	24,04	*133*	3,78	27,82	+ **8,78**
18,54	*113*	17,45	*132*	75	18,20	− **34**	November	20,03		25,54		99	26,53	+ **6,50**
16,13	*117*	18,56	*132*	2,18	20,74	+ **4,61**	December	19,60		19,32		2,94	22,26	+ **2,66**
1,79,97		**2,20,35**		**12,70**	**2,33,05**	+ **53,08**	**Total**	**2,37,63**		**2,17,77**		**21,39**	**2,39,16**	+ **1,53**

* Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade. † Base 1927-28 = 100.

STATEMENT IV

VALU OF MONETARY STOCKS OF GOLD IN CERTAIN COUNTRIES*

(*Reference paragraph* 22)

(In million dollars)

	1913	1929	1938	1939	1940	1941	1942	1943	1944	1945
United States	1,290	3,900	14,512	17,644	21,995	22,737	22,726	21,938	20,619	20,065
United Kingdom	165	710	2,690	1	1	1	1	1	1	1
France	679	1,633	2,430	2,709	2,000	2,000	2,000	2,000	1,777	1,090
Switzerland	33	115	701	549	502	665	824	964	1,052	1,104
India	124	128	274	274	274	274	274	274	274	274
South Africa	34	37	220	249	367	366	634	706	814	943 (Nov.)
Argentine	256	434	431	466	353	354	658†	939†	1,111†	407 (Oct.)
Belgium	48	163	581	609	734	734	735	734	732	716
Brazil	90	150	32	40	51	70	115	254	329	352 (Sept.)
Mexico	....	7	29	32	47	47	39	203	222	294
Netherlands	61	181	998	692	617	575	506	500	500	270
Rumania	29	55	133	152	158	182	241	316	369 (Oct.)	....
Sweden	27	66	321	308	160	223	335	387	463	482
Turkey	....	....	29	29	88	92	114	161	221	236 (Nov.)

* Figures based on rate of $20·67 a fine ounce till 1934 and $35 an ounce thereafter. † Includes in addition to gold of the Central Bank held at home, gold of the Central Bank held abroad and gold belonging to the Argentine Stabilization Fund.

STATEMENT V

Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay and Import Duty on Silver since 1926-27

(*Reference paragraph* 23)

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

‡ Average of closing quotations for working days. † Gold exported from India. * Including Surcharge of 20 per cent.

STATEMENT VI

Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1945-46

(*Reference paragraph* 23)

Month	Gold (per fine tola)						Sovereigns			
	Spot			Settlement ¶						Average estimated stocks of gold during each month in Bombay ‡
	Highest	Lowest	Average †	Highest	Lowest	Average †	Highest	Lowest	Average †	
1945-46	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	(Tolas)
April	77 11 0 (28)	72 3 0 (6)	74 8 0	78 0 0 (28)	71 6 0 (1)	74 1 7	52 8 0 (28)	50 0 0 (2)	51 0 11	32,500
May	76 10 0 (19)	71 12 0 (8)	74 12 2	76 10 6 (23)	68 6 0 (8)	74 2 1	51 8 0 (23, 24 & 25)	48 12 0 (11)	50 9 10	45,000
June	79 14 0 (16)	74 0 0 (1)	77 3 10	80 2 0 (16)	73 9 0 (1)	76 15 2	53 12 0 (16)	51 4 0 (1 & 2)	52 7 10	66,000
July	79 14 0 (18)	77 10 0 (2)	78 9 3	79 9 0 (16)	77 5 0 (2)	78 6 6	54 4 0 (18 & 20)	52 4 0 (2)	53 9 6	93,750
August	70 0 0 (7)	63 6 0 (22)	73 8 2	78 15 6 (6)	62 6 0 (22)	73 3 6	53 15 0 (8)	44 0 0 (20 & 22)	50 4 6	70,000
September	79 10 0 (25)	71 8 0 (6)	74 9 8	78 15 0 (25)	70 11 0 (1)	74 4 1	53 0 0 (25)	48 10 0 (9)	50 12 4	1,50,000
October	79 0 0 (27)	73 8 0 (5)	76 7 0	79 3 0 (27)	73 3 0 (8)	76 4 7	54 0 0 (22, 25 & 30)	50 10 0 (1)	52 13 0	1,75,000
November	84 7 0 (28)	77 11 0 (1)	81 4 8	84 8 0 (12)	77 6 0 (1)	81 2 9	60 0 0 (24 & 28)	54 2 0 (2)	57 2 6	1,75,000
December	86 11 0 (4)	79 4 0 (10)	82 6 8	86 9 0 (4)	79 2 0 (10)	82 4 10	61 6 0 (4)	57 8 0 (10)	58 14 0	3,00,000
January	95 4 0 (28 & 30)	81 8 0 (2 & 4)	87 1 6	86 12 0 (21)	81 9 0 (2)	83 12 1	68 0 0 (29 & 30)	58 14 0 (4)	62 6 7	1,45,000
February	94 4 0 (11)	85 2 0 (28)	90 14 5	89 14 0 (21)	79 0 0 (28)	83 15 9*	68 4 0 (8 & 9)	61 8 0 (28)	64 11 9	47,500
March	97 12 0 (30)	82 0 0 (1)	94 4 1	82 12 0 (1)	79 0 0 (1)	78 12 0**	68 8 0 (30)	61 0 0 (1)	66 10 0	40,000

The price of gold in the United States was unchanged at $35 per fine ounce. The price of gold in London was changed from £8-8-0 to £8-12-3 per fine ounce from 9th June 1945.

Figures within brackets refer to dates of quotations. † Average of closing quotations for working days. ‡ Average of week-end stocks. * Forward trading for 4 days only. ¶ Weekly settlement upto 18th March 1946, and monthly settlement thereafter. ** Forward trading for one day only.

STATEMENT VII

PRICES (WEEKLY) OF GOLD AND SILVER AND ESTIMATED STOCKS IN BOMBAY, 1945-46

(*Reference paragraph* 23)

Friday 1945-46	Silver (per 100 tolas gross)				Gold (per fine tola)			
	Spot	Settlement ‡	Premium of ready over settlement rate	Estimated Stocks (Bars)	Spot	Settlement ‡	Premium of ready over settlement rate	Estimated Stocks (Tolas)
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.	
April 6 ..	130 13 0	128 13 0	*2 0 0*	3,000	73 6 0	72 12 0	*0 10 0*	25,000
,, 13 ..	134 10 0	133 10 0	*1 0 0*	3,000	75 6 0	75 2 0	*0 4 0*	50,000
,, 20* ..	131 1 0	129 1 0	*2 0 0*	4,500	74 11 0	74 3 0	*0 8 0*	30,000
,, 27 ..	132 8 0	131 8 0	*1 0 0*	3,000	75 7 0	75 0 0	*0 7 0*	25,000
May 4 ..	127 6 0	126 4 0	*1 2 0*	2,500	74 6 0	73 4 0	*1 2 0*	25,000
,, 11 ..	126 8 0	124 2 0	*2 6 0*	1,500	73 7 0	71 11 0	*1 12 0*	50,000
,, 18 ..	129 4 0	128 12 0	*0 8 0*	1,000	76 3 0	75 3 0	*1 0 0*	30,000
,, 25 ..	131 10 0	131 4 0	*0 6 0*	1,000	75 1 0	74 14 0	*0 3 0*	75,000
June 1 ..	131 8 0	131 4 0	*0 4 0*	800	74 7 0	74 3 0	*0 4 0*	75,000
,, 8 ..	133 7 0	132 15 0	*0 8 0*	1,000	76 11 0	76 6 0	*0 5 0*	30,000
,, 15 ..	135 15 0	135 12 0	*0 3 0*	700	77 15 0	77 13 0	*0 2 0*	1,00,000
,, 22 ..	136 7 0	135 11 0	*0 12 0*	2,000	79 3 0	79 1 0	*0 2 0*	1,00,000
,, 29 ..	132 6 0	132 4 0	*0 2 0*	3,000	77 8 0	77 1 0	*0 7 0*	25,000
July 6 ..	138 7 0	137 11 0	*0 12 0*	2,500	79 3 0	79 0 0	*0 3 0*	1,00,000
,, 13* ..	136 0 0	135 4 0	*0 12 0*	3,000	77 11 0	77 10 0	*0 1 0*	1,00,000
,, 20 ..	138 11 0	138 3 0	*0 8 0*	2,500	79 3 0	79 2 0	*0 1 0*	1,00,000
,, 27 ..	135 5 0	134 9 0	*0 12 0*	2,000	77 14 6	77 13 0	*0 1 6*	75,000
August 3 ..	137 4 0	136 10 0	*0 10 0*	2,000	78 9 0	78 7 0	*0 2 0*	50,000
,, 10 ..	135 6 0	134 6 0	*1 0 0*	1,500	75 12 0	75 9 0	*0 3 0*	1,00,000
,, 17* ..	123 4 0	123 0 0	*0 4 0*	2,000	69 4 0	69 0 0	*0 4 0*	25,000
,, 24* ..	122 12 0	123 4 0	*0 8 0*	6,500	65 4 0	64 14 0	*0 6 0*	1,00,000
,, 31* ..	123 8 0	..	..	5,500	73 4 0	73 0 0	*0 4 0*	75,000
September 7* ..	121 4 0	..	..	4,500	72 8 0	72 4 0	*0 4 0*	1,50,000
,, 14 ..	123 6 0	123 6 0	..	4,000	72 0 0	72 2 0	*0 2 0*	1,50,000
,, 21* ..	129 14 0	129 8 0	*0 6 0*	3,500	75 1 0	74 12 0	*0 5 0*	1,25,000
,, 28 ..	136 0 0	135 12 0	*0 4 0*	3,500	76 6 0	76 4 0	*0 2 0*	1,75,000
October 5 ..	131 5 0	131 1 0	*0 4 0*	4,500	74 2 0	74 2 0	..	2,50,000
,, 12 ..	130 15 0	130 14 0	*0 1 0*	5,000	75 11 0	75 9 0	*0 2 0*	2,00,000
,, 19 ..	133 6 0	133 6 0	..	6,000	76 15 0	76 14 0	*0 1 0*	1,50,000
,, 26 ..	132 6 0	132 6 0	..	6,500	78 7 0	78 7 0	..	1,00,000
November 2 ..	130 4 0	130 4 0	..	6,000	78 0 0	77 12 0	*0 4 0*	2,00,000
,, 9 ..	134 3 0	134 3 0	..	6,000	81 6 0	81 4 0	*0 2 0*	1,75,000
,, 16 ..	133 5 0	133 5 0	..	5,500	80 9 0	80 9 0	..	1,25,000
,, 23 ..	133 8 0	133 8 0	..	6,500	83 0 0	82 15 0	*0 1 0*	2,00,000
,, 30 ..	133 8 0	133 8 0	..	6,000	83 13 0	83 12 0	*0 1 0*	1,75,000
December 7 ..	133 4 0	133 4 0	..	6,000	82 4 0	82 3 0	*0 1 0*	2,25,000
,, 14 ..	134 0 0	134 0 0	..	5,000	81 7 0	81 7 0	..	2,50,000
,, 21 ..	133 4 0	133 4 0	..	5,000	82 5 0	82 2 0	*0 3 0*	3,75,000
,, 28 ..	133 12 0	133 12 0	..	5,000	81 5 0	81 5 0	..	3,50,000
January 4 ..	135 6 0	135 6 0	..	4,000	82 11 0	82 11 0	..	2,50,000
,, 11 ..	138 2 0	138 2 0	..	4,000	83 9 0	83 7 0	*0 2 0*	2,50,000
,, 18 ..	138 0 0	138 8 0	*0 8 0*	4,500	89 0 0	85 0 0	*4 0 0*	30,000
,, 25* ..	137 0 0	137 4 0	*0 4 0*	4,000	89 0 0	..	..	50,000
February 1 ..	142 7 0	142 4 0	*0 3 0*	4,000	91 12 0	..	..	40,000
,, 8 ..	146 6 0	146 5 0	*0 1 0*	4,000	93 12 0	..	..	50,000
,, 15 ..	147 5 0	147 4 0	*0 1 0*	4,000	90 12 0	..	..	50,000
,, 22* ..	144 3 0	144 2 0	*0 1 0*	4,500	90 2 0	..	..	50,000
March 1 ..	143 4 0	138 4 0†	*5 0 0*	4,000	82 0 0	..	*3 4 0*	35,000
,, 8* ..	144 2 0	140 2 0†	*4 0 0*	5,000	89 0 0	..	..	50,000
,, 15* ..	151 0 0	..	..	5,000	92 8 0	..	..	50,000
,, 22 ..	156 11 0	..	..	5,000	97 0 0	..	..	40,000
,, 29 ..	159 1 0	158 5 0	*0 12 0*	3,500	97 4 0	..	..	25,000

* Market closed; preceding working day's quotations given. † Exclusive of the additional import duty of Rs. 10-5-0 for 100 tolas as imposed in the Central Budget for 1946-47. ‡ Weekly settlement up to 18th March 1946, and monthly settlement thereafter.

STATEMENT VIII

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY (MONTHLY), 1945-46

(*Reference paragraph* 26)

Month	Price in London (per fine ounce) Highest, Lowest, Average.	Market price in New York (per fine ounce) Highest, Lowest, Average	Price in Bombay (per 100 tolas gross)						Average estimated stocks during each month in Bombay ‡ (in bars of 2,800 tolas)
			Spot			Settlement ¶			
1945-46	d.	Cents.	Highest Rs. a. p.	Lowest Rs. a. p.	Average † Rs. a. p.	Highest Rs. a. p.	Lowest Rs. a. p.	Average † Rs. a. p.	
April	25½	44¾	135 15 0 (14)	129 4 0 (2)	131 14 7	135 2 0 (14)	127 0 0 (4)	130 6 4	3,375
May	25½	44¾	132 12 0 (28)	124 0 0 (8)	129 10 7	132 10 0 (28)	119 6 0 (8)	129 1 11	1,500
June	25½	44¾	138 12 0 (16)	129 4 0 (28)	133 13 5	138 14 0 (16)	128 14 0 (28)	133 6 1	1,500
July	25½	44¾	139 6 0 (10)	132 7 0 (2)	136 12 4	139 8 0 (10)	131 10 0 (2)	136 3 6	2,500
August..	25½	44¾	138 12 0 (8)	118 0 0 (27)	129 13 5	138 7 0 (7)	117 0 0 (20)	131 7 4	3,500
September	* 44 H 25½ L 30⅛ A	** 70⅝ H 44¾ L 52 A	138 8 0 (27)	120 4 0 (6)	128 6 7	138 0 0 (27)	120 0 0 (8)	128 12 8	3,875
October	44	** 70¾ H 70⅝ L 70 7/10 A	135 8 0 (1)	128 8 0 (8)	132 1 9	135 6 0 (1)	128 4 0 (8)	132 1 3	5,500
November	44	70¾	135 6 0 (10)	130 4 0 (2)	132 12 6	135 8 0 (10)	130 2 0 (2)	132 12 6	6,000
December	44	70¾	135 3 0 (4)	132 12 0 (7)	133 14 3	135 8 0 (5)	132 8 0 (7)	133 14 1	5,250
January	44	70¾	142 14 0 (29 & 30)	134 8 0 (2 & 4)	138 0 5	143 0 0 (29)	134 7 0 (2)	137 15 1	4,125
February	44	70¾	149 3 0 (12)	141 12 0 (25 & 26)	145 0 0	149 6 0 (12)	139 0 0 (28)	144 12 0	4,125
March	44	70¾	159 6 0 (30)	143 4 0 (1)	153 14 6	157 14 0§ (29)	137 14 0§ (5)	148 13 3§	4,500

Figures within brackets refer to dates of quotations.

† Average of closing quotations for working days. ‡ Average of week-end stocks. * Price of silver in London: 23½ *d.* per standard ounce from 3rd April 1942, 25½ *d.* per fine ounce from 2nd January 1945 and 44*d.* per fine ounce from 24th September 1945. ** Price of silver in New York: 44¾ cents per fine ounce from 1st September 1942, 70⅝ cents from 22nd September 1945 and 70¾ cents from 10th October 1945. § Market open only on 1st, 5th, 29th and 30th, the quotations on the 1st and 5th being exclusive of the additional duty of Rs. 10-5-0 per 100 tolas. ¶ Weekly settlement up to 18th March 1946 and monthly settlement thereafter.

H — Highest L — Lowest A — Average

STATEMENT IX

Purchases of Sterling by the Reserve Bank of India, 1945-46

(Reference paragraph 28)

(In thousands of £ and rupees)

Net purchases * £	Net purchases * Rs.	Average rate of purchases † s.	Average rate of purchases † d.	Year	Net purchases * £	Net purchases * Rs.	Average rate of purchases † s.	Average rate of purchases † d.
77,253	**1,03,00,15**	**1**	**6**	**1941-42**				
88,322	**1,17,75,72**	**1**	**6**	**1942-43**				
				1943-44	**101,756**	**1,35,67,18**	**1**	**6**

1944-45 £	1944-45 Rs.	s.	d.	Months	1945-46 £	1945-46 Rs.	s.	d.
9,065	12,08,67	*1*	*6*	April	407	53,69	*1*	*6*
11,297	15,06,17	*1*	*6*	May	142	18,00	*1*	*6*
9,751	13,00,07	*1*	*6*	June	—205	—28,15	*1*	*6*
8,995	11,99,33	*1*	*6*	July	3,009	4,00,76	*1*	*6*
7,415	9,88,67	*1*	*6*	August	14,370	19,15,58	*1*	*6*
11,420	15,22,67	*1*	*6*	September	13,499	17,99,66	*1*	*6*
10,589	14,11,90	*1*	*6*	October	7,740	10,31,77	*1*	*6*
6,827	9,10,27	*1*	*6*	November	5,370	7,15,95	*1*	*6*
5,750	7,66,66	*1*	*6*	December	6,910	9,21,33	*1*	*6*
2,825	3,77,06	*1*	*6*	January	5,775	7,69,95	*1*	*6*
3,946	5,26,14	*1*	*6*	February	6,140	8,18,30	*1*	*6*
—885	—1,18,18	*1*	*6*	March	16,110	21,47,99	*1*	*6*
86,995	**1,15,99,43**	**1**	**6**	**Total**	**79,267**	**1,05,64,83**	**1**	**6**

* Represent the balance of purchases of sterling under both ready and forward contracts over sales including amounts cancelled in respect of forward purchases exclusive of Government transactions. Figures of net purchases published in earlier Reports represent excess of deliveries under ready and/or forward contracts over sales including amounts relating to Government transactions.

† Nearest to 1/64*d*.

STATEMENT X

Budgetary Position of Provinces, 1946-47

(*Reference paragraph* 40)

(In lakhs of rupees)

Provinces	Revenue: Customs and Income-tax	Revenue: Land Revenue	Revenue: Excise	Revenue: Stamps	Revenue: Total Tax Revenue	**Total Revenue**	Expenditure: Direct Demands on Revenue	Expenditure: Irrigation	Expenditure: Debt Services	Expenditure: Security Services	Expenditure: Social Services	**Tota Expenditure**	Surplus(+) or deficit(—)	**Debt outstanding on 31st March**
MADRAS														
1938-39	23	5,13	3,72	1,73	12,44	**16,13**	2,07	1,28	—44	5,72	4,63	**16,10**	+ 3	**14,48**
1944-45	3,98	5,49	12,78	3,22	34,70	**41,24**	2,80	1,80	—13	7,80	7,17	**41,23**	+ 1	**17,49**
1945-46 (Revised).	3,41	5,33	16,53	3,43	38,60	**45,63**	3,29	1,72	43	9,86	9,51	**45,63**	..	**20,58**
1946-47 (Budget).	2,95	5,63	13,00	3,33	34,51	**41,44**	3,67	1,59	11	9,96	11,21	**40,82**	+ 62	**20,59**
BOMBAY														
1938-39	30	3,55	2,90	1,44	9,83	**12,45**	1,77	51	1,26	3,16	2,99	**12,80**	— 35	**35,55**
1944-45	5,31	4,06	7,56	2,73	28,53	**33,67**	3,70	56	3,37	5,59	5,24	**30,61**	+ 3,06	**32,77**
1945-46 (Revised).	4,54	3,72	7,89	2,57	26,32	**32,50**	3,52	78	3,50	7,83	6,80	**32,19**	+ 31	**32,32**
1946-47 (Budget).	3,93	3,66	6,83	2,49	24,10	**30,20**	3,07	83	3,48	7,98	7,28	**30,15**	+ 5	**31,83**
BENGAL														
1938-39	2,51	3,24	1,59	2,58	11,00	**12,76**	98	39	16	5,25	3,03	**12,77**	— 1	**4,34**
1944-45	6,60	4,49	7,54	3,37	28,91	**39,39**	1,58	2,00	81	7,68	7,37	**44,12**	—4,73	**38,78**
1945-46 (Revised).	6,40	3,96	8,00	3,60	30,87	**35,82**	1,91	2,17	78	9,29	8,96	**43,27**	—7,45	**43,25**
1946-47 (Budget).	5,65	3,82	6,21	3,30	26,88	**41,19**	2,05	3,68	78	9,30	11,67	**50,65**	—9,46	**51,47**
UNITED PROVINCES														
1938-39	23	5,82	1,33	1,28	9,70	**12,80**	1,54	1,33	61	4,09	3,57	**12,80**	..	**34,19**
1944-45	3,98	6,58	4,98	2,12	21,45	**27,47**	2,21	1,28	82	6,91	6,30	**27,46**	+ 1	**34,05**
1945-46 (Revised).	3,41	6,72	5,99	2,15	22,12	**28,53**	2,57	1,42	70	7,94	6,69	**28,45**	+ 8	**32,15**
1946-47 (Budget).	2,95	6,64	5,05	2,14	20,18	**27,07**	2,73	1,75	67	8,18	7,63	**27,03**	+ 4	**36,97**
PUNJAB														
1938-39	12	2,64	1,02	78	5,02	**11,17**	86	1,50	—21	3,31	3,22	**11,61**	— 44	**34,52**
1944-45	2,12	3,48	3,64	1,23	12,75	**23,01**	1,86	2,01	—68	5,83	4,89	**20,57**	+ 2,44	**28,28**
1945-46 (Revised).	2,30	3,48	2,99	1,25	12,53	**22,63**	2,18	2,09	—63	6,55	5,86	**21,73**	+ 90	**31,20**
1946-47 (Budget).	1,57	3,32	2,89	1,23	11,32	**21,30**	1,99	2,34	—71	6,73	6,01	**20,83**	+ 47	**35,77**
BIHAR														
1938-39	32	1,32	1,20	1,05	4,10	**5,24**	38	15	6	2,05	1,36	**4,93**	+ 31	**1,66**
1944-45	3,07	1,41	3,59	1,58	10,52	**12,75**	52	27	7	3,39	2,27	**9,96**	+ 2,79	**2,17**
1945-46 (Revised).	2,60	1,39	4,32	1,28	10,83	**13,27**	76	34	17	3,81	2,72	**12,02**	+ 1,25	**2,17**
1946-47 (Budget).	2,31	1,39	4,00	1,30	10,17	**13,89**	60	33	7	4,03	2,74	**13,39**	+ 50	**2,27**

CENTRAL PROVINCES AND BERAR														
1938-39	8	2,12	64	37	3,80	**4,27**	65	25	—1	1,63	97	**4,71**	— 44	**6,45**
1944-45	1,33	2,55	1,88	55	8,55	**9,61**	1,36	10	37	2,32	1,30	**9,60**	+ 1	**6,65**
1945-46 (Revised).	1,44	2,61	2,37	57	8,91	**10,35**	1,29	14	40	2,65	1,56	**10,33**	+ 2	**7,00**
1946-47 (Budget).	98	2,57	2,17	57	7,89	**9,05**	1,16	11	40	2,94	1,71	**9,04**	+ 1	**7,06**
ASSAM														
1938-39	15	1,13	35	18	2,03	**2,58**	36	1	34	81	71	**2,99**	—41	**1,40**
1944-45	1,23	1,65	83	20	5,22	**6,22**	1,17	4	32	1,24	1,24	**6,14**	+ 8	**7,40**
1945-46 (Revised).	1,15	1,81	73	21	4,91	**5,83**	3	4	26	1,31	1,46	**5,40**	+43	**5,30**
1946-47 (Budget).	84	1,80	69	20	4,10	**5,15**	50	6	23	1,24	1,40	**5,05**	+10	**4,85**
NORTH WEST FRONTIER PROVINCE														
1938-39	2	18	9	7	45	**1,81**	9	5	2	72	37	**1,78**	+ 3	**78**
1944-45	27	24	23	11	1,07	**2,84**	24	10	11	1,10	61	**2,78**	+ 6	**94**
1945-46 (Revised).	29	23	23	12	1,14	**2,90**	22	13	..	1,15	62	**2,94**	— 4	**88**
1946-47 (Budget).	20	23	25	12	99	**2,63**	21	9	..	1,17	61	**2,79**	—16	**90**
ORISSA														
1938-39	4	46	33	18	1,10	**1,82**	18	13	1	61	44	**1,81**	+ 1	**31**
1944-45	54	51	62	21	2,25	**3,18**	40	19	5	84	82	**3,00**	+18	**1,08**
1945-46 (Revised).	46	52	84	22	2,49	**3,45**	47	23	12	95	96	**3,52**	— 7	**74**
1946-47 (Budget).	40	51	81	23	2,16	**3,58**	31	22	20	1,10	1,25	**3,92**	—34	**71**
SIND														
1938-39	3	36	37	17	1,10	**3,76**	26	1,28	2	83	52	**3,46**	+24	**29,52**
1944-45	53	79	1,23	30	4,07	**8,80**	1,56	2,43	—74	1,52	1,01	**8,80**	..	**4,74**
1945-46 (Revised).	45	74	1,42	30	3,94	**8,28**	2,09	1,47	—80	1,89	1,28	**8,26**	+ 2	**4,55**
1946-47 (Budget).	39	76	1,26	29	3,33	**8,03**	2,26	1,32	—81	1,87	1,46	**8,00**	+ 3	**4,48**
Total all Provinces														
1938-39	**4,03**	**25,95**	**13,54**	**9,83**	**60,57**	**84,74**	**9,14**	**6,88**	**1,82**	**28,17**	**21,77**	**85,76**	**—1,02**	**1,63,20**
1944-45	**28,96**	**31,25**	**44,88**	**15,62**	**158,02**	**208,18**	**17,40**	**10,76**	**4,37**	**44,22**	**38,22**	**204,28**	**+3,90**	**1,74,35**
1945-46 (Revised).	**26,45**	**30,51**	**51,31**	**15,70**	**162,66**	**209,19**	**18,33**	**10,53**	**4,93**	**53,23**	**46,42**	**213,75**	**—4,56**	**1,80,14**
1946-47 (Budget).	**22,17**	**30,33**	**43,16**	**15,20**	**145,63**	**203,54**	**18,55**	**12,23**	**4,42**	**54,50**	**52,97**	**211,66**	**—8,12**	**1,96,90**

STATEMENT XI

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

(*Reference paragraph* 41)

(In lakhs of rupees

Paid to	INCOME TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget
Madras	22·50	3,98·40	4,31·25	4,85·85	..	..	..	..	..	..	..	..
Bombay	30·00	5,31·20	5,75·00	6,47·80	..	..	..	..	..	..	..	..
Bengal	30·00	5,31·20	5,75·00	6,47·80	2,21·27	1,28·35	1,38·55	1,26·80	..	7,00.00	8,00.00	..
United Provinces	22·50	3,98·40	4,31·25	4,85·85	..	..	..	..	25·00	..	..	..
Punjab	12·00	2,12·48	2,30·00	2,59·12	..	..	..	..	..	..	..	..
Bihar	15·00	2,65·60	2,87·50	3,23·90	17·12	8·49	8·91	7·05	..	..	..	..
Central Provinces and Berar	7·50	1,32·80	1,43·75	1,61·95	..	..	..	..	..	..	..	..
Assam	3·00	53·12	57·50	64·78	11·69	11·45	11·52	10·14	30·00	30·00	30·00	30·00
N. W. F. P.	1·50	26·56	28·75	32·39	..	..	..	..	1,00·00	1,00·00	1,00·00	1,00·00
Orissa	3·00	53·12	57·50	64·78	0·92	0·92	1·02	1·01	43·00	40·00	40·00	40·00
Sind	3·00	53·12	57·50	64·78	..	..	..	..	1,05·00	..	..	..
Total ..	**1,50·00**	**26,56·00**	**28,75·00**	**32,39·00**	**2,51·00**	**1,49·21**	**1,60·00**	**1,45·00**	**3,03·00**	**8,70·00**	**9,70·00**	**1,70·00**

STATEMENT XII

Debt Position of Provinces since 1936-37

(Reference paragraph 42)

(In lakhs of rupees)

	At the end of									
	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
I Public Debt										
(a) Permanent Debt	8,72	12,64	15,07	19,60	23,33	23,04	31,07	39,63	50,87	59,52
(b) Floating Debt	..	..	1,50	1,80	50	1,00	82	29,40	30,03	30,88
(c) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	98,66	63,67	58,71
II Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,62	27,26	28,59	29,78	31,03
III Gross Total Debt (Total of I and II)	**1,67,55**	**1,59,70**	**1,63,20**	**1,67,61**	**1,69,91**	**1,69,15**	**1,70,26**	**1,96,28**	**1,74,35**	**1,80,14**
IV Net Debt (Deduct outstanding loans and advances made by Provincial Governments)..	1,04,63	1,00,32	1,02,48	1,35,65	1,38,98	1,37,02	1,42,50	1,67,50	1,40,54	1,44,70
V Provision for the reduction of Debt during the year	2,31	1,60	1,06	1,51	2,84	3,64	14,85	53,44	8,04	2,52
VI Closing Cash Balance	10,10	10,07	7,34	9,59	10,64	19,11	30,44	31,73	59,86	72,67

STATEMENT XIII

Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1945-46

(Reference paragraphs 43 & 47)

(In lakhs of rupees)

Reserve Bank of India					Government Treasuries			
Central Government		Provincial Governments		Last day of the month	Central Government		Provincial Governments	
1944-45	1945-46	1944-45	1945-46		1944-45	1945-46	1944-45	1945-46
67,66	2,77,01	22,20	18,18	.. .. April ..	— 29	17	1,59	1,63
56,27	2,66,61	13,97	18,73	.. .. May ..	— 29	— 11	1,20	1,87
70,90	2,83,46	16,54	22,97	.. .. June ..	9	11	1,20	1,71
1,08,37	3,49,55	17,71	18,83	.. .. July ..	— 3	44	1,38	1,85
1,34,42	3,51,42	16,41	18,14	.. .. August ..	33	32	1,59	1,88
1,84,80	3,87,19	13,72	24,87	.. .. September ..	50	44	1,19	1,84
1,92,96	4,14,62	11,72	15,68	.. .. October ..	6	42	1,47	2,02
2,28,82	4,68,13	12,78	12,38	.. .. November ..	17	32	1,46	1,28
2,50,83	4,86,63	14,19	12,62	.. .. December ..	— 22	41	1,49	1,63
2,70,54	4,87,32	22,66	17,50	.. .. January ..	45	31	2,09	1,79
2,49,91	5,26,48	18,42	20,83	.. .. February ..	7	9	1,94	1,40
2,68,79	5,27,20	29,90	31,61	.. .. March ..	— 20	4,88	3,20	2,28
1,73,69	**4,02,14**	**17,52**	**19,36**	.. .. **Average** ..	**5**	**65**	**1,65**	**1,77**

STATEMENT XIV

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

(*Reference paragraph* 44)

(In thousands of rupees)

YEAR	Amount offered for tender	Amount tendered	Amount sold	Amount of intermediates sold	Total amount sold	*Average yield*	Amount outstanding at end of year*
1918–19	....	....	87,09,05	....	87,09,05		49,24,30
1919–20	....	....	102,48,00	....	102,48,00		52,98,00
1920–21	....	....	139,18,00	....	139,18,00		104,93,10
1921–22	....	....	139,26,00	....	139,26,00		111,85,70
1922–23	....	....	95,84,00	....	95,84,00		71,23,90
1923–24	....	....	50,68,00	....	50,68,00		51,77,20
1924–25	....	....	....	....	....		49,65,40
1925–26	....	....	....	....	....		49,65,15
1926–27	....	....	....	....	....		41,47,15
1927–28	33,75,00	53,62,30	25,86,90	4,50,45	30,37,35		39,52,55
1928–29	31,75,00	38,19,50	20,48,75	1,89,25	22,38,00		43,14,80
1929–30	65,00,00	93,85,25	44,73,00	20,00,75	64,73,75		65,25,45
1930–31	96,00,00	107,22,50	69,11,00	89,91,75	159,02,75		61,26,50
1931–32	104,00,00	107,60,75	75,00,00	126,25,50	201,25,50		97,19,85
1932–33	81,00,00	139,32,00	65,97,00	55,60,25	121,57,25		61,57,20
1933–34	80,00,00	120,95,00	76,14,25	35,98,75	112,13,00	*1.62*	59,23,70
1934–35	61,50,00	103,65,25	59,47,50	29,35,00	88,82,50	*1.58*	54,34,25
1935–36	58,00,00	113,51,50	57,76,75	12,73,75	70,50,50	*1.21*	32,13,00
1936–37	83,00,00	125,99,00	80,98,50	....	80,98,50	*0.78*	28,53,75
1937–38	72,00,00	117,86,00	71,99,25	....	71,99,25	*0.97*	38,00,50
1938–39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	*1.63*	46,30,00
1939–40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	*1.87*	54,70,50
1940–41	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	*0.89*	68,90,25
1941–42	81,00,50	140,27,00	81,00,50	37,59,50	118,60,00	*0.72*	136,97,75
1942–43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	*0.87*	264,69,50
1943–44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	*0.90*	110,61,25
1944–45	252,00,00	551,48,50	229,27,75	....	229,27,75	*0.49*	86,70,50
1945–46	160,00,00	204,77,75	117,90,75	....	117,90,75	*0.40*	83,33,00

* Including holdings in the Currency Reserve up to 1934-35 and in the Issue Department of the Bank thereafter.

STATEMENT XV

Government of India Three Months Treasury Bills, 1945-46

(Reference paragraph 44)

(In thousands of rupees)

1945-46 Week ended		Sales to Public: Amount offered for tender	Amount tendered	Amount sold	Amount discharged	Amount outstanding	Total amount outstanding including amount outstanding on account of Issue Dept., Provinces and others	*Average rate of discount of accepted tenders* *Rs.*	*a.*	*p.*
April	6 ..	4,00,00	6,00,75	4,00,00	1,41,00	39,41,50	87,58,50	0	5	7
,,	13 ..	4,00,00	9,05,25	4,00,00	1,24,00	42,17,50	87,16,50	0	5	7
,,	20 ..	4,00,00	6,20,25	4,00,00	1,58,25	44,59,25	88,18,25	0	5	9
,,	27 ..	4,00,00	5,14,50	4,00,00	4,71,00	43,88,25	85,85,25	0	6	9
May	4 ..	4,00,00	7,66,50	4,00,00	3,84,00	44,04,25	83,99,75	0	6	11
,,	11 ..	4,00,00	5,75,00	4,00,00	1,96,75	46,07,50	84,64,50	0	7	11
,,	18 ..	2,00,00	5,70,50	2,00,00	2,03,00	46,04,50	83,30,00	0	7	5
,,	25 ..	2,00,00	5,41,75	2,00,00	2,03,00	46,01,50	81,08,00	0	7	0
June	1 ..	2,00,00	7,38,00	2,00,00	....	48,01,50	85,13,00	0	6	0
,,	8 ..	2,00,00	8,86,25	2,00,00	3,11,75	46,17,75	79,01,75	0	4	11
,,	15 ..	2,00,00	5,51,25	2,00,00	3,13,25	45,15,75	80,34,00	0	4	0
,,	22 ..	2,00,00	4,11,25	2,00,00	4,05,00	43,58,25	78,97,00	0	4	0
,,	29 ..	2,00,00	5,80,00	2,00,00	7,70,00	38,01,50	72,95,00	0	3	11
July	6 ..	2,00,00	2,86,00	86,00	3,99,25	34,88,25	71,14,25	0	3	11
,,	13 ..	2,00,00	2,41,50	41,50	4,00,00	31,29,75	68,78,25	0	4	0
,,	20 ..	2,00,00	70,00	58,00	4,00,00	27,87,75	65,57,75	0	4	0
,,	27 ..	4,00,00	57,25	47,25	3,99,75	24,35,25	62,48,75	0	5	1
August	3 ..	4,00,00	2,92,75	1,14,25	75,25	24,74,25	63,18,25	0	5	11
,,	10 ..	4,00,00	3,14,25	3,22,75	3,25,00	24,72,00	63,12,00	0	6	2
,,	17 ..	4,00,00	3,20,00	1,69,00	4,78,00	21,63,00	58,27,50	0	7	0
,,	24 ..	2,00,00	3,34,00	1,57,50	1,82,50	21,38,00	58,71,25	0	7	0
,,	31 ..	2,00,00	4,85,00	2,49,00	1,39,50	22,47,50	59,93,75	0	6	11
September	7 ..	2,00,00	5,17,75	2,10,25	2,72,50	21,85,25	59,62,50	0	6	0
,,	14 ..	2,00,00	2,83,25	69,00	1,27,50	21,26,75	56,68,00	0	5	10
,,	21 ..	2,00,00	4,47,00	3,04,00	2,00,00	22,30,75	59,77,00	0	5	11
,,	28 ..	2,00,00	4,79,25	1,99,50	2,02,25	22,28,00	59,09,25	0	5	8
October	5 ..	2,00,00	6,22,75	1,88,75	2,00,00	22,16,75	58,50,50	0	5	7
,,	12 ..	2,00,00	6,01,50	2,50,00	1,19,50	23,47,25	60,03,50	0	5	2
,,	19 ..	2,00,00	2,93,00	2,00,00	58,00	24,89,25	63,85,50	0	5	0
,,	26 ..	2,00,00	1,84,75	1,67,00	8,00	26,48,25	66,17,00	0	5	4
November	2 ..	2,00,00	3,55,50	1,78,75	50,25	27,76,75	67,62,50	0	5	11
,,	9 ..	2,00,00	3,44,00	2,09,00	1,46,75	28,39,00	68,19,75	0	5	9
,,	16 ..	2,00,00	5,25,00	2,30,00	4,58,25	26,10,75	66,58,25	0	5	9
,,	23 ..	2,00,00	4,84,50	1,68,00	30,00	27,48,75	68,77,55	0	5	0
,,	30 ..	4,00,00	4,23,25	4,32,00	3,74,50	28,06,25	68,58,75	0	5	3
December	7 ..	4,00,00	3,54,25	3,43,00	2,07,00	29,42,25	69,40,25	0	6	0
,,	14 ..	4,00,00	2,72,00	1,24,50	72,25	29,94,50	66,42,00	0	6	7
,,	21 ..	4,00,00	1,40,50	1,61,25	3,01,00	28,54,75	66,89,25	0	7	0
,,	28 ..	4,00,00	1,33,00	95,25	1,99,50	27,50,50	65,35,00	0	7	0
January	4 ..	4,00,00	1,46,75	1,28,50	81,00	27,98,00	65,09,25	0	6	11
,,	11 ..	4,00,00	2,04,75	1,14,75	1,58,00	27,54,75	61,37,00	0	7	0
,,	18 ..	4,00,00	50,25	1,67,75	2,00,00	27,22,50	61,72,75	0	7	0
,,	25 ..	4,00,00	2,91,25	2,56,00	2,00,00	27,78,50	64,19,50	0	7	0
February	1 ..	4,00,00	3,33,50	3,19,25	1,84,75	29,13,00	64,15,00	0	7	0
,,	8 ..	4,00,00	3,32,50	3,43,25	1,94,75	30,61,50	66,04,50	0	7	0
,,	15 ..	4,00,00	2,83,50	3,14,75	4,02,25	29,74,00	65,46,00	0	7	0
,,	22 ..	4,00,00	4,86,00	3,74,00	3,00	33,45,00	73,56,75	0	7	10
March	1 ..	4,00,00	3,66,25	3,92,25	6,00,00	31,37,25	71,74,50	0	7	10
,,	8 ..	4,00,00	2,58,25	2,38,25	3,54,25	30,21,25	76,35,00	0	8	0
,,	15 ..	4,00,00	1,59,25	1,49,25	2,12,00	29,58,50	79,75,25	0	8	0
,,	22 ..	4,00,00	2,38,25	2,23,25	96,50	30,85,25	80,50,50	0	8	0
,,	29 ..	4,00,00	2,04,00	1,94,00	1,33,00	31,46,25	82,93,00	0	8	0
30th to 31st		....	....	....	....	31,46,25	83,33,00	....		
Total	..	**160,00,00**	**204,77,75**	**117,90,75**	**123,27,00**	**31,46,25**	**83,33,00**	0	6	4

There were no sales of intermediates during the year.

STATEMENT XVI

Government of India Treasury Bills (Monthly), 1945-46*

(Reference paragraphs 44 & 45)

(In thousands of rupees)

1944-45 PUBLIC Sales	1944-45 PUBLIC *Average Yield*	1944-45 PUBLIC Discharges	1944-45 PUBLIC Outstandings	1944-45 Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others	Month	1945-46 PUBLIC Sales	1945-46 PUBLIC *Average Yield*	1945-46 PUBLIC Discharges	1945-46 PUBLIC Outstandings	1945-46 Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others
5,93,25	*0.79*	27,83,00	54,17,00	**90,43,00**	April	16,00,00	*0.37*	8,94,25	43,88,25	**85,65,25**
16,00,00	*0.54*	25,07,00	45,10,00	**81,69,00**	May	12,00,00	*0.46*	9,86,75	46,01,50	**83,13,00**
30,00,00	*0.45*	23,14,50	51,95,50	**84,44,50**	June	10,00,00	*0.29*	18,00,00	38,01,50	**72,95,00**
16,00,00	*0.49*	5,92,00	62,03,50	**93,21,00**	July	2,32,75	*0.26*	15,99,25	24,35,00	**62,51,50**
20,00,00	*0.49*	16,03,50	66,00,00	**97,04,25**	August	10,12,50	*0.41*	12,00,00	22,47,50	**59,93,75**
30,00,00	*0.49*	30,00,00	66,00,00	**97,57,50**	September	8,21,50	*0.36*	10,02,25	20,66,75	**57,08,00**
24,00,00	*0.50*	16,00,00	74,00,00	**103,93,50**	October	7,84,75	*0.33*	2,32,75	26,18,75	**66,04,50**
24,00,00	*0.51*	20,00,00	78,00,00	**106,42,50**	November	12,00,00	*0.34*	10,12,50	28,06,25	**68,58,75**
26,53,25	*0.51*	29,98,75	74,54,50	**104,81,25**	December	7,95,75	*0.41*	8,18,75	27,83,25	**66,00,75**
8,94,25	*0.56*	24,00,00	59,48,75	**92,68,25**	January	6,23,00	*0.44*	7,84,75	26,21,50	**61,83,50**
9,87,00	*0.51*	24,00,00	45,35,75	**84,21,75**	February	13,74,50	*0.45*	12,00,00	27,96,00	**67,73,00**
18,00,00	*0.32*	26,53,25	36,82,50	**86,70,50**	March	11,46,00	*0.50*	7,95,75	31,46,25	**83,33,00**
229,27,75	**0.49**	**268,52,00**	**36,82,50**	**86,70,50**	**Total**	**117,90,75**	**0.40**	**123,27,00**	**31,46,25**	**83,33,00**

* No Ways and Means Advances were taken during 1944-45 and 1945-46.

STATEMENT XVII

PROVINCIAL GOVERNMENT THREE MONTHS TREASURY BILLS, 1945-46

(*Reference paragraph* 48)

(In thousands of rupees)

Week ended		Issuing Government	Amount offered for tender	Amount tendered	Amount sold	*Average rate of discount per cent. per annum.*	Amount outstanding with the public.
1945–46						Rs. a. p.	
April	27	.. Assam	3,00,00	3,85,00	3,00,00	*0 6 10*	5,00,00
June	29	.. Assam	1,50,00	4,10,00	1,50,00	*0 4 0*	4,50,00
July	13	.. Madras	1,00,00	2,08,00	50,00	*0 4 8*	50,00
July	20	.. Bengal	3,00,00	4,35,00	3,00,00	*0 6 2*	3,00,00
July	27	.. Assam	4,00,00	4,05,00	4,00,00	*0 6 7*	5,50,00
October	5	.. Assam	1,50,00	2,75,00	1,50,00	*0 6 8*	5,50,00
October	12	.. Bengal	2,50,00	5,40,00	2,50,00	*0 7 0*	5,50,00
October	26	.. Madras	50,00	1,25,00	50,00	*0 6 0*	50,00
October	26	.. Assam	3,50,00	6,30,00	3,50,00	*0 6 10*	5,00,00
November	9	.. Bengal	3,50,00	6,10,00	3,50,00	*0 6 10*	6,00,00
December	28	.. Assam	1,00,00	1,00,00	1,00,00	*0 8 6*	6,00,00
January	18	.. Bengal	2,50,00	3,55,00	2,50,00	*0 8 1*	6,00,00
February	1	.. Assam	3,00,00	4,85,00	3,00,00	*0 7 10*	4,00,00
February	8	.. Bengal	5,00,00	8,35,00	5,00,00	*0 8 0*	7,50,00
March	29	.. Assam	50,00	54,00	50,00	*0 9 0*	3,50,00
		TOTAL ..	**1938-39**	**7,17,00**	**5,70,00**		**1,50,00**
		" ..	**1939-40**	**13,75,75**	**11,80,00**		**1,35,25**
		" ..	**1940-41**	**12,28,00**	**6,90,00**		**50,00**
		" ..	**1941-42**	**18,14,25**	**8,15,00**		**1,00,00**
		" ..	**1942-43**	**9,67,50**	**4,35,00**		**80,00**
		" ..	**1943-44**	**65,63,50**	**45,65,00**		**17,30,00**
		" ..	**1944-45**	**89,65,00**	**53,50,00**		**10,00,00**
		" ..	**1945-46**	**58,52,00**	**35,50,00**		**11,00,00**

STATEMENT XVIII

Provincial Government Treasury Bills since 1938-39

(*Reference paragraph* 48)

(In thousands of rupees)

Provinces and Particulars.	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	Total
MADRAS									
Amount offered for tender ..	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	1,00,00	1,00,00	1,50,00	**15,90,00**
Amount tendered	2,42,75	5,38,50	7,34,25	3,06,50	4,56,00	1,65,00	3,10,00	3,33,00	**30,86,00**
Amount sold	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	60,00	1,00,00	1,00,00	**15,00,00**
Amount outstanding ..	..	..	..	..	..	..	..	..	..
BOMBAY									
Amount offered for tender ..	..	..	..	..	..	50,00	..	..	**50,00**
Amount tendered	..	..	..	..	..	1,15,00	..	..	**1,15,00**
Amount sold	..	..	..	..	..	50,00	..	..	**50,00**
Amount outstanding ..	..	..	..	..	..	50,00	..	..	..
BENGAL									
Amount offered for tender ..	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	**90,60,00**
Amount tendered	..	1,53,25	1,82,50	13,52,50	1,34,50	37,66,50	55,48,00	27,75,00	**139,12,25**
Amount sold	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	**90,60,00**
Amount outstanding ..	..	30,00	..	1,00,00	..	12,50,00	5,00,00	7,50,00	**7,50,00**
UNITED PROVINCES									
Amount offered for tender ..	80,00	2,60,00	..	..	75,00	6,00,00	..	..	**10,15,00**
Amount tendered	85,00	2,76,75	..	..	97,00	11,58,00	..	..	**16,16,75**
Amount sold	80,00	2,60,00	..	..	75,00	6,00,00	..	..	**10,15,00**
Amount outstanding ..	..	40,00	..	..	..	1,00,00	..	..	..
THE PUNJAB									
Amount offered for tender ..	..	90,00	..	..	..	..	..	..	**90,00**
Amount tendered	..	1,01,25	..	..	..	..	..	..	**1,01,25**
Amount sold	..	90,00	..	..	..	..	..	..	**90,00**
Amount outstanding ..	..	..	..	..	..	..	..	..	..
C. P. AND BERAR									
Amount offered for tender ..	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	**6,95,00**
Amount tendered	3,06,75	1,95,25	2,44,00	1,55,25	1,31,00	1,39,00	..	..	**11,71,25**
Amount sold	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	**6,95,00**
Amount outstanding ..	1,10,00	40,00	50,00	..	..	80,00	..	..	..
ASSAM									
Amount offered for tender ..	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	**46,45,00**
Amount tendered	82,50	1,10,75	67,25	..	1,49,00	12,20,00	27,61,00	27,44,00	**71,34,50**
Amount sold	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	**46,45,00**
Amount outstanding ..	40,00	25,25	..	..	80,00	2,50,00	4,50,00	3,50,00	**3,50,00**
ORISSA									
Amount offered for tender ..	..	..	..	..	..	..	1,00,00	..	**1,00,00**
Amount tendered	..	..	..	..	..	..	3,46,00	..	**3,46,00**
Amount sold	..	..	..	..	..	..	1,00,00	..	**1,00,00**
Amount outstanding ..	..	..	..	..	..	..	50,00	..	..
TOTAL									
Amount offered for tender ..	**5,70,00**	**11,80,00**	**6,90,00**	**8,15,00**	**4,35,00**	**46,05,00**	**53,50,00**	**36,00,00**	**172,45,00**
Amount tendered	**7,17,00**	**13,75,75**	**12,28,00**	**18,14,25**	**9,67,50**	**65,63,50**	**89,65,00**	**58,52,00**	**274,83,00**
Amount sold	**5,70,00**	**11,80,00**	**6,90,00**	**8,15,00**	**4,35,00**	**45,65,00**	**53,50,00**	**35,50,00**	**171,55,00**
Amount outstanding ..	**1,50,00**	**1,35,25**	**50,00**	**1,00,00**	**80,00**	**17,30,00**	**10,00,00**	**11,00,00**	**11,00,00**

STATEMENT XIX

PUBLIC DEBT OF INDIA SINCE 1913-14

(*Reference paragraph* 51)

(A) Rupee Debt

(In crores of rupees)

End of March	Un-dated	*Per-cent-age of Total*	Over 10 years	*Per-cent-age of Total*	Between 5 and 10 years	*Per-cent-age of Total*	Under 5 years	*Per-cent-age of Total*	Trea-sury Bills	*Per-cent-age of Total*	Post Office Savings Bank Deposits and Cash Certifi-cates	*Per-cent-age of Total*	*Other obliga-tions	*Per-cent-age of Total*	Total	*Percent-age in-crease(+) or de-crease(—)*
1914 ..	144·52	*80·4*	1·00	*0·6*	—	—	—	—	—	—	23·17	*12·9*	11·08	*6·1*	**179·77**	—
1919 ..	143·20	*39·9*	26·42	*7·4*	29·44	*8·2*	59·43	*16·5*	49·24	*13·7*	27·03	*7·5*	24·02	*6·6*	**358·78**	*+99·5*
1924 ..	137·25	*28·4*	29·29	*6·1*	96·93	*20·1*	94·45	*19·6*	51·77	*10·7*	33·21	*6·9*	39·62	*8·2*	**482·52**	*+35·5*
1929 ..	137·41	*24·9*	121·03	*21·9*	50·25	*9·2*	81·54	*14·8*	43·15	*7·8*	56·79	*10·3*	61·04	*11·1*	**551·21**	*+14·2*
1934 ..	126·69	*18·3*	160·73	*23·2*	67·93	*9·8*	79·22	*11·4*	59·24	*8·5*	115·94	*16·7*	83·34	*12·1*	**693·09**	*+25·7*
1939 ..	128·46	*18·1*	113·80	*16·0*	124·71	*17·6*	70·89	*9·9*	46·30	*6·5*	141·46	*19·8*	84·34	*11·8*	**709·96**	*+ 2·4*
1940 ..	139·93	*19·2*	147·24	*20·2*	113·75	*15·6*	49·35	*6·8*	54·71	*7·5*	135·35	*18·6*	87·48	*12·1*	**727·79**	*+ 2·6*
1941 ..	148·52	*17·3*	182·98	*21·2*	150·31	*17·5*	95·07	*11·0*	68·90	*8·0*	108·80	*12·6*	106·59	*12·4*	**861·17**	*+18·3*
1942 ..	164·18	*17·4*	261·77	*27·8*	68·75	*7·3*	117·16	*12·5*	136·98	*14·6*	95·55	*10·2*	96·61	*10·3*	**941·00**	*+ 9.3*
1943 ..	245·50	*20·3*	238·68	*19·8*	91·75	*7·6*	172·80	*14·3*	264·70	*21·9*	92·77	*7·7*	99·98	*8·3*	**1,206·18**	*+28·2*
1944 ..	283.89	*21.2*	454.43	*33.8*	85.38	*6.4*	182.86	*13.6*	110.61	*8.2*	118.47	*8.8*	107.05	*8.0*	**1,342·69**	*+11.3*
1945(Preliminary)	284·03	*18·1*	395·97	*25·2*	282·42	*18·0*	249·50	*15·9*	86·71	*5·5*	157·52	*10·0*	115·71	*7·3*	**1,571·86**	*+17·1*
1946(,,)	284·04	*14·7*	663·80	*34·4*	222·75	*11·6*	321·59	*16·7*	83·33	*4·3*	220.28	*11.4*	131·76	*6·9*	**1,927·55**	*+22·6*

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

STATEMENT XIX—*(continued)*

PUBLIC DEBT OF INDIA SINCE 1913–14

(Reference paragraph 51)

(In crores of rupees)

(B) Sterling Debt *

End of March	Undated	*Percent-age of Total*	Over 10 years	*Percent-age of Total*	Between 5 and 10 years	*Percent-age of Total*	Under 5 years	*Percent-age of Total*	† Other obliga-tions	*Percent-age of Total*	**Total**	*Percent-age in-crease (+) or de-crease (—)*
1914	265·57	*99·9*	—	—	—	—	—	—	0·24	*0·1*	**265·81**	—
1919	257·80	*84·8*	45·96	*15·1*	—	—	—	—	0·32	*0·1*	**304·08**	+ *14·4*
1924	366·80	*92·2*	28·90	*7·3*	—	—	—	—	2·06	*0·5*	**397·76**	+ *30·8*
1929	296·61	*62·7*	169·93	*36·0*	4·66	*1·0*	—	—	1·58	*0·3*	**472·78**	+ *18·9*
1934	269·19	*52·6*	198·50	*38·8*	—	—	43·08	*8·4*	1·38	*0·2*	**512·15**	+ *8·3*
1939	268·05	*57·1*	135·11	*28·8*	29·30	*6·3*	32·46	*6·9*	4·18	*0·9*	**469·10**	— *8·4*
1940	255·63	*57·8*	115·44	*26·1*	39·09	*8·8*	28·15	*6·4*	4·18	*0·9*	**442·49**	— *5·7*
1941	246·81	*71·6*	40·81	*11·8*	32·87	*9·5*	20·62	*5·9*	3·82	*1·1*	**344·93**	— *22·1*
1942	134·00	*63·6*	34·66	*16·4*	17·32	*8·2*	20·95	*9·9*	3·77	*1·8*	**210·70**	— *38·9*
1943‡	20·32	*36·5*	4·06	*7·3*	6·88	*12·4*	20·62	*37·1*	3·71	*6·7*	**55·59**	— *73·6*
1944‡	3·35	*8·6*	3·97	*10·1*	5·82	*14·9*	21·56	*55·1*	4·44	*11·3*	**39·14**	— *29·4*
1945‡ (Preliminary) ..	2·96	*7·8*	2·98	*7·9*	5·81	*15·4*	22·45	*59·4*	3·60	*9·5*	**37·80**	— *3·4*
1946‡ („) ..	2·87	*7·6*	2·96	*7·9*	0·97	*2·6*	27·11	*72·4*	3·55	*9·5*	**37·46**	— *0·9*

* Converted at 1sh. 4d. per rupee up to 1923-24 and thereafter at 1sh. 6d. † Including (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge and (2) the balances relating to Service Funds. ‡ Excluding Railway Annuities.

STATEMENT XX

(A) Post Office Cash Certificates *

(Reference paragraph 53)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Amount outstanding
1917-18	10,00	1,12	8,88	8,88
1918-19 } 1919-20 }	4,03	7,16	— 3,13	5,75
1920-21 } 1921-22 }	1,00	2,41	— 1,41	4,34
1922-23 } 1923-24 }	7,61	3,53	4,08	8,42
1924-25 } 1925-26 }	15,65	3,10	12,55	20,97
1926-27 } 1927-28 }	13,61	3,88	9,73	30,70
1928-29	4,91	3,31	1,60	32,30
1929-30	7,15	4,45	2,70	35,00
1930-31	11,78	8,35	3,43	38,43
1931-32	14,49	8,34	6,15	44,58
1932-33	15,74	4,68	11,06	55,64
1933-34	13,31	5,24	8,07	63,71
1934-35	9,95	7,70	2,25	65,96
1935-36	13,45	13,43	2	65,98
1936-37	14,88	16,46	— 1,58	64,40
1937-38	13,97	18,16	— 4,19	60,21
1938-39	14,71	15,35	— 64	59,57
1939-40	10,25	12,80	— 2,55	57,02
1940-41	4,89	14,93	—10,04	46,98
1941-42	3,97	11,94	— 7,97	39,01
1942-43	3,76	8,20	— 4,44	34,57
1943-44	5,50	5,43	7	34,64
1944-45	5,48	4,31	1,17	35,82
1945-46 (Preliminary)	6,66	3,71	2,95	38,77

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

(B) Post Office Defence Savings Certificates †

	Receipts	Repayments	Net receipts	Amount outstanding
1940-41	2,41	12	2,29	2,29
1941-42	2,81	75	2,06	4,35
1942-43	2,02	81	1,21	5,56
1943-44	2,43	1,02	1,41	6,97
1944-45	..	55	— 55	6,42
1945-46 (Preliminary) ..	..	50	— 50	5,93

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

(C) Post Office National Savings Certificates

	Receipts	Repayments	Net receipts	Amount outstanding
1943-44	8,66	1	8,65	8,65
1944-45	19,55	1	19,54	28,19
1945-46 (Preliminary)	23,12	10	23,02	51,19

STATEMENT XXI

(A) Post Office Savings Bank *

(Reference paragraph 53)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding
1913-14	10,99	61	9,04	2,56	**23,16**
1914-15	9,07	53	17,88	— 8,28	**14,89**
1915-16	7,73	43	7,73	43	**15,32**
1916-17	8,93	45	8,10	1,28	**16,59**
1917-18	9,72	44	10,17	— 1	**16,58**
1918-19	12,99	46	11,21	2,24	**18,82**
1919-20	17,18	56	15,22	2,52	**21,34**
1920-21	18,22	62	17,33	1,51	**22,86**
1921-22	17,11	61	18,32	— 60	**22,26**
1922-23	17,07	62	16,75	94	**23,19**
1923-24	17,71	67	16,79	1,59	**24,78**
1924-25	17,44	71	17,64	51	**25,63**
1925-26	19,05	73	18,19	1,59	**27,23**
1926-27	20,38	79	18,89	2,28	**29,50**
1927-28	23,14	86	20,84	3,16	**32,66**
1928-29	26,24	97	25,39	1,82	**34,49**
1929-30	26,25	1,02	24,63	2,64	**37,13**
1930-31	24,36	1,04	25,50	— 10	**37,02**
1931-32	27,39	1,08	27,29	1,18	**38,20**
1932-33	30,96	1,15	26,86	5,25	**43,45**
1933-34	36,87	1,28	29,37	8,78	**52,23**
1934-35	38,67	1,34	37,26	2,75	**58,30**
1935-36	46,33	1,50	38,88	8,95	**67,25**
1936-37	43,38	1,45	37,40	7,43	**74,68**
1937-38	43,27	1,46	39,76	4,97	**77,56**
1938-39	44,61	1,42	41,65	4,38	**81,94**
1939-40	40,51	1,15	45,22	— 3,56	**78,38**
1940-41	25,35	93	45,09	—18,81	**59,57**
1941-42	21,91	83	30,18	— 7,44	**52,13**
1942-43	22,26	73	22,84	15	**52,28**
1943-44	35,22	93	24,19	11,96	**64,24**
1944-45	43,76	1,22	28,94	16,04	**80,28**
1945-46 (Preliminary) ..	74,42	(a)	40,77	33,65	**1,13,93**

* Figures for Burma are included up to 1936-37. (a) Not available.

(B) Post Office Defence Savings Bank

	Deposits	Withdrawals	Net increase in Deposits	Amount outstanding
1941-42	11	..	11	**11**
1942-43	29	..	29	**40**
1943-44	3,59	1	3,58	**3,98**
1944-45	4,37	2	4,35	**8,53†**
1945-46 (Preliminary) ..	1,71	1	1,70	**10,22**

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

STATEMENT XXII

Principal Items of Small Savings (Monthly), 1945–46

(*Reference paragraph* 53)

(In lakhs of rupees)

	Post Office Cash Certificates		**Defence Savings Certificates**		**National Savings Certificates †**		**Post Office Savings Bank Deposits**		**Defence Savings Bank Deposits**		**Total Receipts**	**Total Month-end outstandings**
	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding		
1944-45												
April ..	33	34,56	....	6,91	84	9,49	3,16	65,09	57	4,59	**4,90**	**1,20,64**
May ..	39	34,55	....	6,86	54	10,03	3,38	67,10	78	5,37	**5,09**	**1,22,91**
June ..	42	34,62	....	6,80	61	10,64	3,40	67,26	70	6,07	**5,13**	**1,25,39**
July ..	48	34,73	....	6,76	77	11,41	3,58	68,73	33	6,40	**5,16**	**1,28,08**
August ..	54	34,87	....	6,71	1,17	12,58	3,61	70,18	12	6,52	**5,44**	**1,30,86**
September ..	49	35,04	....	6,67	1,38	13,96	3,58	71,50	7	6,59	**5,52**	**1,33,76**
October ..	49	35,20	....	6,63	1,26	15,22	3,62	72,79	8	6,67	**5,45**	**1,36,51**
November ..	49	35,37	....	6,58	1,31	16,53	3,63	73,92	13	6,80	**5,56**	**1,39,20**
December ..	46	35,49	....	6,54	1,58	18,11	3,53	74,93	37	7,17	**5,94**	**1,42,24**
January ..	49	35,62	....	6,50	4,12	22,23	3,80	75,97	48	7,65	**8,89**	**1,47,97**
February ..	41	35,69	....	6,47	2,21	24,44	3,66	77,13	36	8,01	**6,64**	**1,51,74**
March ..	49	35,82	....	6,42	3,61	28,04	4,81	80,28	38	8,53	**9,29**	**1,59,09**
Total ..	**548**	**35,82**	....	**6,42**	**19,40**	**28,04**	**43,76**	**80,28**	**4,37**	**8,53**	**73,01**	**1,59,09**
1945-46												
April ..	48	35,97	....	6,38	1,57	29,61	5,02	82,53	26	8,79	**7,33**	**1,63,28**
May ..	49	36,15	....	6,35	1,53	31,13	5,10	84,76	23	9,02	**7,35**	**1,67,41**
June ..	50	36,39	....	6,32	1,39	32,51	5,52	87,43	17	9,19	**7,58**	**1,71,84**
July ..	54	36,67	....	6,29	1,65	34,16	5,87	90,50	16	9,35	**8,22**	**1,76,97**
August ..	54	36,97	....	6,25	1,78	35,93	5,91	93,58	13	9,48	**8,36**	**1,82,21**
September ..	57	37,30	....	6,21	1,89	37,96	6,00	96,69	10	9,68	**8,56**	**1,87,74**
October ..	61	37,59	....	6,16	2,01	39,96	6,77	1,00,05	7	9,65	**9,46**	**1,93,41**
November ..	53	37,79	....	6,12	2,00	41,95	6,16	1,02,56	11	9,76	**8,80**	**1,98,18**
December ..	51	37,95	....	6,08	1,80	43,74	6,24	1,05,10	11	9,87	**8,66**	**2,02,74**
January ..	89	38,45	....	6,03	2,68	46,40	8,34	1,09,19	15	10,02	**12,06**	**2,10,09**
February ..	56	38,69	....	5,99	2,30	48,68	6,69	1,11,84	9	10,11	**9,64**	**2,15,31**
March ..	44	38,77	....	5,93	2,52	51,19	6,81	1,13,93	12	10,22	**9,89**	**2,20,04**
Total ..	**6,66**	**38,77**	....	**5,93**	**23,12**	**51,19**	**74,42**	**1,13,93**	**1,71**	**10,22**	**1,05,91**	**2,20,04**

† The figures for 1944-45 exclude Rs. 15 lakhs of Hyderabad State National Savings Certificates first issued in June 1944, while those for 1945-46 include Certificates of the value of Rs. 19 lakhs issued by the State during the year.

STATEMENT XXIII

Representative Rupee Securities of the Government of India

Prices in Bombay, 1945-46

(Reference paragraph 56)

(In rupees)

1945-46	3½ per cent. Loan 1947-50				3 per cent. Loan 1951-54				3 per cent. First Victory Loan 1957				4 per cent. Loan 1960-70			
	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*
April	$103\frac{11}{16}$ (21-30)	$103\frac{5}{8}$ (2-20)	$103\frac{5}{8}$	*2·05*	$100\frac{15}{16}$ (17-26)	$100\frac{7}{8}$ (2-16, 27-30)	$100\frac{7}{8}$	*2·86*	100 (17-23)	$99\frac{15}{16}$ (2-16, 24-30)	$99\frac{15}{16}$	*3·01*	$112\frac{3}{4}$ (2-30)	$112\frac{3}{4}$ (2-30)	$112\frac{3}{4}$	*2·97*
May	$103\frac{3}{4}$ (11-17)	$103\frac{11}{16}$ (1-8, 18-31)	$103\frac{11}{16}$	*1·98*	$100\frac{15}{16}$ (29-31)	$100\frac{13}{16}$ (1-16)	$100\frac{7}{8}$	*2·85*	$100\frac{1}{8}$ (29-31)	$99\frac{7}{8}$ (5-8)	100	*3·00*	$112\frac{3}{4}$ (1-31)	$112\frac{3}{4}$ (1-31)	$112\frac{3}{4}$	*2·96*
June	$103\frac{3}{4}$ (2-14)	$103\frac{5}{8}$ (28-30)	$103\frac{11}{16}$	*1·93*	$101\frac{3}{16}$ (21-30)	$100\frac{15}{16}$ (1-5)	$101\frac{1}{16}$	*2·82*	$100\frac{3}{8}$ (12-30)	$100\frac{1}{8}$ (1-2)	$100\frac{5}{16}$	*2·97*	113 (11-30)	$112\frac{3}{4}$ (1-4)	$112\frac{15}{16}$	*2·94*
July	$103\frac{5}{8}$ (3-6, 11-28)	$103\frac{1}{4}$ (30-31)	$103\frac{3}{8}$	*2·01*	$101\frac{3}{16}$ (9-23)	$101\frac{1}{4}$ (31)	$101\frac{1}{2}$	*2·74*	$100\frac{9}{16}$ (9-21)	$100\frac{3}{8}$ (3-5)	$100\frac{1}{2}$	*2·95*	$113\frac{1}{4}$ (16-31)	113 (3-6)	$113\frac{3}{16}$	*2·92*
August	$103\frac{1}{4}$ (1-30)	$103\frac{1}{4}$ (1-30)	$103\frac{1}{4}$	*2·01*	$101\frac{7}{16}$ (20-21, 24-30)	$101\frac{1}{4}$ (1-2)	$101\frac{3}{8}$	*2·75*	$100\frac{5}{8}$ (27-30)	$100\frac{7}{16}$ (1-2)	$100\frac{9}{16}$	*2·94*	$113\frac{1}{4}$ (1-22, 29-30)	$113\frac{1}{8}$ (24-28)	$113\frac{1}{4}$	*2·91*
September	$103\frac{1}{4}$ (1-29)	$103\frac{1}{4}$ (1-29)	$103\frac{1}{4}$	*1·96*	$101\frac{5}{8}$ (5)	$101\frac{5}{16}$ (17)	$101\frac{7}{16}$	*2·74*	$100\frac{7}{16}$ (13-17)	$100\frac{3}{8}$ (1-12, 18-29)	$100\frac{3}{8}$	*2·96*	$113\frac{7}{16}$ (5-13)	$113\frac{1}{4}$ (1, 15-29)	$113\frac{5}{16}$	*2·90*
October	$103\frac{1}{4}$ (22-31)	$103\frac{1}{4}$ (1-18)	$103\frac{1}{4}$	*1·83*	$101\frac{3}{4}$ (30-31)	$101\frac{3}{8}$ (1-8)	$101\frac{9}{16}$	*2·71*	$100\frac{11}{16}$ (22-31)	$100\frac{3}{8}$ (1-3)	$100\frac{9}{16}$	*2·94*	$113\frac{1}{4}$ (1-5, 20-31)	$113\frac{3}{16}$ (6-19)	$113\frac{1}{4}$	*2·90*
November	$103\frac{5}{8}$ (3-14)	$103\frac{7}{16}$ (30)	$103\frac{9}{16}$	*1·68*	$101\frac{13}{16}$ (17-22)	$101\frac{11}{16}$ (30)	$101\frac{3}{4}$	*2·67*	$100\frac{11}{16}$ (1-10, 21-30)	$100\frac{5}{8}$ (12-20)	$100\frac{11}{16}$	*2·93*	$113\frac{1}{4}$ (1-30)	$113\frac{1}{4}$ (1-30)	$113\frac{1}{4}$	*2·89*
December	$103\frac{7}{16}$ (1-31)	$103\frac{7}{16}$ (1-31)	$103\frac{7}{16}$	*1·67*	$101\frac{11}{16}$ (1-31)	$101\frac{11}{16}$ (1-31)	$101\frac{11}{16}$	*2·68*	$100\frac{5}{8}$ (1-22)	$100\frac{9}{16}$ (27-31)	$100\frac{5}{8}$	*2·94*	$113\frac{1}{4}$ (1-14)	$113\frac{3}{16}$ (15-31)	$113\frac{1}{4}$	*2·89*
January	$103\frac{7}{16}$ (2-31)	$103\frac{7}{16}$ (2-31)	$103\frac{7}{16}$	*1·59*	$101\frac{15}{16}$ (28-31)	$101\frac{11}{16}$ (2-7)	$101\frac{7}{8}$	*2·64*	$101\frac{1}{4}$ (11-14)	$100\frac{9}{16}$ (2)	$101\frac{1}{16}$	*2·89*	$113\frac{7}{8}$ (30-31)	$113\frac{3}{16}$ (2)	$113\frac{3}{8}$	*2·86*
February	$103\frac{7}{16}$ (1-28)	$103\frac{7}{16}$ (1-28)	$103\frac{7}{16}$	*1·50*	$102\frac{1}{8}$ (26-28)	$101\frac{13}{16}$ (1-9)	102	*2·62*	$101\frac{3}{4}$ (26-28)	$101\frac{3}{16}$ (1-2)	$101\frac{9}{16}$	*2·84*	$114\frac{5}{8}$ (28)	$113\frac{7}{8}$ (1-9)	$114\frac{1}{16}$	*2·82*
March	$103\frac{7}{16}$ (1-16)	$103\frac{3}{8}$ (19-30)	$103\frac{7}{16}$	*1·41*	$102\frac{1}{4}$ (1-14)	102 (19-22, 26-28)	$102\frac{1}{8}$	*2·58*	$102\frac{1}{4}$ (30)	$101\frac{11}{16}$ (1)	$101\frac{15}{16}$	*2·80*	$114\frac{9}{16}$ (8-14)	$114\frac{3}{8}$ (1-4, 16-28)	$114\frac{7}{16}$	*2·78*

	3 per cent. Loan 1963-65				3 per cent. Funding Loan 1966-68				3½ per cent. Loan (non-terminable)			
	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*
1945-46												
April	98 15/16 (2-5, 18-24)	98¾ (7)	98⅞	*3·08*	98¼ (2-5, 17-24)	98⅛ (6-7)	98 3/16	*3·10*	100⅛ (18-20, 28)	99 9/16 (2-3)	99 13/16	*3·50*
May	99 1/16 (29-31)	98⅞ (1-8)	98 15/16	*3·07*	98¼ (23-31)	98 1/16 (1-22)	98 1/16	*3·11*	100⅜ (29-31)	99 15/16 (5)	100⅛	*3·50*
June	99 3/16 (16-18)	98 15/16 (1-4)	99 1/16	*3·06*	98 9/16 (15-18)	98¼ (1)	98 7/16	*3·09*	101 11/16 (29)	100 7/16 (1-2)	101¼	*3·46*
July	99¼ (20-28)	99⅛ (3-7)	99 3/16	*3·05*	98½ (5-19)	98⅜ (26-31)	98 7/16	*3·10*	102 13/16 (13,16)	101⅝ (3)	102⅜	*3·42*
August	99⅛ (1-10,14-20, 27-30)	99 1/16 (11-13, 21-25)	99⅛	*3·06*	98½ (29-30)	98¼ (11, 21-25)	98⅜	*3·10*	102 5/16 (4-8)	100⅜ (22)	101⅝	*3·44*
September	99⅜ (21-29)	99⅛ (1)	99¼	*3·05*	98 11/16 (20-29)	98½ (1)	98⅝	*3·08*	102 3/16 (24-27)	101⅝ (6-8)	101⅞	*3·44*
October	99½ (31)	99⅜ (1-20)	99⅜	*3·04*	98⅝ (25-31)	98⅜ (3-12)	98½	*3·09*	103 (23-24)	102 5/16 (1-3)	102 9/16	*3·41*
November	99¾ (22-30)	99⅛ (1-21)	99 9/16	*3·03*	98¾ (4-7)	98⅝ (1)	98 11/16	*3·08*	103⅞ (22)	102 15/16 (1)	103⅜	*3·39*
December	99 9/16 (1)	99 5/16 (27-29)	99 7/16	*3·04*	98⅝ (1-14)	98⅜ (27-29)	98 9/16	*3·09*	103⅝ (10)	103⅜ (27-29)	103½	*3·38*
January	99 15/16 (11-14)	99⅝ (2)	99 11/16	*3·03*	99 1/16 (30-31)	98 7/16 (2)	98 13/16	*3·07*	104 (8-10)	103 (15)	103 9/16	*3·38*
February	100 3/16 (28)	99¾ (1-11)	100	*3·00*	100⅜ (28)	99 (5)	99½	*3·03*	103⅝ (12-16)	102 11/16 (23)	103 3/16	*3·39*
March	101 15/16 (29-30)	100 11/16 (1)	101⅛	*2·92*	101 15/16 (29-30)	100 7/16 (1-4)	101 1/16	*2·93*	103 7/16 (1)	102 (22-27)	102¾	*3·41*

Figures within brackets refer to dates of quotations.

STATEMENT XXIV

Prices (Annual) of Representative Rupee Securities of the Government of India since 1933-34

(*Reference paragraph* 56)

(In rupees)

	$3\frac{1}{2}$ per cent. Loan 1947-50		3 per cent. Loan 1951-54		3 per cent. First Victory Loan 1957		4 per cent. Loan 1960-70		3 per cent. Loan 1963-65		3 per cent. Funding Loan 1966-68		$3\frac{1}{2}$ per cent Loan (non-terminable)	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1933-34 ..	$97\frac{3}{4}$	90	..	..	..	..	$103\frac{1}{8}$	$90\frac{3}{4}$	..	..	..	..	$88\frac{1}{4}$	$79\frac{3}{16}$
1934-35 ..	$102\frac{15}{16}$	$97\frac{7}{16}$	..	..	..	..	$111\frac{7}{16}$	$101\frac{3}{4}$	..	..	..	..	$98\frac{1}{4}$	$87\frac{1}{2}$
1935-36 ..	$107\frac{3}{8}$	$100\frac{9}{16}$	$103\frac{1}{8}$	$96\frac{3}{4}$	..	..	$113\frac{5}{8}$	103	..	..	..	..	$99\frac{3}{8}$	$87\frac{3}{16}$
1936-37 ..	$108\frac{1}{8}$	$103\frac{7}{8}$	105	$100\frac{1}{8}$	..	..	$116\frac{1}{16}$	$109\frac{3}{4}$	..	..	..	..	$100\frac{13}{16}$	$91\frac{1}{4}$
1937-38 ..	$107\frac{1}{4}$	105	$102\frac{7}{8}$	$100\frac{5}{8}$	..	..	$114\frac{7}{16}$	$110\frac{1}{8}$	..	..	..	..	$99\frac{1}{8}$	$92\frac{9}{16}$
1938-39 ..	$106\frac{7}{16}$	103	$103\frac{1}{4}$	100	..	..	$114\frac{7}{8}$	$107\frac{1}{2}$	$98\frac{3}{8}$	96	..	..	$99\frac{1}{2}$	$90\frac{5}{8}$
1939-40 ..	$104\frac{5}{8}$	$92\frac{3}{4}$	$101\frac{1}{16}$	86	..	..	$111\frac{3}{16}$	94	$97\frac{13}{16}$	82	..	..	$97\frac{15}{16}$	$80\frac{7}{8}$
1940-41 ..	$104\frac{1}{8}$	$98\frac{3}{4}$	$99\frac{9}{16}$	$92\frac{5}{8}$	..	..	109	99	95	$85\frac{1}{8}$	..	..	$96\frac{1}{16}$	$84\frac{5}{8}$
1941-42 ..	$103\frac{1}{4}$	$96\frac{3}{4}$	100	$93\frac{1}{8}$	..	..	$111\frac{1}{8}$	99	$95\frac{1}{16}$	$85\frac{1}{8}$	..	..	$96\frac{1}{16}$	84
1942-43 ..	104	$97\frac{9}{16}$	$99\frac{7}{8}$	94	..	..	$110\frac{7}{16}$	$103\frac{1}{16}$	$95\frac{1}{4}$	$88\frac{1}{2}$	..	..	94	$88\frac{1}{16}$
1943-44 ..	$103\frac{13}{16}$	103	$100\frac{5}{16}$	$99\frac{7}{8}$	..	..	$112\frac{3}{4}$	$110\frac{7}{16}$	$98\frac{13}{16}$	$95\frac{1}{2}$	..	..	$99\frac{3}{8}$	94
1944-45 ..	$104\frac{1}{4}$	$101\frac{15}{16}$	$101\frac{3}{16}$	$98\frac{3}{4}$	..	..	$113\frac{1}{16}$	$110\frac{1}{4}$	$99\frac{3}{8}$	$96\frac{1}{2}$	$98\frac{3}{8}$	$96\frac{1}{8}$	$100\frac{1}{16}$	$96\frac{1}{8}$
1945-46 ..	$103\frac{3}{4}$	$103\frac{1}{4}$	$102\frac{1}{4}$	$100\frac{13}{16}$	$102\frac{1}{4}$	$99\frac{7}{8}$	$114\frac{9}{16}$	$112\frac{3}{4}$	$101\frac{15}{16}$	$98\frac{3}{4}$	$101\frac{15}{16}$	$98\frac{1}{8}$	104	$99\frac{9}{16}$

STATEMENT XXV

Index Numbers of Prices (Monthly) of Indian Securities (1927-28=100)

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

(*Reference paragraph* 58)

Year and Month	Government Securities	Fixed Yield Industrial Securities	Variable Yield Industrial Securities: Cotton (22 shares)	Jute (20 shares)	Coal (13 shares)	Iron and Steel (3 shares)	Tea (19 shares)	Sugar (3 shares)	Cement (1 share)	Paper (2 shares)	Banking (8 shares)	General Index
1939-40 .. (Sept.-March)	**111·2**	**134·5**	**85·1**	**64·3**	**164·5**	**539·3**	**69·0**	**97·2**	**162·8**	**346·7**	**116·6**	**120·5**
1940-41 ..	**114·6**	**147·5**	**85·5**	**54·6**	**149·0**	**507·1**	**67·5**	**86·2**	**159·4**	**299·4**	**123.8**	**117·4**
1941-42 ..	**115·9**	**155·9**	**111·0**	**57·2**	**152·5**	**504·3**	**77·7**	**107·2**	**193·9**	**323·9**	**133·3**	**129·0**
1942-43 ..	**115·0**	**144·9**	**146·6**	**53·9**	**161·3**	**441·5**	**86·9**	**141·7**	**235·9**	**359·9**	**144·9**	**138·6**
1943-44 ..	**117·2**	**164·3**	**198·8**	**65·6**	**227·2**	**555·9**	**118·0**	**211·4**	**278·4**	**488·0**	**190·9**	**182.2**
1944-45 ..	**118·0**	**176·2**	**185·2**	**79·3**	**298·1**	**557·5**	**120·3**	**220·0**	**294·0**	**510·1**	**194·1**	**197·3**
1945-46 ..	**118·6**	**187·0**	**199·0**	**100·9**	**356·4**	**651·1**	**131·8**	**215·3**	**287·6**	**599·2**	**217·6**	**220·8**
August 1939	117·6	137·7	59·4	117·7	131·7	369·5	57·8	74·7	149·6	174·0	119·2	**98·5**
1944-45												
April ..	117·5	171·4	202·8	71·8	263·0	565·0	115·9	219·1	283·9	515·6	192·6	**190·7**
May ..	117·9	172·3	106·2	75·5	284·0	601·4	121·3	226·0	297·4	505·4	195·8	**197·2**
June ..	118·1	173·0	190·3	81·6	299·1	601·8	121·3	223·3	286·7	506·0	186·2	**198·9**
July ..	118·2	173·2	191·5	81·0	306·9	606·5	121·8	248·4	289·8	525·3	196·2	**203·6**
August ..	118·2	174·3	176·0	78·4	293·5	574·1	117·1	233·5	292·7	507·7	193·6	**194·3**
September ..	118·0	174·4	168·6	79·3	285·8	563·8	112·5	218·4	274·8	489·5	183·9	**187·7**
October ..	118·2	177·6	175·9	79·7	288·5	557·9	115·5	218·0	301·1	494·7	191·0	**191·2**
November ..	118·2	178·2	184·4	78·5	286·9	584·3	120·6	210·0	310·5	499·7	199·6	**196·1**
December ..	118·1	178·2	188·1	81·3	315·6	599·2	123·9	212·0	311·5	506·9	199·4	**202·8**
January ..	117·8	180·2	182·8	79·0	310·5	583·3	125·6	210·6	297·4	495·5	197·8	**200·8**
February ..	117·7	180·5	186·0	83·0	325·8	602·4	125·1	217·6	296·4	516·2	198·0	**204·6**
March ..	117·6	181·2	180·0	82·3	317·0	550·1	123·5	203·2	285·4	498·4	195·3	**199·9**
1945-46												
April ..	117·6	181·9	179·7	86·0	316·5	569·6	121·8	198·7	292·0	487·2	192·4	**199·8**
May ..	117·7	181·5	182·7	86·3	325·1	579·9	122·1	203·7	295·8	486·8	192·6	**202·2**
June ..	118·2	183·5	183·0	89·3	348·5	584·8	120·2	200·3	257·2	529·7	197·4	**207·3**
July ..	118·4	186·2	191·8	95·9	364·2	610·8	128·4	211·4	265·1	557·3	207·2	**217·0**
August ..	118·0	187·7	186·2	96·3	354·3	608·3	127·8	217·3	264·7	552·2	199·8	**212·6**
September ..	118·3	187·4	188·9	94·8	353·0	634·2	126·6	221·6	276·7	537·0	205·4	**213·3**
October ..	118·7*	187·3	189·2	99·6	354·0	627·6	127·2*	212·2	281·1	557·1	216·1	**214·9**
November ..	119·3*	187·7	200·5	107·2	363·8	678·2	130·9*	217·9	298·0	638·5	227·2	**225·3**
December ..	119·0*	189·0	208·1	111·7	373·7	699·8	139·1*	222·7	299·0	635·3	233·4	**232·4***
January ..	119·3*	189·8	218·6	111·5	373·8	706·1	147·7*	223·8	304·9	698·4	243·4	**238·6***
February ..	119·2*	190·8	218·2	112·1	365·1	724·8	145·4*	223·5	300·3	701·7	242.8	**236·7***
March ..	119·2*	191·3	241.4	120·4	385·2	789·0	144·9*	230·2	316·5	809·5	254.6	**249.7***

* Estimated.

STATEMENT XXVI

Control of Capital Issues

(Reference paragraph 59)

(Rupees in crores)

Classification			Immediate Schemes: Total: No. of companies	Immediate Schemes: Total: Amount asked for	Immediate Schemes: Consents: No. of companies	Immediate Schemes: Consents: Amount wholly or partially allowed	Immediate Schemes: Refusals: No. of companies	Immediate Schemes: Refusals: Amount asked for	Long-range Schemes: Total: No. of companies	Long-range Schemes: Total: Amount asked for	Long-range Schemes: Consents: No. of companies	Long-range Schemes: Consents: Amount wholly or partially allowed	Long-range Schemes: Refusals: No. of companies	Long-range Schemes: Refusals: Amount asked for
I. INDUSTRIAL (59 Sub-Groups)	British India	Initial	900	54·71	746	36·11	154	15·33	146	54·91	145	54·02	1	0·25
		Further	762	40·96	708	32·97	54	3·25	54	16·92	53	16·54	1	0·04
	Outside British India	Initial	89	12·14	57	6·51	32	4·52	13	5·73	13	5·73	..	..
		Further	47	1·95	39	1·87	8	0·27	5	6·33	5	5·88	..	..
	Total Industrial..		**1,798**	**109·76**	**1,550**	**77·45**	**248**	**23·37**	**218**	**83·88**	**216**	**82·17**	**2**	**0·29**
II. AGRICULTURAL (5 Sub-Groups)	British India	Initial	190	12·02	152	7·37	38	3·64	1	0·15	1	0·15	..	..
		Further	89	3·24	78	2·33	11	0·69	..	..	..	..	..	..
	Outside British India	Initial	29	2·63	25	2·31	4	0·29	..	..	..	..	..	..
		Further	20	2·14	17	1·95	3	0·16	..	..	..	..	..	..
	Total Agricultural ..		**328**	**20·03**	**272**	**13·96**	**56**	**4·78**	**1**	**0·15**	**1**	**0·15**	..	..
III. FINANCIAL (7 Sub-Groups)	British India	Initial	318	56·44	159	18·05	159	34·65	5	1·45	5	1·45	..	..
		Further	507	55·49	310	24·44	197	15·85	1	0·10	1	0·10	..	..
	Outside British India	Initial	26	7·66	16	4·69	10	1·32	..	..	..	..	..	..
		Further	32	2·91	18	2·08	14	0·40	..	..	..	..	..	..
	Total Financial ..		**883**	**122·40**	**503**	**49·26**	**380**	**52·22**	**6**	**1·55**	**6**	**1·55**	..	..
IV. TRADE AND TRANSPORT (6 Sub-Groups)	British India	Initial	709	21·02	607	14·88	102	4·63	6	2·85	6	2·85	..	..
		Further	340	4·80	317	3·85	23	0·66	6	4·63	6	4·62	..	..
	Outside British India	Initial	10	0·32	8	0·30	2	0·02	1	1·00	1	1·00	..	..
		Further	7	0·10	5	0·04	2	0·05	..	..	..	..	..	..
	Total Trade and Transport ..		**1,066**	**26·24**	**937**	**19·07**	**129**	**5·36**	**13**	**8·48**	**13**	**8·47**	..	..
	British India	Initial	214	7·98	164	4·33	50	2·97	11	2·20	11	2·20	..	..
		Further	112	2·02	106	1·78	6	0·11	..	..	..	..	..	..

V. OTHER SERVICES (7 Sub-Groups)	Outside British India	Initial	6	0·31	2	0·11	4	0·20	..	..	..	..	..	..
		Further	4	0·27	3	0·05	1	0·17	..	..	..	..	..	..
	Total Other Services..		**336**	**10·58**	**275**	**6·27**	**61**	**3·45**	**11**	**2·20**	**11**	**2·20**	..	..
VI. TOTAL NON-INDUSTRIAL (25 Sub-Groups)	British India	Initial	1,431	97·45	1,082	44·63	349	45·88	23	6·65	23	6·65	..	..
		Further	1,048	65·54	811	32·40	237	17·31	7	4·73	7	4·72	..	..
	Outside British India	Initial	71	10·81	51	7·42	20	1·83	..	..	..	..	..	..
		Further	63	5·42	43	4·12	20	0·77	1	1·00	1	1·00	..	..
	Total Non-Industrial		**2,613**	**179·22**	**1,987**	**88·57**	**626**	**65·79**	**31**	**12·38**	**31**	**12·37**	..	..
VII. GRAND TOTAL (INDUSTRIAL & NON-INDUSTRIAL) (84 Sub-Groups)	British India	Initial	2,331	152·15	1,828	80·74	503	61·21	169	61·56	168	60·67	1	0·25
		Further	1,810	106·51	1,519	65·37	291	20·56	61	21·65	60	21·26	1	0·04
	Outside British India	Initial	160	22·95	108	13·93	52	6·35	14	6·73	14	6·73	..	..
		Further	110	7·37	82	5·99	28	1·05	5	6·33	5	5·88	..	..
TOTAL ..			**4,411**	**288·98**	**3,537**	**166·03**	**874**	**89·17**	**249**	**96·26**	**247·**	**94·53**	2	**0·29**

DETAILS OF SUB-GROUPS:

INDUSTRIAL.—Mining and Quarrying; Iron and Steel Making; Re-Rolling Mills; Non-Ferrous Metals; Engineering General; Electrical Industries; Cycle Manufacture; Automobile Manufacture; Ship-Building and Repairs; Chemicals (Heavy); Fine Chemicals; Drugs and Medicines; Paints and Dyes; Starch; Vegetable Fats; Oil Mills; Soap; Cement Works; Tile and Brick Works; Other Construction Materials; Construction Concerns; Glass; Surgical Instruments; Scientific Instruments; Pottery and Porcelain; Saw Mills and Timber Mills; Plywood Factories and Tea-Box Manufacture; Woodware; Matches; Cotton Ginning and Pressing Factories; Cotton Spinning and Weaving Mills; Cotton Printing and Finishing Factories; Jute Presses; Jute Spinning and Weaving; Woollen and Worsted Mills; Silk Factories; Waterproofing; Clothing Factories; Knitting Factories; Coir and Hemp Manufacture; Brush-ware; Paper and Strawboard; Rubber Manufacture; Tanneries; Footwear Manufacture; Other Leather goods; Public Utility Companies (Electricity, Water, etc.); Films Production; Plastics; Rice and Flour Mills; Sugar Manufacture; Food Preservation and Dehydration; Tobacco; Breweries; Distilleries; Milk Products; Salt Manufacture; Ice and Aerated Water; Other Industries.

AGRICULTURAL.—Plantations; Agricultural and Land Improvement; Afforestation and Tree Planting; Cattle and Horse-Breeding Concerns; Dairies.

FINANCIAL.—Banks; Indigenous Credit Agencies; Insurance Companies; Investment Trusts; Managing Agencies; House-Building Societies; Others.

TRADE AND TRANSPORT.—Trading Concerns; Railway Companies; Bus Services; Shipping Concerns; Country Craft and Inland Navigation; Aerial Navigation.

OTHER SERVICES.—Hotels and Clubs; Cinema Houses, Music Halls and Theatres; Advertising and Publicity Concerns; Laundries; Repair Works; Consulting Agencies, etc.; Other Services.

STATE

MONEY

(Reference

		Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate Calcutta		Call Money Rate Bombay		Bazar Bill‡ Calcutta	
			Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1935–36	..	3 (3½ up to November)	3½ Apr.-Nov.	3 Dec.-Mar.	1 Apr.-July	½ Feb.-Mar.	3½ April	¼ Sept.-Mar.	7 to 8 Apr.-June	5 to 6 Aug.-Nov & Jan.-Mar.
1936–37	..	3	3	3	½ Apr.-June	¼ July-Mar.	1¼ Jan.	¼ Sept.-Nov.	5 to 6	
1937–38	..	3	3	3	¾ Apr.-July, Feb.-Mar.	½ Aug.-Jan.	1¼ April	¼ Aug.-Dec.	7 to 8 Nov.-Mar.	5 to 6 Apr.-Sept.
1938–39	..	3	3	3	2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept., & Nov.	7 to 8 Apr.-June	6 to 7 July-Mar.
1939–40	..	3	3½ Nov.-Mar.	3 Apr.-Oct.	2 Apr.-May	¼ Aug.-Sept.	2¼ April	¼ Aug.-Sept.	6 to 7	
1940–41	..	3	3½ Apr.-Jan.	3 Feb.-Mar.	¾ Apr. & June	½ May & July -Mar.	1¾ April	¼ Aug.-Mar.	6 to 7	
1941–42		3	3		½		½ Apr. & Jan.	¼ May-Dec., Feb.-Mar.	6 to 7	
1942–43	..	3	3		½			¼	6 to 7	
1943–44	..	3	3		½			¼	6 to 7	
1944–45	..	3	3		½		¼ to ½ April	¼ May-Mar.	6 to 7	
1945–46		3	3		½		½ to 1 Dec.	¼ April-Jan. March	6 to 7	
1st of									1945-	
April	..	3	3		½			¼	6 to 7	
May	..	3	3		½			¼	6 to 7	
June	..	3	3		½			¼	6 to 7	
July	..	3	3		½			¼	6 to 7	
August	..	3	3		½			¼	6 to 7	
September	..	3	3		½			¼	6 to 7	
October	..	3	3		½			¼	6 to 7	
November	..	3	3		½			¼	6 to 7	
December	..	3	3		½			¼	6 to 7	
January	..	3	3		½			¼	6 to 7	
February	..	3	3		½			¼ to ½	6 to 7	
March	..	3	3		½			¼ to 1	6 to 7	

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

MENT XXVII

RATES IN INDIA SINCE 1935–36

paragraph 60)

Rate ‡ Bombay Highest	Rate ‡ Bombay Lowest	Average Treasury Bill Rate per cent. per annum	Deposit Rates § 3 months Highest	3 months Lowest	6 months Highest	6 months Lowest	12 months Highest	12 months Lowest
6¾ Apr.-July	3 October	1·21	..	..	..	..	..	..
5½ Apr.-May, Jan.-Mar.	3¾ July-Dec.	0·78	..	..	..	..	..	..
5¼ (unchanged)	5¼	0·97	..	..	..	..	..	..
5⅞ Apr. & Feb.	3 October	1·63	2½ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1¼ Aug.-Sept.	2 Dec.-Jan.	1½ Aug.-Sept.
6⅝ Jan.-Mar.	5¼ Apr.-Aug. Oct.-Nov.	1·86	2½ Sept.-Feb.	1 June	2½ Sept.	1 June-July	2 Sept. & Dec.-Mar.	1½ Nov.
6⅝ Jan.-Mar.	5¼ Apr.-Aug. Oct.-Nov.	0·89	2½ April	¾ Sept.-Mar.	2¼ April	1¼ Aug.-Mar.	2 April	1¾ May-Mar.
6¾ Jan.-Mar.	4½ Aug.-Oct.	0·82	1 to 1¼ Feb.-Mar.	½ Sept.	1½ to 1¾ Feb.-Mar.	1 Aug.-Sept.	1¾ to 2 March	1½ to 2 January
6¾ April	5 Aug.-Oct.	0·87	1 to 1¼ Apr.-May	¼ to ½ Sept.-Oct.	1½ to 1¾ Apr.-May	¾ to 1 Sept.-Oct., Dec.-Jan.	1¾ to 2 Apr.-May	1½ to 1¾ June-Mar.
6 April	4½ May-Oct.	0·90	¾ to 1 Apr.-June, Dec.-Jan.	½ to ¾ July-Nov., Feb.-Mar.	1¼ to 1½ Apr.-June	1 to 1¼ July.-Mar.	1½ to 1¾	
5¾ Apr.-July, Nov.-Mar.	4½ Aug.-Oct.	0·49	½ to ¾ Apr.-May, Oct.-Mar.	¼ to ½ June.-Sept.	1½ April	½ to ¾ May-Sept.	1½ to 1¾ Oct.-Dec.	1 to 1½ Feb. & Mar.
5¼ (April-March)	5¼	0·38	¾ to 1 Jan.-Mar.	½ June-Dec.	1 to 1¼ Jan.-Mar.	½ to ¾ June-Aug.	1¼ to 1¾ Jan.-Mar.	1¼ to 1½ Apr.-Dec.
46								
	5¼	0·37	½ to ¾		¾ to 1		1¼ to 1½	
	5¼	0·46	½ to ¾		¾ to 1		1¼ to 1½	
	5¼	0·29	½ to ¾		¾ to 1		1¼ to 1½	
	5¼	0·26	½		½ to ¾		1¼ to 1½	
	4½	0·41	½		½ to ¾		1¼ to 1½	
	4½	0·36	½		¾ to 1		1¼ to 1½	
	4½	0·33	½		¾ to 1		1¼ to 1½	
	5¼	0·34	½		¾ to 1		1¼ to 1½	
	5¼	0·41	½		¾ to 1		1¼ to 1½	
	5½	0·44	¾ to 1		1 to 1¼		1½ to 1¾	
	5½	0·45	¾ to 1		1 to 1¼		1½ to 1¾	
	5¼	0·49	¾ to 1		1 to 1¼		1½ to 1¾	

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

STATEMENT XXVIII

Scheduled Banks' Consolidated Position in India and Burma since 1935-36*

(*Reference paragraph* 63)

(In lakhs of rupees)

Average of Friday Figures	No. of scheduled banks at the end of period	Demand Liabilities	% of (b) to (f)	Time Liabilities	Savings Deposits **	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (h) over the statutory minimum	Total cash and balances with Reserve Bank	% of (j) to (f)	Advances	Bills Discounted	Total Advances and Bills Discounted	% of (n) to (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1935-36 ..	50	121,90	*55·3*	98,66	†	220,56	5,95	31,86	23,79	37,81	*17·14*	87,70	3,56	91,26	*41·38*
1936-37 ..	50	128,58	*55·9*	101,32	†	229,90	6,01	26,27	17,81	32,28	*14·04*	95,11	4,70	99,81	*43·41*
1937-38 ..	54	132,77	*54·9*	109,04	†	241,81	6,61	24,62	15,81	31,23	*12·92*	113,43	6,28	119,71	*49·51*
1938-39 ..	55	129,98	*54·7*	107,85	†	237,83	6,64	15,94	7,28	22,58	*9·50*	115,85	4,86	120,71	*50·75*
		(6,17)		(4,55)		(10,72)	(26)					(4,61)	(26)	(4,77)	
1939-40 ..	59	139,65	*56·8*	106,03	38,86	245,68	7,08	17,43	8,33	24,51	*9·98*	125,89	5,25	131,14	*53·38*
		(7,01)		(4,08)		(11,09)	(35)					(4,42)	(28)	(4,70)	
1940-41 ..	63	163,90	*61·0*	104,94	37,58	268,84	8,37	36,42	26,13	44,79	*16·66*	122,13	3,84	125,97	*46·86*
		(8,11)		(3,75)		(11,86)	(42)					(4,43)	(15)	(4,58)	
1941-42 ..	59	211,35	*66·3*	107,61	37,24	318,96	9,86	36,65	23,93	46,51	*14·58*	120,20	4,93	125,13	*39·23*
		(11,22)		(4,24)		(15,46)	(70)					(4,88)	(9)	(4,97)	
1942-43 ..	61	306,28	*74·6*	104,21	48,30	410,49	12,97	55,73	38,33	68,70	*16·73*	95,68	2,18	97,86	*23·83*
1943-44 ..	75	456,63	*76·2*	142,78	68,03	599,41	20,57	63,63	37,99	84,20	*14·05*	156,14	5,59	161,73	*26·98*
1944-45 ..	84	584,80	*75·1*	194,12	90,58	778,92	27,31	89,25	56,90	116,56	*14·96*	224,22	11,16	235,38	*30·22*
1945-46 ..	91	654,53	*71·6*	259,52	..	914,05	34,80	89,91	51,99	124,71	*13·64*	285,07	16,05	301,12	*32·94*
April 1945	85	605,25	*72·9*	223,86	92,86	829,11	29.69	81,14	46,40	110.83	*13·37*	280,02	14,82	294,84	*35·56*
May ..	85	613,97	*72·8*	229,08	94,90	843,05	30,71	86,28	51,00	116,99	*13·88*	276,25	14,11	290,36	*34·44*
June ..	86	624,43	*72·6*	235,45	98,65	859,88	32,59	87,35	51,42	119,94	*13·95*	278,08	13,60	291,68	*33·92*
July ..	86	624,46	*72·1*	241,64	101,26	866,10	33,71	74,00	37,95	107,71	*12·44*	282,46	14,58	297,04	*34·30*
August ..	87	635,58	*71·8*	249,22	103,93	884,80	33,09	93,89	57,13	126,98	*14·35*	270,73	13,72	284,45	*32·15*
Sept. ..	88	643,68	*71·7*	254,18	106,91	897,86	33,82	111,42	74,16	145,24	*16·18*	251,41	13,34	264,75	*29·49*
Oct. ..	90	655,43	*71·5*	261,27	109,86	916,70	34,91	108,61	70,61	143,52	*15·66*	249,66	13,26	262,92	*28·68*
Nov. ..	91	668,87	*71·3*	268,71	111,98	937,58	38,22	92,75	53,94	127,97	*13·65*	258,26	16,09	274,35	*29·26*
Dec. ..	91	681,31	*71·1*	277,01	114,74	958,32	37,28	77,60	37,99	114,88	*11·99*	295,02	20,31	315,33	*32·90*
Jan. 1946	91	688,49	*70·9*	281,96	117,91	970,45	40.77	82,87	42,81	123,64	*12·74*	319,17	20,38	339,55	*34·99*
Feb. ..	91	705,68	*70·7*	292,98	120,49	998,66	40,02	102,64	61,50	142,66	*14·29*	316,11	19,28	335,39	*33·58*
March ..	91	703,65	*70·4*	296,00	121,56	999,65	36,27	81,42	40,32	117,69	*11·77*	341,54	19,45	360,99	*36·11*

Note :—Figures for Burma shown in brackets. * Figures for India only from 1942-43. ** For the purposes of Section 42 of the Reserve Bank of India Act, the Savings Bank Deposits are classified into demand or time liabilities according to rules of the various scheduled banks in respect of withdrawal of these deposits. † Figures not available.

STATEMENT XXIX

Scheduled Banks' Consolidated Position in India and Burma since 1935-36*

Indices (1938-39 = 100) (In lakhs of rupees)

(Reference paragraph 63)

Average of Friday Figures	Demand Liabil-ities	Time Liabil-ities	Total Demand and Time Liabil-ities	Cash	Balances with Reserve Bank	Excess of (*e*) over the sta-tutory minimum	Total Cash and Balances with Reserve Bank	*% of (g) to (c)*	Advances	Bills Dis-counted	Total Advances and Bills Dis-counted	*% of (k) to (c)*
	(*a*)	(*b*)	(*c*)	(*d*)	(*e*)	(*f*)	(*g*)	(*h*)	(*i*)	(*j*)	(*k*)	(*l*)
1935–36	93·8	91·5	92·7	89·6	199·9	326·8	167·4	*180·4*	75·7	73·3	75·6	*81·5*
1936–37	98·9	93·9	96·7	90·5	164·8	244·6	142·9	*147·8*	82·1	96·7	82·7	*85·5*
1937–38	102·1	101·1	101·7	99·5	154·5	217·2	138·3	*136·0*	97·9	129·2	99·2	*97·6*
1938–39	100·0	100·0	100·0	100·0	100·0	100·0	100·0	*100·0*	100·0	100·0	100·0	*100·0*
1939–40	107·4	98·3	103·3	106·6	109·3	114·4	108·5	*105·1*	108·7	108·0	108·6	*105·2*
1940–41	126·1	97·3	113·0	126·1	228·5	358·9	198·4	*175·4*	105·4	79·0	104·4	*92·3*
1941–42	162·6	99·8	134·1	148·5	229·9	328·7	206·0	*153·5*	103·8	101·4	103·7	*77·3*
1942–43	235·6	96·6	172·6	195·3	349·6	526·5	304·3	*176·1*	82·6	44·9	81·1	*46·9*
1943–44	351·3	132·4	252·0	309·8	399·2	521·8	372·9	*147·9*	134·8	115·0	134·0	*53·2*
1944–45	449·9	180·0	327·5	411·3	559·9	781·6	516·2	*157·5*	193·5	220·6	195·0	*59·5*
1945–46	503·6	240·6	384·3	524·1	564·1	554·0	521·2	*123·9*	246·1	330·2	195·0	*71·2*
April 1945	465·6	207·6	348·6	447·1	509·0	637·4	490·8	*140·7*	241·7	304·9	244·3	*70·1*
May	472·4	212·4	354·5	462·5	541·3	700·5	518·1	*146·1*	238·5	290·3	240·5	*67·9*
June	480·4	218·3	361·6	490·8	548·0	706·3	531·2	*146·8*	240·0	279·8	241·6	*66·8*
July	480·4	224·1	364·2	507·7	464·2	521·3	477·0	*130·9*	243·8	300·0	246·1	*67·6*
August	489·0	231·1	372·0	498·3	589·0	784·7	562·4	*151·1*	233·7	282·3	235·6	*63·3*
September	495·2	235·7	377·5	509·3	699·0	1018·7	643·2	*170·3*	217·0	274·5	219·3	*58·1*
October	504·3	242·3	385·4	525·8	681·4	969·9	635·6	*164·8*	215·5	272·8	217·8	*56·5*
November	514·6	249·2	394·2	530·4	581·9	740·9	566·7	*143·7*	222·9	331·1	227·3	*57·7*
December	524·2	256·8	402·9	561·4	486·8	521·8	508·8	*126·2*	254·7	417·9	261·2	*64·8*
January 1946	529·7	261·4	408·0	614·0	519·9	588·0	547·6	*134·1*	275·5	419·3	281·3	*68·9*
February	542·9	271·7	419·9	602·7	643·9	844·8	631·8	*150·4*	272·9	396·7	277·8	*66·2*
March	541·4	274·5	420·3	546·2	510·8	553·8	521·2	*123·9*	294·8	400·2	299·1	*71·2*

*Figures for India only from 1942-43.

STATEMENT XXX

CLEARING HOUSE STATISTICS (ANNUAL) SINCE 1918-19

(Reference paragraph 64)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Total	Other Centres†
1918-19	7,41,13	5,69,46	25,45	22,30	73,85	..	..	..	**14,32,19**	..
1919-20	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	**20,90,60**	..
1920-21	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	**29,76,54**	..
1921-22	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	**20,24,90**	..
1922-23	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	**20,60,08**	..
1923-24	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	**18,03,01**	..
1924-25	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	**18,06,36**	..
1925-26	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	**16,88,53**	..
1926-27	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	**16,09,57**	..
1927-28	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	**16,74,59**	..
1928-29	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	**19,81,10**	..
1929-30	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	**19,99,74**	..
1930-31	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	**17,30,65**	..
1931-32	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	**15,15,66**	..
1932-33	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	**16,18,53**	..
1933-34	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	**16,41,20**	..
1934-35	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	**17,33,01**	..
1935-36	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	**18,43,35**	..
1936-37	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	**19,31,66**	..
1937-38	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	**20,51,12**	..
1938-39	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	**19,74,54**	28,31
1939-40	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	**23,18,73**	31,73
1940-41	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	**21,48,96**	42,28
1941-42	12,33,61	10,48,60	1,36,41	58,80	1,09,15*	29,59	26,71	41,35	**26,84,22**	91,27
1942-43	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,94	**28,15,71**	1,63,38
1943-44	17,18,61	19,66,69	1,96,80	1,01,36	..	1,01,06	77,80	1,19,16	**42,81,48**	2,97,74
1944-45	23,51,59	22,36,97	2,27,37	1,24,54	..	1,12,95	95,94	1,29,94	**52,79,30**	3,37,87
1945-46	28,26,21	24,87,60	2,98,23	1,45,49	..	1,13,47	1,03,39	1,46,02	**61,20,41**	4,22,21

* Figures from December 1941 not available. † Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi (from April 1941), Patna (from April 1943), Allahabad (from October 1943), Lyallpur (from September 1944), Jullundur (from February 1945), Agra (from May 1945), and Dehra Dun (from February 1946).

STATEMENT XXXI

Number and Amount of Cheques Cleared (Monthly) at each Centre, 1945–46

(*Reference paragraph* 64)

(Rupees in lakhs)

Centre	April	May	June	July	August	September	October	November	December	January	February	March	Total
	1945-46												
Bombay—													
Number ..	6,65,550	6,20,326	5,90,410	6,72,463	6,03,927	5,70,236	6,93,695	6,33,490	6,68,807	7,20,508	6,18,988	6,64,329	**77,22,729**
Amount ..	2,07,63	1,82,59	2,02,23	2,16,02	1,81,68	1,67,36	2,23,94	1,98,28	2,28,43	2,40,41	2,04,29	2,34,74	**24,87,60**
Calcutta—													
Number ..	6,30,177	6,21,220	6,52,877	6,77,905	6,62,986	6,81,340	6,37,707	6,34,746	6,36,254	7,42,872	5,55,565	6,79,331	**78,12,980**
Amount ..	1,95,05	1,96,85	2,16,94	2,44,89	2,29,56	2,38,34	2,26,38	2,19,11	2,56,63	3,10,86	2,08,16	2,83,44	**28,26,21**
Cawnpore—													
Number ..	32,014	29,631	27,391	29,802	28,634	27,834	30,782	29,915	31,496	37,498	30,854	30,318	**3,66,169**
Amount ..	9,48	8,01	8,05	8,44	7,98	8,71	9,45	9,06	9,94	12,99	10,77	10,59	**1,13,47**
Delhi—													
Number ..	74,073	73,327	68,514	69,860	73,381	67,142	77,436	73,468	72,987	91,980	78,791	87,033	**9,07,992**
Amount ..	11,98	10,77	10,19	11,83	10,69	9,75	12,20	12,03	13,72	15,43	14,46	12,97	**1,46,02**
Karachi—													
Number ..	52,669	52,306	53,979	57,020	53,881	53,627	63,597	57,734	58,041	66,062	59,131	62,514	**6,90,461**
Amount ..	11,22	12,37	11,51	10,92	10,75	9,63	13,12	11,60	11,63	13,56	13,61	15,47	**1,45,49**
Lahore—													
Number ..	68,296	67,060	63,841	70,873	64,039	61,291	70,216	66,916	65,276	80,551	73,453	79,975	**8,31,787**
Amount ..	7,80	7,47	8,48	8,21	7,52	8,33	8,88	818	8,33	10,18	10,15	9,86	**1,03,39**
Madras—													
Number ..	1,43,206	1,30,637	1,31,379	1,46,348	1,36,656	1,38,334	1,51,599	1,51,634	1,43,604	1,76,722	1,52,696	1,76,760	**17,79,575**
Amount ..	20,53	20,49	21,27	23,57	21,82	23,64	27,29	24,35	27,88	29,87	26,50	31,03	**2,98,24**
Total—													
Number ..	**16,65,985**	**15,94,507**	**15,88,391**	**17,24,271**	**16,23,504**	**15,99,704**	**17,25,032**	**16,47,903**	**16,76,465**	**19,16,193**	**15,69,478**	**17,80,260**	**201,11,693**
Amount ..	**4,63,69**	**4,38,55**	**4,78,67**	**5,23,88**	**4,70,00**	**4,65,76**	**5,21,26**	**4,82,61**	**5,56,56**	**6,33,30**	**4,87,94**	**5,98,20**	**61,20,42**
Other Centres*—													
Number ..	1,65,419	1,63,200	1,58,461	1,79,322	1,75,444	1,75,792	1,94,449	1,68,906	1,89,386	2,14,202	1,97,762	2,20,246	22,02,589
Amount ..	25,32	29,69	36,19	37,43	33,78	33,01	38,73	32,12	35,32	40,50	37,25	40,59	4,22,21

* Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi, Patna, Allahabad, Lyallpur, Jullundur, Agra (from May 1945), and Dehra Dun (from February 1946).

STATEMENT XXXII

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers issued and paid, 1945-46

(*Reference paragraph* 65)

(In lakhs of rupees)

Centre	1943-44				1944-45				1945-46			
	April to September		October to March		April to September		October to March		April to September		October to March	
	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid
Bombay ..	79,91	183,79	116,08	210,78	90,28	186,23	104,22	164,00	69,41	202,33	127,56	226,38
Calcutta ..	255,59	104,25	306,28	140,01	261,61	134,89	294,85	132,75	291,75	104,48	332,49	146,40
Cawnpore ..	9,86	21,88	10,55	23,79	17,73	20,94	11,69	30,86	20,40	21,34	14,83	31,49
Delhi ..	22,63	11,35	27,47	19,40	32,20	16,71	45,49	40,54	47,66	30,90	32,93	24,84
Karachi ..	18,76	18,10	18,31	22,22	21,51	22,89	19,03	25,24	15,55	21,10	18,12	20,78
Lahore ..	18,80	38,54	22,54	43,65	30,46	32,39	21,17	48,25	29,97	37,39	26,55	55,83
Madras ..	16,32	26,45	14,07	33,88	19,04	25,53	18,01	44,69	27,94	35,03	39,61	67,05
Total ..	**421,87**	**404,36**	**515,30**	**493,73**	**472,83**	**439,58**	**514,46**	**486,33**	**502,68**	**452,57**	**592,09**	**572,77**

(B) Remittances through the Imperial Bank of India, 1945-46*

(*Reference paragraph* 65)

(In lakhs of rupees)

From Offices in	To Offices in 1943-44				1944-45				1945-46			
	Bengal Circle	Bombay Circle	Madras Circle	**Total**	Bengal Circle	Bombay Circle	Madras Circle	**Total**	Bengal Circle	Bombay Circle	Madras Circle	**Total**
Bengal Circle	330,59	124,66	15,28	**470,53**	337,36	117,70	15,49	**470,55**	322,97	115,48	16,45	**454,90**
Bombay Circle	70,27	219,49	22,57	**312,33**	62,74	164,08	25,21	**252,03**	75,17	217,93	25,74	**318,84**
Madras Circle	25,23	43,15	126,23	**194,61**	25,43	44,11	136,16	**205,70**	25,12	59,76	146,33	**231,21**
Total ..	**426,09**	**387,30**	**164,08**	**977,47**	**425,53**	**325,89**	**176,86**	**928,28**	**423,26**	**393,17**	**188,52**	**100,495**

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

STATEMENT XXXII—(*continued.*)

(C) Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies

(*Reference paragraph* 65)

(Rupees in lakhs)

	HALF-YEAR ENDED 30-9-44				HALF-YEAR ENDED 31-3-45				HALF-YEAR ENDED 30-9-45			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	17,638	51,95	3,15,608	70,70	16,797	44,33	2,98,572	67,27	14,462	41,27	2,86,130	63,36
Scheduled Banks :												
At par	9,000	296,01	2,513	18,43	8,419	302,04	2,937	16,60	10,011	342,41	2,492	17,94
At premium	4,860	31,45	14,936	13,67	6,152	44,65	15,730	14,73	5,072	34,09	17,221	17,26
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	615	1,71	4,293	3,76	605	2,44	3,841	3,28	565	2,20	4,775	4,69
Co-operative Banks and Societies :												
At par	55	79	523	2,74	43	54	495	1,97	68	78	555	3,86
At premium	383	3,35	10,630	7,36	494	3,47	10,599	7,56	249	1,80	10,520	9,17
Local Funds at a premium (under para. 3E (*i*) (*f*) of the Remittance Facilities Scheme) ..	8	1	2,742	20	—	—	3,300	20	9	—	3,698	47
Other remittances at par ..	1,487	14,98	95,015	43,62	1,551	43,91	99,823	56,33	1,995	38,05	96,230	44,98
Government :												
Intra-Provincial at par ..	65	4,59	1,18,691	38,32	477	1,84	1,49,917	44,64	854	3,45	1,46,069	46,01
Extra-Provincial at premium	26	6	12,276	4,19	221	29	15,322	3,91	79	15	11,814	3,83
Total ..	**34,142**	**404,90**	**5,77,227**	**202,99**	**34,759**	**443,51**	**6,00,536**	**216,49**	**33,364**	**464,20**	**5,79,504**	**211,57**

STATEMENT XXXIII

Encashment of Foreign Circle Notes, 1945-46

(*Reference paragraph* 66)

(In rupees)

	Cashed by							
	Bombay	Calcutta	Cawnpore	Karachi	Lahore	Madras	Rangoon	**Total**
Bombay	....	2,43,64,000	1,12,72,500	92,37,350	3,08,64,250	2,34,64,550	....	**9,92,02,650**
Calcutta	12,87,69,550	....	7,06,33,400	74,25,900	4,83,84,650	1,46,65,950	....	**26,98,79,450**
Cawnpore	65,35,850	1,10,56,500	....	7,85,350	77,44,700	10,79,900	....	**2,72,02,300**
Karachi	73,51,800	29,96,350	17,44,550	....	2,18,02,200	11,39,150	....	**3,50,34,050**
Lahore	1,99,55,850	1,35,49,550	1,17,76,300	68,34,950	....	27,57,350	....	**5,48,74,000**
Madras	2,47,64,050	96,94,650	32,34,450	14,47,200	68,26,450	....	....	**4,59,66,800**
Rangoon	1,37,100	2,14,800	1,25,950	10,150	61,050	2,90,400	....	**8,39,450**
Total 1945-46	**18,75,14,200**	**6,18,75,850**	**9,87,87,150**	**2,57,40,900**	**11,56,83,300**	**4,33,97,300**	....	**53,29,98,700**
" 1944-45	**14,68,17,070**	**3,85,34,150**	**5,65,04,850**	**2,19,25,520**	**8,99,15,250**	**2,86,72,550**	....	**38,23,69,390**
1943-44	**10,83,05,900**	**2,66,01,830**	**2,80,57,920**	**1,07,29,650**	**4,37,05,820**	**2,21,97,470**	....	**23,95,98,590**

STATEMENT XXXIV

Reserve Bank of India : Banking Department*

Weekly Statement of Assets and Liabilities, 1945-46

(In lakhs of rupees)

(*Reference paragraph* 67)

Friday 1945-46		LIABILITIES Deposits Central Government	Other Govts.	Banks	Others	**Total**	Other Liabilities	**Total Liabilities or Assets**	ASSETS Notes and Coin	Balances held abroad	Loans and Advances to Govts.	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
Apr.	6	.. 263,38	22,52	85,91	23,04	**394,85**	22,56	**427,41**	8,83	385,07	1,00	5	3,20	24,54	4,72
,,	13	.. 268,56	15,74	85,93	23,87	**394,10**	20,42	**424,52**	10,44	380,04	2,19	4	6,48	20,42	4,91
,,	20	.. 282,66	24,42	78,68	24,92	**410,68**	19,11	**439,79**	9,68	394,19	64	2	8,98	21,49	4,89
,,	27	.. 280,34	20,57	83,82	26,00	**410,73**	19,98	**440,71**	11,45	396,89	—	—	6,18	21,53	4,64
May	4	.. 268,44	17,83	93,60	24,58	**404,45**	21,18	**435,63**	9,78	391,31	—	2	6,99	22,83	4,70
,,	11	.. 264,19	17,22	82,40	25,05	**388,86**	22,32	**421,18**	7,70	379,93	—	—	7,14	21,70	4,71
,,	18	.. 268,25	20,06	83,97	26,31	**398,59**	22,61	**431,20**	12,11	386,11	—	—	6,79	21,40	4,79
,,	25	.. 266,51	22,95	91,38	28,89	**409,73**	21,89	**441,62**	16,63	392,40	—	—	6,14	21,62	4,83
June	1	.. 266,26	19,31	90,86	28,67	**405,10**	25,24	**440,34**	13,96	393,55	—	—	5,74	21,75	5,34
,,	8	.. 251,42	20,63	91,92	29,75	**393,72**	23,43	**427,15**	9,80	388,72	—	—	1,62	21,72	5,29
,,	15	.. 261,79	17,61	91,82	20,68	**391,90**	22,74	**424,64**	9,75	386,44	48	—	94	21,76	5,27
,,	22	.. 271,84	21,22	86,50	18,93	**398,49**	21,46	**429,95**	12,93	388,42	73	11	63	21,77	5,36
,,	29	.. 279,51	23,09	79,24	17,89	**399,73**	22,87	**432,60**	9,95	395,16	70	—	—	21,29	5,50
July	6	.. 277,20	21,21	82,55	20,47	**401,43**	20,74	**432,17**	12,85	395,08	68	2	—	20,58	2,96
,,	13	.. 294,79	16,17	72,39	20,31	**403,66**	20,99	**434,65**	10,94	402,94	49	—	10	17,19	2,99
,,	20	.. 321,04	18,96	68,60	21,31	**429,91**	19,40	**459,31**	17,02	412,38	50	—	6,81	19,62	2,98
,,	27	.. 353,79	21,12	75,07	21,76	**471,74**	7,13	**488,87**	24,39	434,45	17	—	3,75	20,23	5,88
Aug.	3	.. 343,03	20,08	85,71	21,37	**470,19**	8,85	**489,04**	20,53	438,27	—	—	4,03	20,38	5,83
,,	10	.. 342,11	18,33	86,62	21,54	**468,60**	9,49	**488,09**	13,92	443,70	—	—	4,03	20,60	5,84
,,	17	.. 346,17	18,25	92,11	22,21	**478,74**	9,24	**497,98**	14,02	454,86	15	—	3,93	20,29	4,73
,,	24	.. 347,53	19,27	99,82	24,63	**491,25**	8,68	**509,93**	10,05	461,50	37	—	3,93	28,05	6,03
,,	31	.. 363,53	19,44	105,19	13,23	**501,39**	11,20	**522,59**	14,93	472,78	—	—	3,93	24,93	6,02

Sept.	7	..	352,26	19,61	114,13	12,87	**498,87**	8,18	**517,05**	9,82	471,94	—	—	3,93	25,32	6,04
„	14	..	354,81	21,87	114,87	15,67	**507,22**	8,31	**525,53**	10,51	480,08	2	—	3,93	24,71	6,28
„	21	..	379,46	24,16	105,98	9,91	**519,51**	11,02	**540,53**	18,69	491,33	—	—	3,93	20,30	6,28
„	28	..	383,44	24,37	111,13	10,17	**529,11**	10,33	**549,44**	21,26	498,47	—	—	3,65	20,84	5,22
Oct.	5	..	388,97	19,65	109,47	9,53	**527,62**	11,12	**548,74**	10,65	508,85	—	—	2,20	21,86	5,18
„	12	..	395,62	17,71	96,99	12,14	**522,46**	15,81	**548,27**	9,13	509,44	5	—	2,21	21,84	5,60
„	19	..	399,59	17,40	112,83	12,60	**542,51**	12,03	**564,54**	9,47	525,63	10	—	2,20	21,47	5,67
„	26	..	411,22	19,71	110,88	11,48	**553,29**	11,73	**575,02**	13,99	533,02	—	—	1	21,71	6,29
Nov.	2	..	429,36	16,71	99,04	12,77	**557,88**	11,70	**579,58**	11,98	540,52	—	5	1	20,10	6,92
„	9	..	427,24	12,61	95,91	11,47	**547,23**	14,71	**571,94**	8,68	536,56	5	—	1	20,12	6,52
„	16	..	439,87	13,15	91,72	12,81	**557,55**	12,82	**580,37**	9,39	544,48	25	2	1	19,75	6,47
„	23	..	451,67	18,09	85,55	13,28	**568,59**	12,75	**591,34**	13,37	550,85	12	2	21	19,93	6,84
„	30	..	470,05	14,96	82,99	13,44	**581,44**	13,42	**604,86**	12,66	564,13	18	5	79	19,87	7,18
Dec.	7	..	455,76	16,65	83,36	14,12	**571,89**	12,86	**594,75**	10,55	555,78	5	5	49	19,89	7,94
„	14	..	458,55	21,32	74,34	14,04	**568,25**	15,80	**594,05**	7,98	555,48	40	30	49	21,27	8,13
„	21	..	476,50	22,28	67,56	14,32	**580,66**	15,50	**606,16**	12,41	561,70	45	30	41	22,55	8,34
„	28	..	480,82	21,09	76,28	15,18	**593,37**	14,01	**617,38**	11,71	562,33	43	78	8,18	25,39	8,56
Jan.	4	..	477,93	17,86	79,49	14,98	**590,26**	15,68	**615,94**	8,85	561,64	5	85	8,18	27,18	9,19
„	11	..	472,35	18,81	77,66	11,22	**580,04**	17,74	**607,78**	9,78	551,80	—	50	7,88	28,59	9,23
„	18	..	480,78	19,06	72,98	11,19	**584,01**	15,10	**609,11**	13,60	541,11	—	2,30	6,33	36,64	9,13
„	25	..	482,85	19,37	104,62	11,89	**618,73**	15,24	**643,97**	48,50	542,11	80	15	6,33	36,80	9,28
Feb.	1	..	485,81	19,36	115,10	9,05	**629,32**	17,99	**657,31**	57,75	547,34	5	3	4,61	36,90	10,63
„	8	..	488,32	20,14	106,47	9,46	**624,39**	14,49	**648,88**	46,46	547,54	13	4	1,64	37,75	15,32
„	15	..	499,15	20,71	102,78	10,04	**632,68**	16,73	**659,41**	44,76	560,64	15	4	2,73	39,59	11,50
„	22	..	530,91	19,66	92,38	10,04	**652,99**	20,18	**683,17**	45,40	585,30	—	1	2,63	36,19	13,64
Mar.	1	..	530,04	18,20	87,91	11,48	**647,63**	21,16	**678,79**	35,64	591,16	—	1	2,24	33,58	14,16
„	8	..	498,50	34,96	87,48	11,68	**632,62**	18,08	**660,70**	19,95	591,60	—	1	2,00	33,21	13,88
„	15	..	497,49	34,53	84,54	9,53	**626,09**	21,11	**657,20**	17,44	591,77	—	13	2,00	30,41	15,45
„	22	..	517,34	39,56	73,95	9,68	**640,55**	21,73	**672,28**	17,64	607,28	—	12	82	29,76	16,60
„	29	..	521,01	35,90	76,90	9,56	**643,37**	19,88	**673,25**	19,83	603,97	—	18	2,60	30,63	16,04

* Capital and Reserves, rupees ten crores.

STATEMENT XXXV

Reserve Bank of India : Issue Department

Weekly Statement of Assets and Liabilities, 1945-46

(In lakhs of rupees)

(*Reference paragraph* 68)

Friday 1945-46		LIABILITIES: Notes in Circulation	LIABILITIES: Notes held in the Banking Department	**Total Liabilities** (Total Notes Issued) **or Assets**	ASSETS: Gold Coin & Bullion	ASSETS: Sterling Securities	ASSETS: Rupee Coin	ASSETS: Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
April	6	1,100,31	8,59	**1,108,90**	44,42	988,32	18,32	57,84	*93·13*
"	13	1,108,00	10,18	**1,118,18**	44,42	998,32	17,60	57,84	*93·25*
"	20	1,108,69	9,31	**1,118,00**	44,42	998,32	17,42	57,84	*93·27*
"	27	1,107,03	11,15	**1,118,18**	44,42	998,32	17,60	57,84	*93·25*
May	4	1,115,79	9,55	**1,125,34**	44,42	1,006,32	16,76	57,84	*93·37*
"	11	1,125,03	7,46	**1,132,49**	44,42	1,014,32	15,90	57,85	*93·49*
"	18	1,125,38	11,85	**1,137,23**	44,42	1,019,32	15,64	57,85	*93·54*
"	25	1,121,02	16,36	**1,137,38**	44,42	1,019,32	15,79	57,85	*93·53*
June	1	1,123,61	13,82	**1,137,43**	44,42	1,019,32	15,85	57,84	*93·52*
"	8	1,136,61	9,66	**1,146,27**	44,42	1,029,32	14,69	57,84	*93·67*
"	15	1,136,52	9,59	**1,146,11**	44,42	1,029,32	14,53	57,84	*93·69*
"	22	1,133,83	12,75	**1,146,58**	44,42	1,029,32	15,00	57,84	*93·65*
"	29	1,136,97	9,78	**1,146,75**	44,42	1,029,32	15,16	57,85	*93·63*
July	6	1,138,93	12,73	**1,151,66**	44,42	1,034,32	15,08	57,84	*93·67*
"	13	1,140,69	10,79	**1,151,48**	44,42	1,034,32	14,89	57,85	*93·68*
"	20	1,135,29	16,86	**1,152,15**	44,42	1,034,32	15,57	57,84	*93·63*
"	27	1,128,73	24,21	**1,152,94**	44,42	1,034,32	16,36	57,84	*93·56*

August	3	1,132,70	20,41	**1,153,11**	44,42	1,034,32	16.53	57,84	*93·55*
,,	10	1,138,88	13,79	**1,152,67**	44,42	1,034,32	16,09	57,84	*93·59*
,,	17	1,138,88	13.87	**1,152,75**	44,42	1,034,32	16,17	57,84	*93·58*
,,	24	1,143,59	9,72	**1,153,31**	44,42	1,034,32	16,72	57,85	*93·53*
,,	31	1,139,45	14,57	**1,154,02**	44,42	1,034,32	17,44	57,84	*93·48*
September	7	1,151,77	9,51	**1,161,28**	44,42	1,042,32	16,70	57,84	*93·58*
,,	14	1,151,21	10,19	**1,161,40**	44,42	1,042,32	16,82	57,84	*93·57*
,,	21	1,143,74	18,36	**1,162,10**	44,42	1,042,32	17,52	57,84	*93·52*
,,	28	1,141,84	20,90	**1,162,74**	44,42	1,042,32	18,16	57,84	*93·46*
October	5	1,152,13	10,38	**1,162,51**	44,42	1,042,32	17,93	57,84	*93·48*
,,	12	1,159,99	8,83	**1,168,82**	44,42	1,049,32	17,23	57,85	*93·58*
,,	19	1,159,85	9,16	**1,169,01**	44,42	1,049,32	17,43	57,84	*93·56*
,,	26	1,156,13	13,64	**1,169,77**	44,42	1,049,32	18,19	57,84	*93·50*
November	2	1,167,90	11,73	**1,179,63**	44,42	1,059,32	18,05	57,84	*93·57*
,,	9	1,179,98	8,41	**1,188,39**	44,42	1,069,32	16,81	57,84	*93·72*
,,	16	1,179,12	9,10	**1,188,22**	44,42	1,069,32	16,63	57,85	*93·73*
,,	23	1,175,27	13,01	**1,188,28**	44,42	1,069,32	16,70	57,84	*93·73*
,,	30	1,176,37	12,17	**1,188,54**	44,42	1,069,32	16,96	57,84	*93·71*
December	7	1,190,45	10,09	**1,200,54**	44,42	1,082,32	15,96	57,84	*93·85*
,,	14	1,197,08	7,48	**1,204,56**	44,42	1,087,32	14,98	57,84	*93·95*
,,	21	1,202,34	11,98	**1,214,32**	44,42	1,097,32	14,74	57,84	*94·02*
,,	28	1,210,89	11,26	**1,222,15**	44,42	1,105,32	14,57	57,84	*94·08*
January	4	1,218,35	8,45	**1,226,80**	44,42	1,110,32	14,22	57,84	*94·13*
,,	11	1,226,58	9,35	**1,235,93**	44,42	1,120,32	13,35	57,84	*94·24*
,,	18	1,236,59	13,15	**1,249,74**	44,42	1,135,32	12,16	57,84	*94·40*
,,	25	1,199,68	48,05	**1,247,73**	44,42	1,135,32	10,15	57,84	*94·55*
February	1	1,188,45	57,31	**1,245,76**	44,42	1,130,32	13,18	57,84	*94·39*
,,	8	1,197,37	46,02	**1,243,39**	44,42	1,130,32	10,81	57,84	*94·48*
,,	15	1,197,55	44,28	**1,241,83**	44,42	1,125,32	14,25	57,84	*94·19*
,,	22	1,195,90	44.90	**1,240,80**	44,42	1,125,32	13,22	57,84	*94·27*
March	1	1,204,97	35,17	**1,240,14**	44,42	1,125,32	12,56	57,84	*94·32*
,,	8	1,219,18	19,47	**1,238,65**	44,42	1,125,32	11,07	57,84	*94·44*
,,	15	1,220,88	16,92	**1,237,80**	44,42	1,125,32	10,22	57,84	*94·50*
,,	22	1,220,81	17,47	**1,238,29**	44,42	1,120,32	15,71	57,84	*94·06*
,,	29	1,218,77	19,64	**1,238,41**	44,42	1,120,32	15,83	57,84	*94·05*

STATEMENT XXXVI

Reserve Bank of India : Banking Department* since 1935-36

(*Reference paragraph* 67)

(In lakhs of rupees)

Average of Friday Figures	LIABILITIES Deposits Central Govt.	Other Govts.	Banks	Others	Total	Other Liabilities	Total Liabilities or Assets	ASSETS Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
1935-36	11,26	..	27,26	9	**38,61**	91	**49,52**	27,63	14,99	86	1	..	5,47	51
1936-37	9,83	..	26,56	41	**36,80**	1,13	**47,93**	25,90	13,61	1,54	1	1	6,04	82
1937-38	11,37	..	24,96	69	**37,02**	87	**47,89**	25,70	13,48	79	2	6	7,12	72
1938-39	14,90	..	16,19	75	**31,84**	1,28	**43,12**	28,38	4.21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	**32,71**	1,54	**44,25**	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	**56,15**	2,56	**68,71**	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	**59,22**	4,33	**73,55**	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	**81,75**	7,91	**99,66**	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	**113,81**	10,82	**134,63**	10,67	111,72	49	15	91	7,61	3,08
1944-45	162,67	16,83	90,57	13,25	**283,32**	14,06	**307,38**	11,19	277,28	43	11	1,46	13,13	3,78
1945-46	386,93	20,68	90,22	16,56	**514,39**	16,32	**548,71**	16,72	488,23	22	12	3,35	24,65	7,42
1944-45														
April	63,40	24,51	64,73	17,21	**169,85**	16,10	**195,95**	11,19	169,05	69	73	85	9,63	3,81
May	60,27	13,96	101,60	7,50	**183,33**	16,45	**209,78**	11,55	181,88	7	10	1,38	10,74	4,06
June	61,50	15,50	98,22	4,45	**179,67**	16,45	**206,12**	11,02	177,26	57	17	2,33	10,91	3,86
July	78,91	17,59	96,56	4,47	**197,53**	13,24	**220,77**	16,07	189,83	21	7	65	11,12	2,82
August	126,31	14,89	99,32	10,34	**250,86**	7,30	**258,16**	15,65	237,04	1	..	52	11,32	3,62
September	160,01	16,54	100,80	13,90	**291,25**	8,43	**309,68**	11,44	282,55	51	..	26	11,55	3,37
October	184,88	12,00	104,03	10,03	**310,94**	9,78	**330,72**	11,41	303,04	1,12	1	6	11,57	3,51
November	212,17	8,86	101,46	9,33	**331,82**	12,01	**353,83**	8,19	329,55	72	..	1	11,77	3,59
December	237,04	12,85	83,37	16,97	**350,23**	13,59	**373,82**	9,58	344,91	49	5	60	14,40	3,79
January	254,91	16,21	68,03	21,54	**360,69**	16,03	**386,72**	9,73	355,61	10	10	2,13	15,02	4,03
February	257,39	20,16	73,79	20,83	**372,17**	18,49	**400,66**	8,48	360,81	4	9	5,55	21,44	4,25
March	242,62	27,61	91,89	21,52	**383,64**	20,19	**413,83**	10,52	377,54	54	1	3,13	17,58	4,51
1945-46														
April	273,74	20,81	83,58	24,46	**402,59**	20,52	**433,11**	10,07	389,05	96	3	6,21	22,00	4,79
May	266,85	19,51	87,84	26,21	**400,41**	22,00	**432,41**	11,55	387,44	..	1	6,76	21,89	4,76
June	266,17	20,37	88,07	23,18	**397,79**	23,15	**430,94**	11,28	390,46	38	2	1,79	21,66	5,35
July	311,71	19,36	74,65	20,96	**426,68**	17,07	**453,75**	16,30	411,21	46	..	2,67	19,41	3,70
August	348,48	19,07	93,89	20,60	**482,04**	9,49	**501,53**	14,69	454,22	11	..	3,97	22,85	5,69
September	367,49	22,50	111,53	12,16	**513,68**	9,46	**533,14**	15,07	485,46	..	..	3,86	22,79	5,96
October	398,85	18,62	107,54	11,46	**536,47**	12,67	**559,14**	10,81	519,23	4	..	1,65	21,72	2,69
November	443,61	15,10	91,04	12,76	**562,54**	13,08	**585,62**	11,22	547,31	12	3	21	19,95	6,78
December	467,91	20,34	75,89	14,41	**578,55**	14,54	**603,09**	10,66	558,82	33	36	2,39	22,28	8,25
January	478,48	18,77	83,69	12,32	**593,26**	15,94	**619,20**	20,18	549,17	21	95	7,18	32,30	9,21
February	501,04	19,97	104,18	9,65	**634,84**	17,35	**662,19**	48,59	560,21	8	3	2,90	37,61	12,77
March	512,88	32,63	82,16	10,38	**638,05**	20,39	**668,44**	22,10	597,16	..	10	1,93	31,92	15,23

* Capital and Reserves, rupees ten crores.

STATEMENT XXXVII

Reserve Bank of India: Issue Department since 1935-36

(*Reference paragraph* 68)

(In lakhs of rupees)

Average of Friday figures	LIABILITIES: Notes in Circulation	LIABILITIES: Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED) or Assets	ASSETS: Gold Coin and Bullion	ASSETS: Sterling Securities	ASSETS: Rupee Coin*	ASSETS: Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
1935-36	164,06	27,58	**191,64**	44,42	62,09	55,51	29,62	*55.58*
1936-37	175,81	25,81	**201,62**	44,42	69,57	64,01	23,62	*56.54*
1937-38	186,15	25,61	**211,76**	44,42	79,92	60,23	27,19	*58.72*
1938-39	182,36 (7,97)	28,28 (1)	**210,64 (7,98)**	44,42	66,95	67,11	32,16	*52.91*
1939-40	209,22 (11,09)	18,79 (8)	**228,01 (11,17)**	44,42	78,63	67,52	37,44	*53.97*
1940-41	241,41 (13,38)	17,26 (20)	**258,67 (13,58)**	44,42	129,92	35,87	48,46	*67.39*
1941-42	307,68 (20,20)	12,21 (23)	**319,89 (20,43)**	44,42	165,00	35,28	75,19	*65.47*
1942-43	513,44	11,80	**525,24**	44,42	319,11	22,33	139,38	*69.21*
1943-44	777,17	10,50	**787,67**	44,42	643,52	14,28	85,45	*87·34*
1944-45	968,69	10,93	**979,62**	44,42	863,73	13,52	57,95	*92·70*
1945-46	1,162,64	16,41	**1,179,05**	44,42	1,061,25	15,52	57,84	*93·78*
1944-45								
April	896,14	10,93	**907,07**	44,42	788,58	15,74	58,33	*91.83*
May	908,98	11,28	**920,26**	44,42	803,58	13,93	58,33	*92.15*
June	926,00	10,76	**936,76**	44,42	821,33	12,78	58,23	*92.42*
July	928,07	15,80	**943,87**	44,42	828,32	13,29	57,84	*92.46*
August	927,47	15,38	**944,85**	44,42	828,32	14,27	57,84	*92.37*
September	937,08	11,18	**948,26**	44,42	831,93	14,07	57,84	*92.42*
October	956,44	11,14	**967,58**	44,42	851,83	13,49	57,84	*92.63*
November	970,85	7,94	**978,79**	44,42	863,83	12,70	57,84	*92.79*
December	994,34	9,31	**1,003,65**	44,42	887,02	13,47	57,84	*92.89*
January	1,029,37	9,48	**1,038,85**	44,42	923,57	13,02	57,84	*93.18*
February	1,053,76	8,24	**1,062,00**	44,42	948,57	11,17	57,84	*93.50*
March	1,078,47	10,25	**1,088,72**	44,42	972,32	14,14	57,84	*93.39*
1945-46								
April	1,106,01	9,81	**1,115,82**	44,42	995,82	17,74	57,84	*93·23*
May	1,121,80	11,31	**1,133,11**	44,42	1,014,82	16,02	57,84	*93·48*
June	1,133,51	11,12	**1,144,63**	44,42	1,027,32	15,05	57,85	*93·63*
July	1,135,91	16,15	**1,152,06**	44,42	1,034,32	15,48	57,84	*93·64*
August	1,138,70	14,47	**1,153,17**	44,42	1,034,32	16,59	57,84	*93·55*
September	1,147,14	14,74	**1,161,88**	44,42	1,042,32	17,30	57,84	*93·53*
October	1,157,03	10,50	**1,167,53**	44,42	1,047,32	17,70	57,84	*93·53*
November	1,175,73	10,88	**1,186,61**	44,42	1,067,32	17,03	57,84	*93·69*
December	1,200,19	10,20	**1,210,39**	44,42	1,093,07	15,06	57,84	*93·98*
January	1,220,30	19,75	**1,240,05**	44,42	1,125,32	12,47	57,84	*94·33*
February	1,194,82	48,13	**1,242,95**	44,42	1,127,83	12,86	57,84	*94·31*
March	1,216,92	21,74	**1,238,66**	44,42	1,123,32	13,08	57,84	*94·05*

Note:—Figures for Burma shown within brackets below totals. Figures for India only from June 1942.
* Including Government of India one rupee notes from July 1940.

STATEMENT XXXVIII

MONTHLY STATISTICS OF NOTE CIRCULATION IN INDIA AND BURMA SINCE 1940-41

(*Reference paragraph* 68)

(In lakhs of rupees)

Last Friday	1940–41 Total Notes Issued	1940–41 Notes held in the Banking Dept.	1940–41 Notes in Circulation	1941–42 Total Notes Issued	1941–42 Notes held in the Banking Dept.	1941–42 Notes in Circulation	1942–43* Total Notes Issued	1942–43* Notes held in the Banking Dept.	1942–43* Notes in Circulation
April	252,66	13,04	239,62	280,60	13,48	267,12	425,16	11,30	413,86
May	257,03	8,50	248,53	285,76	12,79	272,97	444,40	12,56	431,84
June	255,96	9,02	246,94	291,10	14,17	276,93	456,11	12,92	443,19
July	263,79	25,87	237,92	292,18	19,17	273,01	463,30	12,30	451,00
August	260,17	28,68	231,49	293,03	16,44	276,59	487,34	13,09	474,25
September	258,15	28,97	229,18	296,76	10,64	286,12	503,35	10,77	492,58
October	257,16	28,49	228,67	307,39	13,94	293,45	524,48	9,78	514,70
November	256,33	27,18	229,15	319,14	11,72	307,42	551,94	11,58	540,36
December	255,19	13,94	241,25	347,72	12,12	335,60	585,80	15,44	570,36
January	260,54	15,49	245,05	366,18	9,77	356,41	604,19	10,94	593,25
February	266,96	17,49	249,47	389,02	9,34	379,68	626,23	11,87	614,36
March	269,25	11,59	257,66	421,06	10,99	410,07	655.11	11,53	643,58

Last Friday	1943–44* Total Notes Issued	1943–44* Notes held in the Banking Dept.	1943–44* Notes in Circulation	1944–45* Total Notes Issued	1944–45* Notes held in the Banking Dept.	1944–45* Notes in Circulation	1945–46* Total Notes Issued	1945–46* Notes held in the Banking Dept.	1945–46* Notes in Circulation
April	680,79	12,18	677,61	908,36	11,56	896,80	1,118,18	11,15	1,107,03
May	715,23	11,12	704,11	921.28	10.97	910,31	1,137,38	16,36	1,121,02
June	734,75	11,40	723,35	943,40	12,02	931,38	1,146,75	9,78	1,136,97
July	750,78	10,40	740,38	944,99	23,02	921,97	1,152,94	24,21	1,128,73
August	766,31	11,67	754,64	945,58	18,57	927,01	1,154,02	14,57	1,139,45
September	774,46	14,78	759,68	950,83	9,58	941,25	1,162,74	20,90	1,141,84
October	791,05	8,96	782,09	972,18	15.64	956,54	1,169,77	13,64	1,156,13
November	804,68	10,31	794,37	981,16	8,07	973,09	1,188,54	12,17	1,176,37
December	850,40	9,60	840,80	1,021,26	11,66	1,009,60	1,222,15	11.26	1,210,89
January	862,89	9,21	853,68	1,044,21	10,20	1,034,01	1,247,73	48,05	1,199,68
February	880,04	12.54	867,50	1,067,05	7,71	1,059,34	1,240,80	44,90	1,195,90
March	894,84	12,35	882,49	1,094,66	9,78	1,084,83	1,238,41	19,64	1,218,77

* Excluding Burma notes.

STATEMENT XXXIX

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

(*Reference paragraph* 70)

(In lakhs of rupees)

		Year-end				Annual Average			
		Total Notes Issued	Notes in Circulation	Absorption (+) or Return (—)	*% of Absorption or Return*	Total Notes Issued	Notes in Circulation	Increase or decrease in average circulation	*% of increase or decrease in average circulation*
Average for 5 years 1909-10 to 1913-14		**61,17**	**44,41**	..	..	**58,51**	**41,97**	..	..
1914-15 ..	..	.. 61,63	43,96	— 6,01	— *12*	64,04	45,43	— 1,20	— *3*
1915-16 ..	..	.. 67,73	53,19	+ 9,23	+ *21*	64,10	48,08	+ 2,65	+ *6*
1916-17 ..	..	.. 86,37	67,08	+ 13,89	+ *26*	76,14	59,36	+ 11,28	+ *23*
1917-18 ..	..	.. 99,79	84,30	+ 17,22	+ *26*	101,77	71,87	+ 12,51	+ *21*
1918-19 ..	..	.. 153,46	133,58	+ 49,28	+ *58*	133,20	113,84	+ 41,97	+ *58*
1919-20 ..	..	.. 174,52	153,78	+ 20,20	+ *15*	171,68	151,10	+ 37,26	+ *33*
1920-21 ..	..	.. 166,16	147,88	— 5,90	— *4*	163,51	138,88	— 12,22	— *8*
1921-22 ..	..	.. 174,76	157,23	+ 9,35	+ *6*	173,80	152,22	+ 13,34	+ *10*
1922-23 ..	..	.. 174,70	161,10	+ 3,87	+ *2*	176,33	153,27	+ 1,05	+ *1*
1923-24 ..	..	.. 185,85	169,06	+ 7,96	+ *5*	179,01	156,93	+ 3,66	+ *2*
1924-25 ..	..	.. 184,19	166,55	— 2,51	— *1*	179,27	160,91	+ 3,98	+ *8*
1925-26 ..	..	.. 193,34	167,71	+ 1,16	+ *1*	186,88	163,16	+ 2,25	+ *1*
1926-27 ..	..	.. 184,13	164,31	— 3,40	— *2*	189,13	156,36	— 6,80	— *4*
1927-28 ..	..	.. 184,87	174,53	+ 10,22	+ *6*	180,16	162,62	+ 6,26	+ *4*
1928-29 ..	..	.. 188,03	178,10	+ 3,57	+ *2*	184,86	171,90	+ 9,28	+ *6*
1929-30 ..	..	.. 177,23	159,30	— 18,80	— *11*	183,11	163,00	— 8,90	— *5*
1930-31 ..	..	.. 160,84	147,93	— 11,37	— *7*	165,49	151,13	— 11,87	— *7*
1931-32 ..	..	.. 178,14	165,17	+ 17,24	+ *12*	163,64	152,62	+ 1,49	+
1932-33 ..	..	.. 176,90	150,34	— 14,83	— *9*	173,83	152,04	— 58	..
1933-34 ..	..	.. 177,22	163,88	+ 13,54	+ *9*	178,13	157,47	+ 5,43	+ *4*
1934-35 ..	..	.. 186,10	163,56	— 32	..	183,24	161,60	+ 4,13	+ *3*
1935-36 ..	..	.. 195,58	168,82	+ 5,26	+ *3*	191,64	164,06	+ 2,46	+ *2*
1936-37 ..	..	.. 208,00	194,35	+ 25,53	+ *15*	201,62	175,81	+ 11,75	+ *7*
1937-38	I ..	206,20	178,29	— 8,23	— *4*	207,70	182,19	+ 10,34	+ *6*
	B ..	7,83	7,83			3,97	3,96		
1938-39	I ..	196,47	178,36	+ 7	..	202,66	174,39	— 7,80	— *4*
	B ..	10,76	10,74	+ 2,91	+ *37*	7,98	7,97	+ 4,01	+ *101*
1939-40	I ..	238,43	225,10	+ 46,74	+ *26*	216,84	198,13	+ 23,74	+ *14*
	B ..	13,78	13,45	+ 2,71	+ *25*	11,17	11,09	+ 3,12	+ *39*
1940-41	I ..	251,81	240,55	+ 15,45	+ *7*	245,09	228,03	+ 29,90	+ *15*
	B ..	17,44	17,11	+ 3,66	+ *27*	13,58	13,38	+ 2,29	+ *21*
1941-42	I ..	302,71	381,73	+ 141,18	+ *59*	299,46	287,48	+ 59,45	+ *26*
	B ..	28,35	28,33	+ 11,22	+ *66*	20,43	20,20	+ 6,82	+ *51*
1942-43	I ..	.. 655,11	643,58	+ 261,85	+ *69*	525,24	513,44	+ 225,96	+ *79*
1943-44	I ..	.. 894,84	882,49	+ 238,91	+ *37*	787,67	777,17	+ 263,73	+ *51*
1944-45	I ..	.. 1,094,66	1,084,88	+ 202,39	+ *23*	979,62	968,69	+ 191,52	+ *25*
1945-46	I ..	.. 1,238,41	1,218,77	+ 133,89	+ *12*	1,179,05	1,162,61	+ 193,95	+ *20*

Note.—Since the Bank assumed the management of the currency, the variations in the figures of notes in circulation as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. Notes in circulation now include the amounts held in Government Treasuries as well as by the public, but exclude the holdings of the Banking Department of the Reserve Bank.

I—India notes. B—Burma notes.

STATEMENT XL

Absorption of Small Coin (Annual) since 1909-10

(*Reference paragraph* 72)

(In thousands of rupees)

	Silver half rupees†	Four anna pieces	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for five years 1909-10 to 1913-14	..	**15,75**	**13,59**	**21,02**	..	**10,51**	**83**	**83**	**62,53**
Average for five years 1914-15 to 1918-19	..	**37,24**	**29,54**	**27,86**	..	**5,63**	**66**	**1,18**	**1,02,11**
1919-20	..	88,15	60,33	44,05	..	21,18	90	1,21	**2,15,82**
1920-21	..	— 9,31	— 23,24	— 12,82	..	— 2,22	42	1,15	— **46,02**
1921-22	..	— 7,09	— 2,40	3,28	..	52	53	1,11	— **4,05**
1922-23	..	3,67	1,70	12,99	..	2,89	57	76	**22,58**
1923-24	..	6,20	3,99	19,88	..	2,42	54	75	**33,78**
1924-25	..	15,87	4,90	21,86	..	5,31	65	72	**49,31**
1925-26	..	3,34	5,49	11,22	..	2,23	45	72	**23,45**
1926-27	..	51	— 6,10	11,62	..	4,05	45	86	**11,39**
1927-28	..	7,03	4,62	22,02	..	5,05	54	85	**40,11**
1928-29	..	8,89	6,57	22,12	..	5,04	57	74	**43,93**
1929-30	..	— 2,05	— 1,88	10,36	..	5,77	57	79	**13,56**
1930-31	..	— 31,70	— 18,88	— 14,33	..	— 1,30	58	55	— **65,08**
1931-32	..	7,16	3,73	8,52	..	16	59	1,29	**21,45**
1932-33	..	— 6,11	2,13	10,82	..	1,48	60	1,02	**9,94**
1933-34	..	14,01	16,04	23,27	..	10,28	74	1,10	**65,44**
1934-35	..	1,54	12,93	20,35	..	11,88	83	76	**48,29**
1935-36	— 5,59	— 5,58	7,76	13,06	..	11,31	81	59	**22,36**
1936-37	22,50	15,07	22,20	25,48	..	12,92	79	66	**1,00,52**
1937-38	25,00	10,26	16,08	19,21	..	14,52	89	85	**86,81**
1938-39	2,40	— 9,55	3,55	6,34	..	14,80	84	77	**19,15**
1939-40	59,67	38,97	48,07	51,25	..	21,08	97	97	**2,20,98**
1940-41	1,52,76	1,02,27	71,56	76,14	..	23,27	1,14	1,06	**4,28,20**
1941-42	1,56,83	1,26,47	87,91	99,25	4,16	29,31	1,18	1,16	**5,06,27**
1942-43	3,81,92	2,86,87	2,21,82	2,02,27	56,89	12,69	37	75	**11,63,58**
1943-44	5,40,61	5,16,98	3,33,70	3,10,98	1,14,33	29,45	8	13	**18,46,26**
1944-45	5,51,02	5,40,15	3,07,06	3,43,33	1,30,02	48,78	— 2	4	**19,20,38**
1945-46	2,95,54	2,99,29	1,35,65	1,54,94	61,18	51,16	3	4	**9,97,83**

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

STATEMENT XLI

ABSORPTION OF CURRENCY (ANNUAL) SINCE 1914-15

(*Reference paragraph* 73)

(In lakhs of rupees)

	Notes	Rupees*	Small Coin	Total
Average for 5 years 1914-15 to 1918-19 ..	**+ 16,72**	**+ 22,08**	**+ 1,02**	**+ 39,82**
1914-15	— 6,01	— 6,70	— 19	— **12,90**
1915-16	+ 9,23	+ 10,40	+ 38	+ **20,01**
1916-17	+ 13,80	+ 33,81	+ 99	+ **48,69**
1917-18	+ 17,22	+ 27,86	+ 1,01	+ **46,09**
1918-19	+ 49,28	+ 45,02	+ 2,92	+ **97,22**
1919-20	+ 20,20	+ 20,09	+ 2,16	+ **42,45**
1920-21	— 5,90	— 25,68	— 46	— **32,04**
1921-22	+ 9,35	— 10,46	— 4	— **1,15**
1922-23	+ 3,87	— 9,56	+ 23	— **5,46**
1923-24	+ 7,96	+ 7,62	+ 34	+ **15,92**
1924-25	— 2,51	+ 3,65	+ 49	+ **1,63**
1925-26	+ 1,10	— 8,17	+ 23	— **6,78**
1926-27	— 3,40	— 19,76	+ 11	— **23,05**
1927-28	+ 10,22	— 3,75	+ 40	+ **6,87**
1928-29	+ 3,57	— 3,03	+ 44	+ **98**
1929-30	— 18,80	— 21,71	+ 14	— **40,37**
1930-31	— 11,37	— 21,58	— 65	— **33,60**
1931-32	+ 17,24	+ 3,93	+ 21	+ **21,38**
1932-33	— 14,83	— 7,56	+ 10	— **22,29**
1933-34	+ 13,54	— 30	+ 65	+ **13,89**
1934-35	— 32	— 3,21	+ 48	— **3,05**
1935-36	+ 5,26	— 9,41	+ 22	— **3,93**
1936-37	+ 25,53	— 2,49	+ 1,01	+ **24,05**
1937-38	— 8,23	— 6,52	+ 87	— **13,88**
1938-39	+ 2,98	— 12,60	+ 19	— **9,43**
Total for 20 years 1919-20 to 1938-39 ..	**+ 55,52**	**— 130,50**	**+ 7,12**	**— 67,86**
Average for 20 years 1919-20 to 1938-39	**+ 2,78**	**— 6,53**	**+ 36**	**— 3,39**
1939-40	+ 49,45	+ 10,08	+ 2,21	+ **61,74**
1940-41	+ 19,11	+ 33,23	+ 4,28	+ **56,62**
1941-42	+ 152,40	+ 7,18	+ 5,06	+ **164,64**
1942-43 †	+ 261,85	+ 44,93	+ 11,64	+ **318,42**
1943-44 †	+ 238,91	+ 25,60	+ 18,46	+ **282,97**
1944-45 †	+ 202,39	+ 10,05	+ 19,20	+ **231,64**
1945-46 †	+ 133,89	+ 18,35	+ 9,98	+ **162,22**
Total for 7 years 1939-40 to 1945-46 ..	**+1,058,00**	**+ 149,42**	**+ 70,83**	**+1,278,25**
Average for 7 years 1939-40 to 1945-46 ..	**+ 151,14**	**+ 21,35**	**+10,12**	**+ 182,61**

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

STATEMENT XLII

*MONTHLY ABSORPTION OF CURRENCY, 1945-46

(*Reference paragraph* 73)

(In lakhs of rupees)

1944-45					1945-46			
Notes	Rupee Coin	Small Coin	**Total**	Month	Notes	Rupee Coin	Small Coin	**Total**
+ 14,31	+ 1,42	+ 1,68	+ **17,41**	April	+ 22,15	— 1,86	+ 1,33	+ **21,62**
+ 13,52	+ 2,23	+ 2,05	+ **17,80**	May	+ 13,99	+ 4,78	+ 1,63	+ **20,40**
+ 21,05	+ 92	+ 1,81	+ **23,78**	June	+ 15,95	+ 1,05	+ 1,08	+ **18,08**
— 9,41	— 1,65	+ 1,63	— **9,43**	July	— 8,24	— 1,37	+ 1,42	— **8,19**
+ 5,05	— 1,29	+ 1,72	+ **5,48**	August	+ 10,72	— 96	+ 86	+ **10,62**
+ 14,24	+ 72	+ 1,67	+ **16,63**	September	+ 2,39	— 72	+ 63	+ **2,30**
+ 15,29	+ 64	+ 1,49	+ **17,42**	October	+ 14,29	+ 61	+ 48	+ **15,38**
+ 16,55	— 75	+ 1,48	+ **17,28**	November	+ 20,24	+ 47	+ 42	+ **21,13**
+ 36,51	+ 2,12	+ 1,47	+ **40,10**	December	+ 34,52	+ 40	+ 33	+ **35,25**
+ 24,41	+ 2,32	+ 1,42	+ **28,15**	January	— 11,20	+ 8,70	+ 54	— **1,96**
+ 25,33	+ 2,30	+ 1,33	+ **28,96**	February	— 3,79	+ 5,82	+ 57	+ **2,60**
+ 25,54	+ 1,07	+ 1,45	+ **28,06**	March	+ 22,87	+ 1,43	+ 69	+ **24,99**
+ 202,39	+10,05	+ 19,20	+ **231,64**	**Total**	+ 133,89	+ 18,35	+ 9,98	+ **162,22**

* Figures for India only.

STATEMENT XLIII

Circulation of Notes by Denominations since 1913-14†

(*Reference paragraph* 79)

NOTES IN CIRCULATION (in lakhs of rupees) — *Percentage to Gross Circulation of all notes except Rs. 10,000*

Year ended (31st March)	Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	*Re. 1*	*Rs. 2*	*Rs. 2-8*	*Rs. 5*	*Rs. 10*	*Rs. 20*	*Rs. 50*	*Rs. 100*	*Rs. 500*	*Rs. 1,000*
1914 „ ..	..	..	..	1,61	17,73	8	1,78	17,81	2,64	9,17	..	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0
1921 „ ..	9,52	..	51	14,05	52,67	3	3,84	47,22	2,53	17,81	6.4	..	.4	9.5	35.5	..	2.6	31.9	1.7	12.0
1922 „ ..	9,93	..	27	15,84	57,51	3	4,05	54,28	2,05	14,68	6.2	..	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923 „ ..	10,88	..	13	16,27	56,71	2	3,76	59,43	1,74	14,41	6.7	..	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924 „ ..	11,39	..	7	15,90	57,18	2	3,12	69,41	1,62	12,87	6.6	..	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925 „ ..	4,15	..	4	15,83	68,57	2	2,61	63,87	1,32	13,11	2.5	..	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926 „ ..	72	..	2	15,66	76,88	2	2,23	60,22	1,19	13,20	.4	..	..	9.2	45.2	..	1.3	35.4	.7	7.8
1927 „ ..	44	..	2	16,49	72,86	2	2,15	60,09	1,10	13,42	.3	..	..	9.9	43.7	..	1.3	36.1	.7	8.0
1928 „ ..	39	..	1	18,91	76,27	2	2,09	63,07	1,05	14,90	.2	..	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929 „ ..	36	..	1	23,77	74,55	2	2,01	65,76	99	12,69	.2	..	..	13.2	41.4	..	1.1	36.5	.6	7.0
1930 „ ..	35	..	1	20,97	69,08	2	1,60	58,88	84	10,78	.2	..	..	12.9	42.6	..	1.0	36.3	.3	6.7
1931 „ ..	34	..	1	18,92	64,20	2	1,53	54,86	77	10,76	.2	..	..	12.5	42.4	..	1.0	36.3	·5	7.1
1932 „ ..	34	..	1	22,31	69,55	2	1,51	63,07	79	11,67	.2	..	..	13.2	41.1	..	.9	37.3	.4	6.9
1933 „ ..	33	..	1	19,95	61,83	2	1,28	57,65	68	11,63	.2	..	..	13.0	40.3	..	.8	37.6	.5	7.6
1934 „ ..	33	..	1	21,53	67,41	2	1,33	64,90	60	11,31	.2	..	..	12.9	40.2	..	.8	38.8	.4	6.7
1935 „ ..	32	..	1	23,11	67,83	2	1,26	60,94	56	17,72	.2	..	..	13.5	39.5	..	.7	35.5	.3	10.3
Year ended (31st Dec.)																				
1935 „ ..	32	..	1	25,28	69,31	1	1,34	62,35	53	12,84	.2	..	..	15.0	40.3	..	.7	36.0	.3	7.5
1936 „ ..	33	..	1	31,71	77,34	1	1,36	69,07	48	12,11	.2	..	..	16.5	40.2	..	.8	35.9	.2	6.2
1937 „ ..	32	..	1	32,46	76,08	1	1,25	62,44	45	11,01	.2	..	..	17.5	41.3	..	.7	34.0	.2	6.0
1938 „ ..	32	..	1	33,84	77,89	1	1,01	62,81	37	10,51	.2	..	..	18.1	41.7	..	.6	33.6	.2	5.6
1939 „ ..	32	..	1	45,63	98,29	1	92	75,57	34	13,79	·1	..	..	19·4	41·9	..	.4	32·1	.2	5·9
1940 „ ..	32	..	1	44,03	97,83	1	61	80,44	33	17,64	·1	..	..	18·3	40·6	..	.2	33.4	·1	7·3
1941 „ ..	32	..	1	62,23	134,89	1	51	113,13	36	28,20	.1	..	..	18.3	39·7	..	·2	33·3	·1	8·3
1942* „ ..	32	..	1	106,74	218,21	1	46	202,82	52	54,07	..	..	..	18·3	37·4	..	·1	34·8	·1	9·3
1943* „ ..	32	5,56	1	142,48	302,93	1	37	291,54	60	90,99	..	.7	..	17.1	36·3	..	..	34·9	.1	10.9
1944* „ ..	32	9,73	1	148,80	363,38	1	30	382,51	32	100,93	..	1·0	..	14·8	36·1	..	..	38·0	..	10.1
1945* „ ..	32	14,45	1	153,87	425,37	..	25	495,84	26	113,37	..	1·2	..	12·8	35·3	..	..	41.2	..	9·4

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

STATEMENT XLIV

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

(Reference paragraph 84)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
" 1840, 2nd " ..	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
" 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
" 1874	1,50,13,834	......	2,85,08,566	4,35,22,400
" 1875	1,16,31,951	......	1,93,59,597	3,09,91,548
" 1876	1,20,01,264	......	2,89,49,037	4,09,50,301
" 1877	3,92,51,692	......	9,55,54,320	13,48,06,012
" 1878	3,26,57,837	......	6,39,27,196	9,65,85,033
" 1879	1,59,28,325	......	7,27,99,904	8,87,28,229
" 1880	1,83,99,894	......	5,37,85,624	7,21,85,518
" 1881	24,35,719	......	31,61,858	55,97,577
" 1882	1,50,90,289	......	5,63,97,278	7,14,87,567
" 1883	51,23,372	......	1,80,22,789	2,31,46,161
" 1884	1,16,41,757	......	3,68,46,570	4,84,88,327
" 1885	3,41,52,203	......	6,48,78,000	9,90,30,203
" 1886	1,08,78,075	......	4,11,46,457	5,20,24,532
" 1887	4,02,00,148	......	4,84,00,000	8,86,00,148
" 1888	75,68,000	......	6,32,00,000	7,07,68,000
" 1889	93,68,310	......	6,53,00,000	7,46,68,310
" 1890	2,47,41,865	......	9,29,00,000	11,76,41,865
" 1891	1,46,69,903	......	4,95,00,000	6,41,69,903
" 1892	3,24,55,120	......	7,22,00,000	10,46,55,120
" 1893	91,40,310	......	6,95,90,000	(*a*) 7,87,30,310
" 1897	4,70,184	......	10,54,593	(*b*) 15,24,777
" 1898	12,50,976	......	62,68,437	(*b*) 75,19,413
" 1900	5,29,02,591	......	6,52,36,908	(*c*) 11,81,39,499
" 1901	3,37,22,243	......	7,54,13,718	(*d*) 10,91,35,961
" 1901 coined in 1902 ..	3,82,94,644	......	5,48,44,740	(*e*) 9,31,39,384
Edward VII, 1903 ditto ..	25,000	......	......	25,000
" " 1903	4,93,78,355	......	5,29,69,151	(*f*) 10,23,47,506
" " 1904	5,83,38,617	......	10,19,40,291	(*g*) 16,02,78,908
" " 1905	5,12,57,883	......	7,62,02,223	(*h*) 12,74,60,106

(*a*) Including Rs. 5,90,000 coined for the Bikaner State.
(*b*) On account of Kashmir and Bhopal re-coinage.
(*c*) " " 2,09,02,414 coined for Indian States.
(*d*) Including Rs. 1,90,43,904 coined for Indian States.
(*e*) " " 2,98,86,014 " " " "
(*f*) " " 11,66,451 " " "
(*g*) " " 59,422 " " " "
(*h*) " " 3,28,000 " " "

STATEMENT XLIV—(*continued*)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	Total Coined
	Rs.	Rs.	Rs.		Rs.
Edward VII, 1906	10,47,97,164	....	15,89,53,269	....	(*j*) 26,37,50,433
" " 1907	8,13,38,000	....	17,09,11,816	....	(*k*) 25,22,49,816
" " 1908	2,02,17,728	....	1,07,14,770	....	3,09,32,498
" " 1909	1,27,58,580	....	95,38,746	....	(*l*) 2,22,97,326
" " 1910	85,00,000	....	91,88,673	....	1,76,88,673
" " 1910 coined in 1911	41,27,013	....	16,96,273	....	58,23,286
George V, 1911	42,99,924	....	51,43,125	....	94,43,049
" " 1912	4,51,22,132	....	7,90,67,074	....	(*m*) 12,41,89,206
" " 1913	7,58,00,163	....	8,74,65,788	....	(*n*) 16,32,65,951
" " 1914	3,31,00,150	....	1,52,70,000	....	4,83,70,150
" " 1915	99,00,139	....	53,71,979	....	1,52,72,118
" " 1916	11,50,00,210	....	9,79,00,000	....	21,29,00,210
" " 1917	11,32,00,217	....	15,15,82,659	....	26,47,82,876
" " 1917 coined in 1918	17,74,025	....	....	....	17,74,025
" " 1918	20,13,26,240	....	21,05,50,363	....	41,18,76,603
" " 1918 coined in 1919	40,94,006	....	....	....	40,94,006
" " 1919	19,68,06,224	....	22,67,06,054	....	42,35,12,278
" " 1919 coined in 1920	1,44,00,031	....	....	....	1,44,00,031
" " 1920	3,86,00,085	....	5,59,36,544	....	9,45,36,629
" " 1920 coined in 1921	64,00,064	....	....	....	64,00,064
" " 1920 coined in 1922	5,64,000	....	....	....	5,64,000
" " 1920 coined in 1923	49,36,050	....	....	....	49,36,050
" " 1921	....	....	51,15,121	....	51,15,121
" " 1922	....	....	20,51,150	....	20,51,150
George VI, 1938 coined in 1940	....	....	98,02,178	....	98,02,178
" " 1940	....	....	(*o*) 2,35,00,002	....	2,35,00,002
" " 1941	....	....	(*o*) 24,11,00,001	....	24,11,00,001
" " 1942	....	....	(*o*) 23,75,00,001	....	23,75,00,001
" " 1943	....	....	(*o*) 6,69,94,637	....	6,69,94,637
" " 1944	....	....	(*o*) 15,22,06,000	(*o*) 8,54,00,000	23,76,06,000
" " 1945	....	....	(*o*) 13,47,94,000	(*o*) 9,11,00,000	(*o*) 22,58,94,000
Total William IV	**10,90,88,070**	**11,78,000**	**5,37,12,502**	....	**16,39,78,572**
" **Victoria**	**133,69,06,058**	**10,64,29,305**	**207,80,44,775**	....	**352,13,80,138**
" **Edward VII**	**39,07,38,340**	....	**59,21,15,212**	....	**98,28,53,552**
" **George V**	**86,53,23,660**	....	**94,21,59,857**	....	**180,74,83,517**
" **George VI Standard** ..	....	....	**98,02,178**	....	**98,02,178**
" " **Quaternary** ..	....	....	**85,60,94,641**	**17,65,00,000**	**103,25,94,641**
Total ..	**270,20,56,128**	**10,76,07,305**	**453,19,29,165**	**17,65,00,000**	**751,80,92,598**

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

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

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

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

APPENDIX

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

I. *Non-Scheduled Banks.*

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

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

II. *Indigenous Bankers.*

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

INDEX

Paragraph

R—contd.

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Paragraph

S—contd.

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