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

1947-48

BOMBAY
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PART I

ECONOMIC AND FINANCIAL DEVELOPMENTS ABROAD

GENERAL ECONOMIC DEVELOPMENTS

The expectations entertained last year of a sustained world economic recovery did not materialise during 1947, the disastrous effects of the last war striking the world with delayed impact. The recovery in Europe was disappointingly slow, owing mainly to a schism between Eastern Europe, tending to pass under Russian influence, on the one hand, and on the other, Western Europe in which Britain and the United States evinced a special interest.

Conflicting political ideologies, which increasingly tended to divide the nations of the world, as it were into two camps, often resulted in industrial unrest internally, culminating in strikes and demand for higher wages; this coupled with continued shortages of materials, particularly fuel, affected production schedules and further handicapped nations in their fight against inflation. Soaring costs without a corresponding increase in production, which in some cases as in India showed actually a decline, and deficit budgeting by Governments (who constitute, competing as they do with private demand, the biggest inflationary spenders) were perhaps the two inflationary factors mainly responsible for the instability of internal price structures, which, during the year under review, became further bloated. The problem of checking a rise in domestic prices has been further complicated by a still more fundamental and baffling problem of securing equilibrium in international balance of payments. Thus, a major handicap from which most countries suffered was their inability to import adequate supplies, both of production and consumer goods, mainly due to lack of foreign exchange resources, particularly U.S. dollars. Inflationary pressures thus growing powerful were further aggravated by the diversion of wartime savings to support current consumption and led, in conjunction with persistent shortages of food and other essential articles in common use, to a pronounced rise in price levels and higher living costs, thereby bringing about a deterioration in the standards of living in most countries. The frustration of hopes which now appears to face the major part of the world brought home to nations, more clearly than ever, the supreme need for a closer measure of co-operation between them in a common endeavour if the objectives of arresting further deterioration of national economies and living standards and of laying the foundations of a new world economic order were to be realised.

The battle against inflation, with all its concomitant evils including the inequitable distribution of national income resulting in a growing hiatus between social classes and the misdirection of labour and other resources, continued to be the major problem facing most of the countries of the world, including the United States and the United Kingdom, during the greater part of the year. This situation demanded a further tightening of the restrictive measures that were already in operation in some countries and the reimposition of controls in certain spheres in others. In Canada, price ceilings had to be revived in respect of important canned fruits and vegetables in November, 1947 and in respect of meat and butter in January, 1948. In Britain, restrictions more severe than those of wartime were imposed, the rationing for the first time of bread and potatoes being the chief example. The attention of the authorities was also directed against further general increases in wages, profits, rents and similar income sources without commensurate increases in production or services. The country's critical economic position was indicated in two White Papers, one calling for the pegging of wages and the other revealing the rapid shrinking of gold and dollar reserves in 1947. In the United States, the Congress passed in December, 1947 a joint resolution for a one-year extension of export controls and authority to regulate the use of rail-road equipment and also for authorising voluntary agreements between Government and representatives of business, industry and agriculture, for certain purposes, such as the allocation of scarce commodities and of transportation facilities and the regulation of speculative trading on commodity exchanges, while the American Bankers' Association announced a programme designed to discourage the making of certain types of loans that would tend to aggravate inflationary pressures.

The world production of most of the major food-stuffs in 1947 was about 7 per cent below the pre-war level but on a similar comparison, the population showed an increase of 10 per cent. The output in deficit countries in particular continued to be at low levels. On the other hand, exporting countries including the United States, Canada and Australia greatly increased their output but a large part of it was consumed domestically, thus compelling a reduction in the *per capita* consumption of the deficit regions. The needs of deficit countries during 1947-48 increased by 8 million tons over the preceding year, while the world's exportable surplus of grains (apart from rice), during the same period, was estimated to have shown an increase of only 4.5 million tons. The outlook at the close of the year, however, appeared to be moderately optimistic; improved crops are expected in 1948, particularly in Europe, while it is hoped that Argentina and Australia would make available to the world pool 93 million bushels more.

In the United States, industry as at the end of 1947 had approached the limit of its capacity with its labour force as close to full employment as possible, despite losses due to strikes amounting to 34 million man-days during the eleven months ended November, 1947. The first quarter of 1948, however, seemed to show signs of a decline in activity, particularly in automobile manufacture and steel. In Britain, industry, which had suffered a setback following the fuel crisis in February, 1947 had a bad start, the rapid rate at which the country was drawing on the American Loan of $4.4* billion indicating the approach of a grave economic situation. This was being hastened by the substantial rise in United States prices during the greater part of the year and the drain on her resources of hard currency following the convertibility of sterling, which commenced on 15th July under the terms of the Anglo-American Financial Agreement but which was suspended with effect from 21st August, 1947. Towards the close of 1947, however, following stringent measures adopted by the Government, industry seemed to have turned the corner, unemployment falling from over 2 million in February, 1947 to 277,245 by mid-December. Despite adverse conditions, the Government, in pursuance of their programme of nationalisation, completed during the year under review the necessary legislation to bring all inland transport and the electricity industries under the control of the State. The national economy of Canada, according to official sources, was functioning at the highest level ever attained, with employment reaching a higher level than a year ago and industrial production in November, 1947 showing an increase of 8 per cent over the corresponding figure for 1946.

In most of the other countries, production failed to keep pace with the steadily growing demand. This was manifested in their diminished capacity to export and increased demand for imports which, through rise in prices in the exporting countries including the United States, accounted for continued deficits in their balance of payments. But the outlook, which for a time, appeared to be perplexing, showed signs of brightening as the year drew to a close with the passage by the United States Congress early in December, 1947 of a Bill providing for interim aid to France, Italy, Austria and China,-and the action taken by the United States Government to hasten the implementation of the Marshall Plan (envisaging a European Recovery Programme of $17 billion)—by far the most important effort during the year in the field of international economic co-operation—the

* Including $650 million for the liquidation of lend-lease.

first instalment of which for the year ending March, 1949, was approved by the Congress on 2nd April, 1948.

The flow of American aid for the rehabilitation of devastated areas indicates the growing realisation by the United States of the economic interdependence of the world to-day. Individual nations too have not been slow to respond as has been shown recently in the formation of a customs union between the Netherlands, Belgium and Luxembourg and the proposals for a similar union of the whole of Western Europe. Indeed, an important aspect of the Marshall aid programme for European recovery has been the emphasis laid by the United States on the need for greater economic co-operation between the countries of Europe.

2. PRICES

In most countries of the world, as remarked earlier, the continued increase in the inflationary pressure during the year further marked up the general level of prices and the cost of living. The United States index numbers of wholesale prices and cost of living, which had stood at 164 and 149 in January, 1947 advanced sharply by the end of 1947 to 189 and 163 respectively (*vide* Table 1 and the graph facing page 6). In Canada, the index number of wholesale prices rose from 135 in January, 1947 to 170 towards the close of the year. In the United Kingdom, though the total money supply had remained more or less stable, the rise in the price level continued unchecked, the wholesale price index spurting up from 167 in January, 1947 to 187 in December, 1947; the cost of living, however, showed only a moderate rise owing mainly to the continued payment of food subsidies amounting roughly to £400 million a year and the strict rationing of essential consumer goods. In France, with the total money supply increasing sharply from Frs. 1,426 billion in December, 1946 to Frs. 1,751 billion at the end of 1947, the general price level recorded a sharper rise, the general index mounting up from 951 in December, 1946 to 1,370 in December, 1947. A similar increase also took place in the retail prices index (Food). In Italy, the wholesale price index sharply advanced from 3,920 in December, 1946 to 6,430 by October, 1947, but thereafter mainly as a result of the Government's anti-inflationary measures and increased supplies of food, the upward movement was arrested and the general index declined to 5,910 by the end of 1947.

Although the basic cause of the inflationary conditions was the excess of effective demand over the volume of available goods and services, their intensity and pattern varied from country to country depending on the economic forces, external and internal, operating in each. In the United States, despite the peak level of industrial and agricultural production and the budgetary surplus, there was a rise in the general level of prices because of the exceptionally high domestic and foreign demand for her goods and services, large expansion in bank credit as also increased outstandings of consumer credit, speculative activity in the commodity markets, and concessions to labour, particularly in steel and coal industries. In the United Kingdom, apart from the advance in coal prices and freight rates and the upward revision of controlled prices of some commodities consequent on enhanced costs, the rise in the price level was partly attributable to the policy of the authorities in expanding exports and reducing imports to minimise the gap in the external payments position, which consequently reduced the supply of goods available in the home market, leaving at the same time the total money supply unaffected. In addition, there was also an excessive draft on the country's resources of man-power and materials on account of certain large-scale capital investments by the Government which were not entirely financed from the genuine savings of the community. In Canada, on the other hand, an unusually pressing demand, a highly satisfactory financial position of domestic buyers owing to

TABLE I.—MONEY SUPPLY AND INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING OF CERTAIN FOREIGN COUNTRIES SINCE 1944.

(*Base* : 1937 = 100)

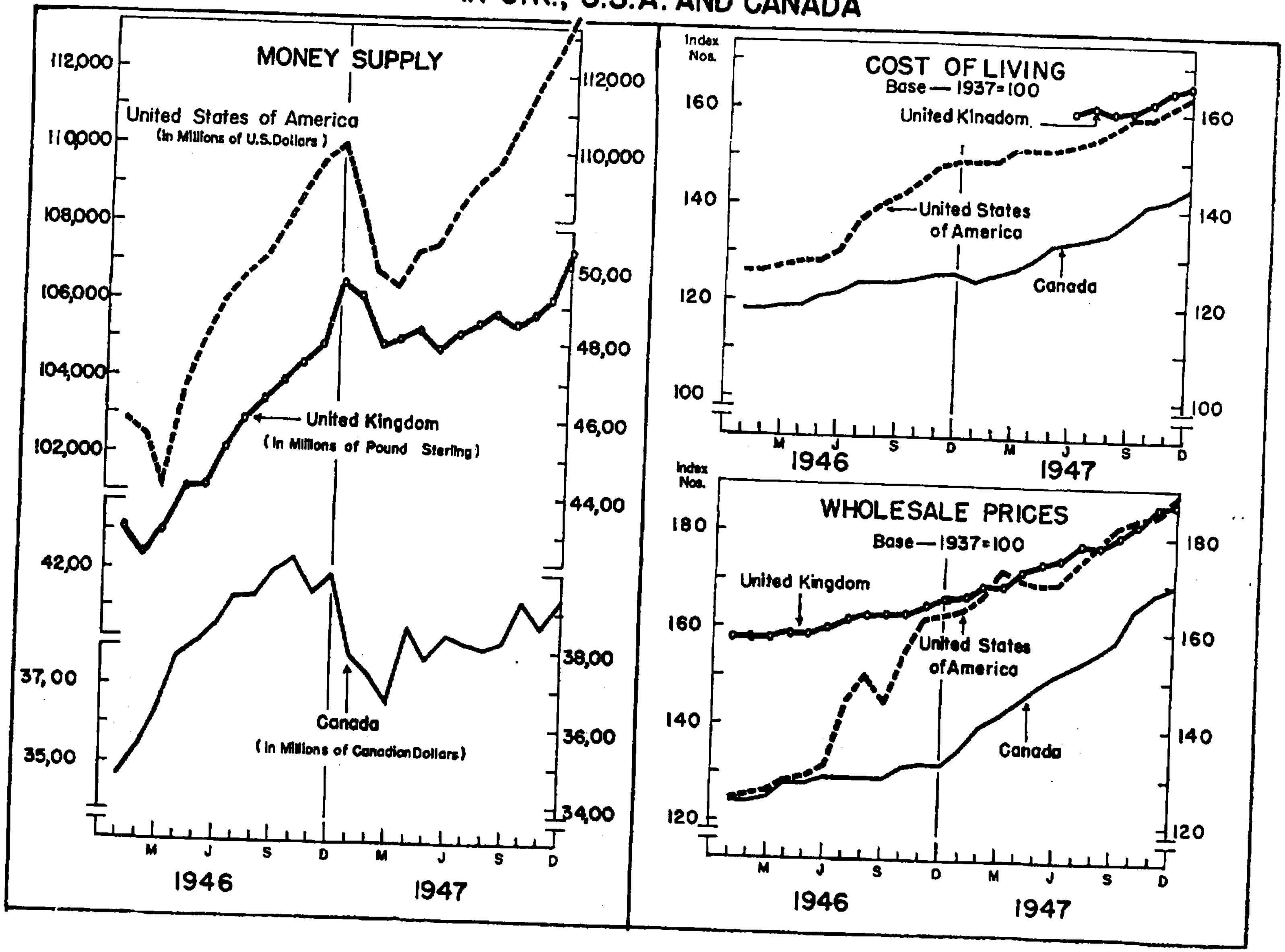
Year and Month	United Kingdom			United States of America			Canada		
	M	P	C	M	P	C	M	P	C
	£			$			C$		
1944	4.07	153	151	90.4	121	122	3.15	121	117
1945	4.41	156	152	102.4	123	125	3.51	122	118
1946	4.96	161	154	109.7	140	136	3.99	128	122
1947	5.04	176	..	113.7	176	155	3.94	152	134
January 1947 ..	4.92	167	..	108.6	164	149	3.79	135	125
March ,, ..	4.80	169	..	106.5	173	152	3.67	142	127
June ,, ..	4.82	175	162	108.6	170	153	3.84	151	133
September ,, ..	4.85	180	162	110.6	182	159	3.82	158	138
December ,, ..	5.04	187	168	113.7	189	163	3.94	170	144

M = Money Supply : Figures in billions. P = Wholesale Prices. C = Cost of Living.

Source : International Financial Statistics issued by the International Monetary Fund.

Note:—Annual figures of money supply are December averages.

MONEY SUPPLY, WHOLESALE PRICES, AND COST OF LIVING IN U.K., U.S.A. AND CANADA



low indebtedness, widely distributed stocks of money and other liquid assets, the overall shortage of raw materials and factors of production in relation to demand, the decontrol of a large number of commodities and the influence of higher prices prevailing in the United States contributed substantially to the rise in prices. In the countries of Western Europe, however, despite the volume of industrial and agricultural production surpassing the pre-war levels in a few cases, inflationary conditions persisted because of budgetary deficits, political instability, unstable financial situation and the acute shortage of consumer goods.

Vigorous anti-inflationary measures appropriate to the conditions of each country were adopted during the year. In order that the alarming price inflation in the United States might not threaten the country's entire programme of foreign aid, President Truman in his message dated 17th November, 1947 to the Joint Session of the Congress recommended a ten-point programme for legislative action to relieve monetary pressures, to channel scarce goods into the most essential uses and to deal directly with specific high prices. The Congress, however, at a special session on 19th December, 1947, approved in part the anti-inflationary measures suggested by the President which included the extension of export and transportation controls for one year beyond 29th February, 1948, the authorisation of programmes designed to conserve food and feed in the country and the stimulation of food production abroad, and the extension of power to limit the use of grain by distillers until 31st January, 1948. There was also provision for limited immunity from the anti-trust laws to permit voluntary agreements by industry in respect of priority allocations and inventory control of scarce materials. The monetary measures adopted by the Board of Governors of the Federal Reserve System comprised the unpegging of the Treasury bill rate to control the monetisation of public debt, the raising of the bank rate from 1 per cent to 1¼ per cent in January, 1948 and the raising of the reserve requirements of banks in Central Reserve Cities.

In the United Kingdom, besides physical and financial controls, a budgetary surplus was sought to be created ; in the supplementary autumn budget introduced by the Chancellor of the Exchequer, substantial cuts in Governmental expenditure and taxation measures, such as doubling of the profits tax, increase in purchase tax and the extra duty on beer and wine to bring in more revenue were incorporated so as to secure a fairly large budget surplus, sufficient to leave a balance after all forms of Government expenditure, capital and current, were met. Moreover, the Government planned a cut of the order of £200 million a year in the total capital investment programme of the country which, by switching resources from capital construction, especially long-term, to the production of goods for immediate use whether at home or for export, was expected to speed up the export drive or ease the inflationary pressure by maintaining supplies in the home market. The Government also issued a White Paper urging the people to resist or cut by voluntary agreement any increase in profit, salaries or wages, if a serious and prolonged setback in the country's economic reconstruction accompanied by a persistent low standard of living was to be avoided. Voluntary saving was also emphasised as the most effective and the least painful of all methods for relieving the inflationary pressure.

The French Finance Minister's anti-inflation programme included the balancing of the budget through heavy taxation and borrowing. In addition, the payment of subsidies was abandoned, the franc was devalued and all the outstanding 1,000-franc notes were deprived of their legal tender character. All banks and financial institutions were also called upon to exercise the utmost caution in granting advances. In Italy, anti-inflationary measures included strict control over bank credit, all banks being required either to deposit with the Bank of Italy or invest in Government loans 15 per cent of the excess of their deposits, as on 30th September, 1947, over 10 times their capital and reserves, the raising of the bank rate from 4 to 5½ per cent and the imposition of a capital levy.

It is too early to expect the full effects of these measures to bring inflation to a sudden halt, although there was a reversal in the upward movement in prices in some European countries, particularly in France and Italy. A healthy price recession was expected to be initiated with the passage of the U.S. Foreign Assistance Act inasmuch as the import surplus which the European countries would enjoy as a result of this aid would not only add to the supply of goods available for consumption and investment in these countries, but also to that extent reduce the liquid purchasing power in the hands of the public.

3. CURRENCY

As will be seen from the following Table, the volume of notes in circulation has remained high in most of the leading countries of the world. In some of them, e.g., France, New Zealand, Canada, the year-end levels for 1947 in fact show increases of 27.6, 3.6 and 1.5 per cent respectively as compared with the previous year. In China, where inflation has entered the spiral, confidence in currency is being gradually undermined, seriously affecting internal prices and exchange. In the United Kingdom, however, the note circulation at £1,350 million at the end of 1947 was £72 million below the comparable level of 1946, representing a decline of 5 per cent. Consequently, the fiduciary note issue of the Bank of England was reduced for the first time since the spring of 1939 by £50 million from £1,450 million to £1,400 million early in January, 1948. The reflux of notes, which coincided with an unusually large demand for silver coins, was, it is presumed, mainly the result of dehoarding by black marketeers and tax evaders, following rumours of official plans to recall the existing note issue and to replace it by a new series.

TABLE 2.—NOTES IN CIRCULATION.

(In millions)

	End of 1945	End of 1946	End of 1947	*Percentage increase (+) or decrease (—) over 1946*
United Kingdom £ ..	1,380	1,422	1,350	— *5.1*
Australia £ A	200	207	205	— *1.0*
Canada $ C	992	1,031	1,046	+ *1.5*
New Zealand £ NZ ..	46.2	50.2	52.0	+ *3.6*
United States $ ..	27.2*	27.6*	27.5*	— *0.4*
France Fr.	570*	722*	921*	+ *27.6*
India Rs.	12.1*	12.2*	12.3*	+ *0.8*

* In 1,000 million. *Source*:—United Nations Monthly Bulletin of Statistics.

Thus, there has not been any slackening in recent months in the wartime inflationary pressures; this is attributable, on the one hand, to the high level of capital expenditure, Government as well as private, and consumer demand, and on the other, to the prevailing scarcity of consumer goods. With a view to bringing the disproportionately large volume of money in normal relationship with the volume of available goods, some countries, e.g., Roumania, Austria, and Russia introduced in 1947 monetary reforms, providing for the elimination of a large part of the liquid hoards through a skimming off process. In Roumania, currency was stabilised at more or less the 1938 level by an exchange of the existing lei against new stabilised lei at the rate of old lei 20,000 to new leu 1. In Austria, the Law for the Protection of the Currency came into force on 10th December. It provided, among other things, for a reduction by two-thirds in the nominal value of the schilling and the cancellation of blocked accounts (which in many cases represented war profits). A *per capita* quota of S150 was allowed to be exchanged at par. For amounts exceeding this sum, the exchange was to take place at the rate of old S3 to new S1 ; these operations were expected to result in a reduction in the total monetary circulation (cash and book money) from S27.5 milliard to S10.7 milliard.

In December, 1947, a Decree was issued in the U.S.S.R., providing for the replacement of the old rouble by a new one. According to the Decree, this reform was necessary to liquidate the consequences of World War II in so far as these affected note circulation and to strengthen the Soviet rouble, the purchasing power of which had decreased as a result of excessive issues of ' false ' money by the Germans in occupied Soviet territories. Under the reforms, the rates at which roubles were exchanged varied for savings deposits, cash, bonds and other holdings, the discrimination being aimed against profiteers and speculators ; the rate also varied according to the size of individual holdings. All cash holdings were exchanged at the rate of 10 old roubles for 1 new rouble. Saving deposits, on the other hand, were exchanged rouble for rouble up to 3,000. For balances from 3,000 to 10,000 the rate was 2 new for 3 old roubles and 1 new for 2 old roubles for deposits above 10,000. Practically all State loans were revalued on the basis of 1 new rouble for 3 old roubles. The new rouble notes were issued for the first time on 16th December, 1947, in denominations of 3, 5, 10, 25 and 100 roubles. This financial reform will have the effect of wiping out two-thirds of the national debt and removing an unknown factor, in the form of hoarded money, which might have disrupted the Government's derationing plans, which were also announced simultaneously. The reform embodies an attempt to reconcile the present level of commodity prices with the abandonment of rationing, for which a drastic deflation of currency and credit was deemed an essential requisite.

During the year under review, two more countries of the Commonwealth took steps with a view to conserving the supplies of silver to enable repayment of the amount of lend-lease silver secured from the United States during the war. In Australia, the Government have reduced the silver content of the coins from 0.925 to 0.500 fine. So also in New Zealand, the Government have approved the minting of new cupro-nickel coins, comprising 75 per cent copper and 25 per cent nickel, to replace the silver coins in circulation.

4. MONEY MARKET RATES

During the year 1947, the discount rates of Central Banks were revised in the following countries.

Country	Date of last change	Rate: Previous	Rate: Present	Difference
Belgium	27—8—1947	3.00	3.50	+ 0.50
Finland	5—6—1947	4.00	4.50	+ 0.50
	December, 1947	4.50	5.20	+ 0.70
France	10—1—1947	1.62	1.75 2.25	
	9-10—1947	1.75	2.50	+ 0.75
		2.25	3.00	+ 0.75
Hungary	29-10—1947	7.00	5.00	— 2.00
Iran	23-12—1947	7.00	5.00	— 2.00
Italy	6—9—1947	4.00	5.50	+ 1.50
Peru	November, 1947	5.00	6.00	+ 1.00
Poland	1—8—1947	4.50	3.50	— 1.00
Roumania	December, 1947	4.00	7.00	+ 3.00
Spain	27-10—1947	4.00	4.50	+ 0.50
Venezuela	8—5—1947	2.50	2.00	- 0.50
Yugoslavia	1—1—1947	2.50	1.00—4.00	

Source : International Financial Statistics issued by the International Monetary Fund.

TABLE 3.—MONEY MARKET RATES OF SOME IMPORTANT COUNTRIES.

1947

Country		January	February	March	April	May	June	July	August	September	October	November	December	REMARKS
United States	B1	0.38	0.38	0.38	0.38	0.38	0.38	0.70	0.75	0.80	0.86	0.93	0.95	3 months
	A1	..	..	2.31	..	..	2.38	..	..	2.21	..	..	2.22	
	C1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.06	1.06	1.06	1.19	4-6 months
United Kingdom	A	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	3 months
	B2	0.50	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	3 months
	C	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	
Argentina	B1	1.14	1.39	1.36	1.47	1.47	..	1.48	..	1.48	1.46	1.46	1.47	3 months
Union of South Africa	B1	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	6 months
Canada	B1	0.40	0.40	0.40	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	3 months
France	C	1.48	1.39	1.41	1.41	1.46	1.45	1.51	1.46	1.44	1.64			
Australia	B1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3 months
Belgium	B	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.06	3.50	3.50	3.50	3.50	3 months
India	B1	0.44	0.44	0.44	0.43	0.43	0.42	0.44	..	0.38	0.44	0.50	0.50	3 months
	D	0.50	0.50	0.44	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
Italy	B1	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.42	3.75	3.75	3.75	3-4 months
Netherlands	B1	1.44	1.72	1.65	1.59	1.45	1.46	1.52	1.30	1.08	0.95	0.93	1.13	3 months
	C	0.77	1.46	1.19	1.11	1.08	0.86	1.09	1.00	0.75	0.95	0.74	0.53	
Switzerland	B	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.38	1.38	1.38	3 months

A = Bankers' acceptances
A1 = Commercial loan rate in 19 cities.
B = Commercial bills.
B1 = Treasury bills : rates on new issues offered within period.
B2 = Average discount for Treasury bills at the weekly tender.
C = Day-to-day money.
C1 = Commercial paper rate in New York City.
D = Call money rate in Bombay quoted by larger scheduled banks.

Seven of the above countries raised their rates, the aim in most cases being to restrict credit as an anti-inflationary device. The Bank of France split up and raised on 10th January, 1947, its discount rate of 1.62 per cent to 1.75 per cent for discounting Treasury bills and short-term commercial bills representing sales and 2.25 per cent for discounting other commercial paper. Subsequently, these rates were raised to 2.50 and 3.00 per cent respectively on 9th October, 1947, for initiating a deflationary policy in pursuance of the rehabilitation programme. The Finnish Bank rate was similarly raised in two stages; first from 4.00 to 4.50 per cent in June, 1947, and again to 5.20 per cent in December, mainly to curb the heavy rediscounting pressure from the commercial banks in the period immediately preceding the change. In Italy, the Bank rate was raised in order to restore control over the money market and increase the cost of credit as an anti-inflationary measure. The rediscount rate of the Federal Reserve Banks was also raised from 1 per cent to 1¼ per cent in January, 1948, for discouraging member banks from borrowing from the Federal Reserve Banks against short-term Government bonds.

As in the previous year, the Treasury bill rates did not record material variations except in the United States, as shown in the Table on page 10.

In the United Kingdom, the rate for three months' Treasury bills remained steady at 0.51 per cent since February, 1947. The rates for day-to-day money and for bankers' acceptances also remained unaltered throughout the year at 0.63 per cent and 0.53 per cent respectively. In the United States, as a result of the unpegging of the Treasury bill rate in July consequent on the Government's departure from their wartime policy of rigid control of interest rates, the rate moved up from its pegged level of 0.38 per cent till it reached 0.95 per cent by December, 1947. The rate quoted in New York for four to six months commercial paper remained steady at 1.00 per cent till August but moved up thereafter to reach 1.19 per cent by December, 1947. The Commercial loan rate in 19 cities fluctuated widely between 2.38 per cent in June, 1947 and 2.21 per cent in September, 1947.

Among other countries, the rates for six months' Treasury bills in the Union of South Africa and for three months' Treasury bills in Australia remained unchanged at 0.63 per cent and 1.00 per cent respectively throughout the year. In Canada, the three months' Treasury bill rate improved from 0.40 per cent to 0.41 per cent in April and remained unaltered at that level during the rest of the year. The Treasury bill rate and the day-to-day money rate in the Netherlands, the Treasury bill rate in Argentina and the day-to-day money rate in France showed uncertain tendencies. In Italy and Switzerland, the Treasury bill rates were stable for the first eight or nine months but improved later to reach higher levels towards the end of the year.

5. CENTRAL BANKING

Central Banks Recently Established.—Under the Bank Reform Bill introduced in the Brazilian Parliament in July, 1947, a Central Bank of Issue is to be established in Brazil, the whole of its capital being proposed to be subscribed by the Government.

Since the occupation of Germany by Allied Powers, the problem of rehabilitation of banking and credit has been engaging their attention. Early in 1947, a Central Banking System somewhat similar to the U.S. Federal Reserve System was created in Germany, with four Lander Central Banks in the U.S. Zone, four in the French Zone and five in the Russian Zone, mainly to regulate monetary circulation and credit supply, to secure the solvency of the credit institutions and to facilitate payments relations with other Lander and foreign countries. The banks, however, did not have the right of note issue.

On 1st March, 1948, a new Bank of German States was started to replace the old Reichsbank with a capital of RM 100 million to be subscribed by the Lander banks in proportion to their deposits. In addition to issuing currency, the Bank will control the monetary and credit policies of the Lander banks in Bizonia and maintain such foreign exchange control as is deemed necessary by the British and American Military Governors. Subsequently, it was reported that a new "Issue and Clearing" Bank with a capital of RM 100 million was founded in the Soviet Zone of Germany and began operations on 1st June, 1948. The Bank will work as a clearing house for the whole of the Russian Zone.

Under an Act which became effective from 1st October, 1947, a national bank for Burma called the Union Bank of Burma was established with a capital of Rs. 4 crores, half of which was subscribed by the Government, while the rest also is to be subscribed by the Government at such time and in such manner as may be determined by the Governor. The Bank will be managed by a Board of Directors consisting of seven members nominated by the Governor and including a chairman, a deputy chairman and a representative of the Finance Department of the Government. There is a statutory obligation on the Bank to act as bankers to the Government and to manage the public debt. It may also act as an agent of the Currency Board which is entrusted with the function of issuing currency (*vide* Report for 1946-47, page 123) on such terms and conditions as may be agreed to between them and approved by the Governor. Although it is not expressly stated that the Union Bank of Burma should act as a bankers' bank, the Act requires all banks in Burma to file with the Union Bank of Burma periodical returns regarding their liabilities, advances, etc., which are to be consolidated and published by the Union Bank every week.

During the course of his budget speech on 28th February, 1948, the Finance Minister of Pakistan announced that the Government proposed to establish a Central Bank for the State to be known as the State Bank of Pakistan. The Bank is to have a paid-up capital of Rs. 3 crores, 51 per cent of which would be taken up by the State.

Nationalisation.—The nationalisation of Central Banks gained further momentum during 1947 especially in Europe. The National Bank of Roumania was nationalised as from 1st January, 1947, by a Law dated 28th December, 1946, according to which the Ministry of Finance was to deposit at the Bank within three days of the publication of the law an amount equal to the value of the Bank's shares valued at the Bucharest Stock Exchange rate ruling on 1st December. The shareholders, however, were to receive compensation in cash based on the average official market price of shares between 1st January and 1st December, 1946.

The contemplated nationalisation of the Netherlands Bank, referred to in the Report for last year, was effected early in 1948, the Bill for nationalisation having been introduced in Parliament in June, 1947. Under this scheme, the Bank is to remain a limited liability company with all its shares held by the Government. The shareholders are to be paid at twice the nominal value of their shares in 2½ per cent Government stock. As this gives the shareholders a long-term yield of 5 per cent, it appears that capitalisation of recent dividends has been taken as the basis for compensation. All the directors are to be nominated by the Government and the Finance Minister will have power to issue directions to the Managing Director of the Bank after consulting the Advisory Council.

Besides creating an "Investment Bank" for construction purposes, Bulgaria nationalised the Bulgarian National Bank at the end of 1947. The nationalisation scheme provides for compensation in cash and interest-bearing bonds to Bulgarian shareholders and for negotiating agreement for compensation, subject to the approval of the Bulgarian Cabinet, with foreign shareholders.

The Hungarian Parliament transferred to State-ownership the Hungarian National Bank by passing the Nationalisation Bill on 21st November, 1947. All shares held by Hungarian nationals are to be transferred to the Hungarian State against suitable compensation. Also, extensive powers have been conferred on the Government in the management of the Bank.

A Bill nationalising the Bank of Czechoslovakia was passed in March, 1948. The Bank is to be a State institution and an independent legal entity, the shares being bought by the Government at their face value plus a bonus. The management will be handled by an administrative board of nine members, including the Governor and two Vice-Governors. There will also be an auditing committee of six members.

According to a recent announcement from the Throne, the National Bank of Egypt is to be nationalised in order to safeguard economic independence and for the consolidation of the currency. A similar announcement in the middle of January, 1948 proclaimed the nationalisation of the Bank of Norway. The nationalisation of the Bank of Belgium is also under consideration according to an official statement.

Apart from nationalisation, legislation in many of the countries indicates a growing desire on the part of the State to strengthen its control over the Central Bank and monetary policy. Thus, the Law of 28th December, 1946, nationalising the National Bank of Roumania stipulates that the Bank will "assure the direction and control of credit according to the directives given by the Supreme Economic Council" while, under the Czechoslovakian Nationalisation Bill, the rights concerning the regulation of currency are vested in the State to be exercised through the Czechoslovak National Bank. The Central Bank of Yugoslavia has similarly been subordinated to the State under the nationalisation scheme.

The Bank of Spain, though not yet nationalised, was relieved with effect from 1st January, 1947 of many of its Central Banking functions, such as the fixing of the discount rate, conducting open market operations, directing credit policy, etc., which were to be performed by the Minister of Finance with the approval of the Council of Ministers.

In the Laws establishing the Banks of Paraguay and Guatemala, provision has been made for the creation of Monetary Boards for co-ordinating and integrating the policies of the State and the Central Bank relating to money, credit, borrowing, exchange rate, exchange control, etc. Further, in Guatemala the Board is "to exercise its functions with absolute independence and under its exclusive responsibility."

6. COMMERCIAL BANKING

As in the previous year, the deposits of commercial banks continued to increase in most of the countries, though the increase has been less rapid during 1947. This continued increase is probably due to the rising incomes and the persisting shortages of consumer and capital goods on the market, although the success of the conversion of industry to a peacetime basis and the drive towards the restoration of the pre-war channels of exports resulted in a marked increase in the percentage of bank advances to deposits. Table 4 compares these amounts as at the end of 1946 and 1947.

TABLE 4. DEPOSITS AND LOANS OF COMMERCIAL BANKS.

(In millions)

	End of 1946			End of 1947		
	Deposits	Loans and Advances and Bills Discounted	*Percentage to Deposits*	Deposits	Loans and Advances and Bills Discounted	*Percentage to Deposits*
United Kingdom £ ..	5,685	2,022(*b*)	*35.6*	5,934	2,479(*b*)	*41.8*
Canada $C	7,226	1,897	*26.3*	7,406	2,394	*32.3*
Australia £A†	635.0	261.1	*41.1*	668.6	335.9	*50.2*
Union of South Africa £SA	341.7	90.9	*26.6*	393.5	116.9	*29.7*
New Zealand £NZ ..	158.9	66.2	*41.7*	167.9	87.0	*51.8*
United States $* ..	115,491‡	30,733	*26.6*	115,244(*a*)‡	33,250(*a*)	*28.9*
India Rs**	10,611.2	4,651.8	*43.8*	10,723.8	4,435.4	*41.4*

(*a*) End of June, 1947.

(*b*) Includes money at call and short notice, bills discounted and advances to customers and other accounts.

† Average of weeks. ‡ Adjusted demand and time deposits.

* All Insured Commercial Banks.

** Figures of Scheduled Banks as on last Friday.

United States.—The following Table gives the position of the Insured Commercial Banks in the United States as at the end of June and December, 1946 and June, 1947.

TABLE 5.—ALL INSURED COMMERCIAL BANKS IN THE UNITED STATES.

(In millions of dollars)

	End of June 1946	End of December 1946	End of June 1947
Demand Deposits:			
U.S. Government ..	12,941	2,930	1,247
Others	95,448	100,467	98,005
Time Deposits	32,223	33,593	34,407
Reserve Balances	15,999	16,013	16,039
Loans	26,791	30,733	33,250
U.S. Government Obligations.	82,977	73,554	69,136

It is observed that as a result of the Government's policy of repayment of the public debt, especially that held by commercial banks, with a view to curbing inflation, the banks' investments in Government securities declined to $69,136 million at the end of June, 1947 as compared with $82,977 million a year ago. Consequently, Government deposits with banks decreased further during the year and stood at only $1,247 million at the end of June, 1947 compared with $12,941 million at the end of June, 1946 and $2,930 million at the end of December, 1946. Loans have gone up by over $2,500 million between December, 1946 and June, 1947.

United Kingdom.—The following Table shows the position of the London clearing banks as at the end of 1946 and 1947.

(In millions of pounds)

	End of 1946	End of 1947
Deposits	5,685	5,934
Cash	499	502
Call Money	432	480
Bills	610	793
Treasury Deposit Receipts	1,560	1,288
Investments	1,427	1,483
Advances	980	1,206

The rise in deposits by £249 million, though small compared to last year, is, however, significant as it indicates an increasing trend, in spite of the reversal almost from the beginning of the year of the former Chancellor's aggressive drive for cheap money and the large running deficit on the overseas balance of payments. The rise occurred mainly during the last quarter, and is probably the result of the heavy " below the line expenditure by the Treasury, notably for war damage." The heavy demand of trade and industry for reconversion finance and normal requirements was reflected in a sharp expansion by £226 million in advances. As a result of the Treasury's policy of switching its floating debt progressively from Treasury deposit receipts to Treasury bills, bank investments in Treasury deposit receipts declined by £272 million. This partly accounts for the sharp expansion in the banks' money market assets—bills and call money—to £1,273 million compared to £1,042 million a year before.

Control of Commercial Banking.—A stricter regulation of commercial banking and in some cases even its outright nationalisation were considered necessary in some countries either for checking the inflationary creation of credit by commercial banks or for directing its flow along desired channels. The Chairman of the Board of Governors of the Federal Reserve System recommended, *inter alia*, the introduction of a system of secondary reserves applicable to commercial banks; and the Brazilian Government (in the Bank Reform Bill introduced in the Parliament) proposed the flotation of semi-public banks with half of their capital subscribed by the Government.

Under a Bill passed in November, 1947 by the Hungarian Parliament, Hungary nationalised her big banks, the shares held in them by the Hungarian nationals being transferred to the State against suitable compensation. Nationalisation was not likely to affect adversely foreign capital as adequate compensation was promised to it. The banks so nationalised are to be administered hereafter by commissioners appointed by the State. Bulgaria went one step further and proposed to nationalise her entire banking system. All private banks in Bulgaria are to be wound up, compensation being paid to their proprietors. There will be only three banks in Bulgaria : a National Bank, an Investment Bank and a group of Co-operative Savings Banks. Under the Australian Government's Bill recently approved by the legislature, the Government intends either to acquire the business of all private banks operating in Australia or else to acquire their shares at fair price. In either case, it is intended that control over private banks should vest in the Commonwealth Bank.

Under a Decree issued by the Argentine Government, a new banking institution with a capital of 100 million pesos was established to exercise regulatory functions over the security market. This institution is expected to minimise the fluctuations in the market through its operations and facilitate the investment of capital in activities, the promotion and development of which is given priority in the Government's plan. Foreign banks are not entitled to subscribe to the capital.

Reports from Roumania indicate that radical changes in the banking system are contemplated. Under the new system, many banks will have to apply for licences and applications will be examined by the National Bank and by a Supreme Bank Court who may authorise the applicants either to continue on an independent basis, or order amalgamation with one or more banks or even close down. Thirty-three banks, partly owned by the State and entitled to accept savings deposits under the guarantee of the State have, however, been exempted.

The New Guatemalan Bank Law signed by the President on 5th December, 1946 recognises only three types of banks : (1) commercial banks, (2) mortgage banks and (3) capitalisation banks. For each of these three types, a definite co-ordination is established between the maturity pattern of the obligations which they may accept and that of the credit instruments in which they may invest. The functions of commercial banking and mortgage banking, however, can be undertaken simultaneously by one institution only if the operations are conducted through separate departments having their own capital and their own accounting. Current deposits can be accepted only by the commercial banks while only the mortgage banks are authorised to accept savings deposits or to issue bonds, as it is they who are supposed to provide the bulk of the medium and long-term credit. In order to ensure the stability of the banking system, it is provided that the paid-up capital and reserves of every bank must be at least 5 per cent of its investments in Government securities, 10 per cent of its investments in other securities and loans and 50 per cent of its investments in furnishings, real estate and other fixed assets. The Monetary Board established under the Law is given power to increase any of these percentages, if it thinks it advisable, for checking unhealthy creation of credit by any bank. It is also empowered to establish both absolute portfolio ceilings and maximum rates of increase in the portfolios including any group or sub-group of loans or investments of the banks.

It is reported that the Bank Control Commission in France has, at the suggestion of the Bank of France, fixed from 27th February, 1948 the minimum proportion of liquid assets to be held by banks at 60 per cent. In Greece, a Bill is reported to be under consideration empowering the Monetary Commission to determine the percentage of cash resources which the credit institutions must keep in relation to their immediate commitments.

7. GILT-EDGED AND INDUSTRIAL SHARE MARKETS

In contrast to the buoyant conditions prevailing during the greater part of 1946, gilt-edged markets ruled comparatively quiet and even somewhat weak in most of the leading countries in 1947. There appeared to be a general desire on the part of the authorities in most countries to stabilise the levels of interest rates rather than lower them further, and in a few countries even a reversal, conscious or otherwise, of the cheap money policy was in evidence, mainly perhaps as an anti-inflationary measure. Consequently, official support to the market seemed to have been of a selective and limited character. The setback to the cheap money policy was especially noticeable in the United Kingdom, where the long-dated yield basis steadily rose from about 2½ per cent to upwards of 3 per cent with appropriate upward adjustments in the yields of loans of shorter maturity. The principal reasons reported for the retreat of the market in that country were the fuel crisis, the rather low level of savings, foreign selling prior to the suspension of convertibility and the declaration by the Chancellor of the Exchequer of his desire to consolidate the cheap money rather than push it further, this helping to take away the bullish fervour of the market. Consequently, for the first time since their cheap money drive was initiated in October, 1945, the British Government issued in January, 1948 a 3 per cent stock at par, namely, the Transport Stock 1978-88, as compensation to the stock holders in the nationalised transport undertakings as against an issue of the 2½ per cent Treasury Stock 1975 or Later at par in October, 1946. The 2½ per cent Consols, which during the greater part of 1946 quoted near about par, declined to a low of £76¾ in March, 1948, with a yield of 3.27 per cent.

In the United States, the gilt-edged market displayed remarkable stability during the first three quarters of 1947, but in the last quarter and especially in December the yields firmed up. It may be recalled that the Federal Reserve authorities have from early 1946 been anxious to prevent a rise in gilt-edged prices as a result of the monetisation of public debt, that is, commercial bank purchases of long-term bonds from the market and sales to the Federal Reserve authorities of short-dated bonds whose interest rates were pegged low. This action of the commercial banks had an inflationary effect inasmuch as they could extend credit six times the reserves they acquired from the Reserve Banks. In order to check this, the question of unpegging the short-term rates and allowing them to rise while keeping the long-term yield stable so that the gap between them and the long-term yields may be narrowed, was for long under consideration and finally in July, 1947 the Federal Reserve authorities unfreezed the fixed rate of $\frac{3}{8}$ per cent on 3 months' Treasury bills, this rate gradually going up nearly to 1 per cent by the end of the year. As a consequence, the rate of $\frac{7}{8}$ per cent on One-Year Certificates was also gradually allowed to rise to $1\frac{1}{8}$ per cent. The above measures had a tightening effect on the money market, the short-term rates going up by $\frac{1}{8}$ to $\frac{1}{4}$ per cent. The impact of the above on the Government bond market was felt in the last quarter of the year, when prices started declining, the decline being accentuated, on the one hand, by the sharp rise in the volume of new corporate financing which was more attractive to investors and, on the other, by the considerable amount of uncertainty regarding the support policies of the Federal Reserve Banks. On 24th December, 1947, the support prices on Government bonds too were lowered with the result that the yields moved up over the entire range of Government securities and this upward trend of yields affected the municipal bond market also, the yields rising by nearly $\frac{1}{2}$ per cent.

In Canada and Australia, the gilt-edged market remained generally steady throughout the year, but in the former country in January, 1948 there was a sharp rise in yields following the lowering of support prices by the Bank of Canada which was reported to be due to the desire of the authorities to fight inflation, to conform to the trends in the United States and the United Kingdom and finally to the statutory limits regarding the Bank of Canada's holdings of Government securities. The gilt-edged markets in most other countries generally remained steady.

The behaviour of the industrial share markets indicates divergence from country to country varying with the trend of the inflationary situation and the nature of measures adopted by Governments to combat it. The trend of share prices in the various countries is indicated by the Table on page 18 showing the index numbers of market value of industrial shares compiled by the Statistical Office of the United Nations. In Switzerland, Canada, the United States, New Zealand, Denmark and Sweden, the trend of the markets was generally steady, except for a sharp break in the last named country during the last quarter of the year. In Australia, there was a marked upward trend due to such factors as the removal of the ceilings on share prices in January, 1947, the abundance of investible funds, the abolition of the wartime company tax and the favourable profits position of most companies. In Belgium and Mexico, there was a sharp and almost continuous decline, probably due to the deflationary policies initiated by the Governments. In France, due to the intensification of the inflationary situation, share prices remained at higher levels than in 1946. In Italy again, due to the prevalence of a serious inflation, share prices shot up in the earlier part of the year, but the adoption of a series of anti-inflationary measures led to a sharp decline from about the middle of the year.

In the United Kingdom, alternate phases of upward and downward trends were noticed. At the beginning of the year the market was buoyant, but eased in February and March on account of the fuel crisis; thereafter a recovery set in which was assisted by the budget for 1947-48 in which the profits tax was not so heavy as apprehended and which continued till June, after which a slightly

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

(*Base* : 1937 = 100)

Country	Average						1947											
	1942	1943	1944	1945	1946	1947	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Australia	93	111	112	116	132	155	145	148	152	153	155	156	155	153	157	161	164	168
Belgium†					268	187	238	221	211	199	202	175	168	169	175	168	163	152
Canada	53	69	69	82	96	87	87	90	87	86	86	87	89	87	86	87	89	83
Chile	88	86	80	81	90	92	88	89	94	96	98	99	98	96	91	90	87	83
Denmark	125	136	145	130	132	133	130	132	131	133	135	135	135	134	132	132	132	132
Finland	196	188	181	346	300	247	263	243	235	249	238	234	223	223	246	272	268	271
France*	633	605	625	694	897	1,122	1,042	997	1,068	990	990	1,114	1,121	1,255	1,277	1,212	1,258	1,136
India	109	150	169	183	242	183	228	211	211	195	191	176	168	170	157	156	159	173
Italy*	202	290	609	628	662	2,056	1,227	1,569	2,374	3,354	3,169	2,294	2,466	2,277	2,000	1,608	1,119	1,209
Mexico	208	282	298	314	320	265	310	307	298	281	274	259	244	242	247	249	242	233
New Zealand	94	108	116	120	128	135	129	133	134	134	135	134	136	132	133	136	139	139
Norway	150	150	150	140	134	129	129	134	131	132	129	126	125	128	125	124	128	133
Sweden	110	110	119	134	142	148	154	149	147	150	152	149	156	155	150	136	136	137
Switzerland	128	124	117	121	144	153	151	146	149	148	154	152	156	155	161	156	155	155
United Kingdom	81	98	107	116	129	131	142	137	135	140	144	141	137	114	119	117	122	128
United States	60	80	86	104	121	108	109	112	108	104	101	105	112	110	109	111	110	109

Source : United Nations Monthly Bulletin of Statistics. † *Base* : 1936-38=100 * *Base* : December, 1938 = 100.

easy trend set in. In August, however, the sterling convertibility crisis once again led to a sharp decline in prices, some recovery being witnessed from November onwards, due partly to the reinvestment of funds obtained from the sale of home rail stocks. The recovery proved temporary, weakness setting in during February, 1948 due to the break in prices in the commodity and stock markets in the United States and the fears regarding limitation of dividends, steeper taxation of profits and even the imposition of a capital levy in the next year's budget.

But for a slight decline in April-May, the United States stock market remained steady in 1947, trading being of a very cautious nature, under the influence of the fears of a coming slump, although the current economic situation regarding employment, profits and dividends was extremely favourable, with the result that good equities gave a current tax-free yield of 5 to 6 per cent. The steadiness gave way to an easy trend early in 1948 on fears regarding Presidential action to combat the inflationary situation and the possibilities of further wage increases, and in February the stock market witnessed a sharp fall following the break in commodity prices, the devaluation of the franc along with the adoption of multiple currency practice accentuating the downward trend. A slight improvement was seen during March due to the prospects of a better international outlook following the signing of the Western Union Pact as well as the likelihood of sizable Government spending for rearmament.

The issue market for new corporate securities was active in the United Kingdom and the United States during 1947. The aggregate capital issues in the United Kingdom kept higher at £295.8 million during 1947 as compared with £271.2 million during 1946. In the United States, on the other hand, a slight decrease was noticed in the new corporate security issues from $6,900 million in 1946 to $6,221 million in 1947. One of the main features of the capital issues market in the United States during the year was the increase in bond financing in preference to equity financing, the proportion of the former rising from 48 per cent in 1945 to 58 per cent in 1946 and 73 per cent in 1947.

8. BULLION

Production and Stocks of Gold.—The following Table gives the figures of estimated production of gold in the major producing countries during each of the years 1939 to 1947.

TABLE 7.—WORLD GOLD PRODUCTION.

(In thousands of fine ounces)

Countries	1939	1940	1941	1942	1943	1944	1945	1946	1947	*Percentage increase (+) or decrease (—) over 1946*
I. British Empire	22,471	24,054	24,145	22,466	19,087	17,502	17,227	17,186	16,830*	— *3.1*
(a) Union of South Africa	12,822	14,047	14,408	14,127	12,804	12,280	12,225	11,927	11,200	— *6.1*
(b) Canada	5,094	5,311	5,345	4,841	3,651	2,923	2,697	2,828	3,050*	+ *7.9*
(c) Australia ..	1,646	1,644	1,497	1,154	751	657	657	824	875*	+ *6.2*
(d) New Zealand ..	179	186	175	166	140	142	128	110	100*	—*16.0*
(e) India	317	289	286	256	252	187	168	132	172*	+*30.3*
II. United States ..	4,621	4,863	4,822	3,583	1,381	1,022	915	1,600*	1,950*	+ *21.9*
III. All Countries† ..	39,038	40,702*	39,347*	34,420*	26,484*	23,745*	23,034*	23,500*	23,650*	+ *0.6*
British Empire percentage	*57.6*	*59.1*	*61.4*	*65.3*	*72.1*	*73.7*	*74.8*	*73.1*	*71.2*	— *2.6*
South African percentage	*32.8*	*34.5*	*36.6*	*41.0*	*48.3*	*51.7*	*53.1*	*50.8*	*47.4*	— *6.7*

* Provisional. † Includes tentative figures of Russian production.

It will be seen that the recovery in production noticed after the war in 1946 continued, the total world output for 1947 being placed higher at 23.65 million ounces representing an increase over 1946 of a little over half a per cent. Canada, United States and Australia showed increases of 0.22 million ounces, 0.35 million ounces and 0.05 million ounces respectively. As against this, the main decrease occurred in South Africa whose output fell by 0.73 million ounces, owing mainly to the labour strike early in the year and higher operating costs. The same factors mainly accounted for a continued fall in the British Empire's share of world production from 17.19 million ounces in 1946 to 16.83 million ounces in 1947, a decline of 2.1 per cent. During 1947, some countries, e.g., Canada and Australia, adopted measures intended to help stepping up production. In Canada, the scheme of subsidies announced in November, 1947 for the payment of a subsidy of $7 per fine ounce on domestic output in excess of the quantity produced by a mine during the year ended June, 1947, was revised later following the issue by the International Monetary Fund of a statement on gold policies in relation to subsidies (*vide* para. 14). Under the revised scheme, a subsidy, equal to half the amount by which the cost of production in each mine exceeds $18 per fine ounce, was payable on such amount of output as was in excess of two-thirds of that for the year ended June, 1947. The assistance was to be given for a term of three years and was to apply to production after 1st December, 1947. In Australia, the Prime Minister and Treasurer announced, in the course of his budget speech for 1947-48, Government's decision to suspend, with effect from 20th September, 1947, the operation of the gold tax.

The Table on page 21 shows the changes in the monetary stocks of gold with the Central Banks and the Governments of certain countries. The rising trend in the United States gold stocks noticed after the war in 1946 following four years of successive decline, gathered further momentum during 1947, reflecting the country's continued favourable balance of payments position. A sharp increase of $2,225 million was witnessed, the stocks mounting up from $20,529 million at the end of 1946 to $22,754 million by the end of 1947 and touching a new record level of $23,000 million by the end of February, 1948, against the previous peak of $22,800 million reached on 29th October, 1941.

According to a report issued by the U.S. Federal Reserve Board on 21st April, 1948, Russia is ranked as the world's second largest gold-holding country, the first being the United States. Russia's stock of gold at the beginning of 1948 is estimated to be of the value of $2,575 million, of which $175 million worth of gold represented the increase during 1947.

As a sequel to the freezing of the balance of $400 million left out of the loan of $4·4* billion granted by the United States to the United Kingdom under the Anglo-American Financial Agreement dated 15th July, 1946, following the suspension of convertibility of sterling from 21st August, 1947, the British Treasury started selling gold from its gold reserves with effect from 15th September with a view to meeting a part of the country's growing dollar needs. The total of such sales amounted at the end of March, 1948 to £187.5 million. On 9th October, 1947 the United Kingdom took from South Africa a three-year gold loan of the value of £80 million, bearing interest at half a per cent, the agreement replacing the gold sale contract between the two countries which terminated at the end of 1947.

With a view to preventing the depletion of her gold reserves, the South African Treasury issued a regulation on 23rd January, 1948 intended to check re-export, against sterling payment, of goods which South Africa had paid for in gold.

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* Including $650 million for the liquidation of lend-lease.

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

(In millions of dollars)

End of:	1913	1929	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
United States	1,290	3,900	14,512	17,644	21,995	22,737	22,726	21,938	20,619	20,065	20,529	22,754
United Kingdom ..	165	710	2,690	1†	1	1	1	1	1	1	1	1
France	679	1,633	2,430	2,709	2,000	2,000	2,000	2,000	1,777	1,090	796	548
Switzerland	33	115	701	549	502	665	824	965‡	1,158	1,342	1,430	1,356
India	124	128	274	274	274	274	274	274	274	274	274	274
South Africa	34	37	220	249	367	366	634	706	814	914	939	762
Argentina	256	434	431	466	353	354	658§	939§	1,111§	403	563*	394* (Aug.)
Belgium	48	163	581	609	734	734	735	734	732	716	735	597
Brazil	90	150	32	40	51	70	115	254	329	354	354	354
Mexico	..	7	29	32	47	47	39	203	222	294	181	100
Netherlands	61	181	998	692	617	575	506	500	500	270	265	231
Roumania	29	55	133	152	158	182	203	260	267	269	269 (Feb.)	268* (March)
Sweden	27	66	321	308	160	223	335	387	463	482	381	105
Turkey	..	..	29	29	88	92	114	161	221	241	237	170

Note:—Figures based on rate of $20.67 a fine ounce till 31st January, 1934, and $35 an ounce thereafter. † Gold holdings of the Bank of England reduced to nominal amount by gold transfers to British Exchange Equalization Account during 1939. ‡ Beginning December, 1943, includes gold holdings of Swiss Government. § 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. * Preliminary.

Production and Stocks of Silver.—The following Table gives the figures of estimated production of silver in the major producing countries during each of the years 1939 to 1947.

TABLE 9.—WORLD SILVER PRODUCTION.

(In millions of fine ounces)

Countries	1939	1940	1941	1942	1943	1944	1945	1946	1947	*Percentage increase (+) or decrease (—) over 1946*
United States of America	57.8	67.0	69.1	54.5	41.5	34.9	28.2	21.7	33.5	*+54.4*
Mexico	81.5	86.3	78.4	80.7	71.2	63.0	61.1	48.3	48.0	*— 0.6*
Canada	24.2	25.4	22.0	22.0	18.2	14.7	13.9	13.7	12.7	*— 7.3*
Other Central and South American Countries	30.9	34.5	32.4	16.0*	15.1*	25.8	30.5	27.1	26.0	*— 4.1*
Total	**264.2**	**213.2**	**201.9**	**173.2**	**146.0**	**138.4**	**133.7**	**110.8**	**120.2**	*+ 8.5*
India†	0.028	0.023	0.023	0.020	0.019	0.014	0.014	0.010	0.015‡	*+50.0*

* Figures for Peru only. † Exclusive of Burma figures. ‡ Provisional.

The downward trend in world silver production noticed since 1940 was reversed during 1947, the estimated output of the Western Hemisphere rising to 120.2 million ounces, an increase of 8.5 per cent over 1946. The increase was accounted for entirely by the United States whose output rose from 21.7 million ounces to 33.5 million ounces; the output for the rest of the Hemisphere showed slight declines.

The United States Government's holdings of silver, which in 1946 tended to rise after three years of successive decline, rose phenomenally in 1947, the Treasury stocks including coins in circulation soaring by 30 million ounces from 2,718 million ounces to 2,748 million ounces. The large increase is due principally to purchases of domestic newly mined silver at 90½ cents under the Act of July, 1946, referred to in the last Report.

As regards lend-lease silver accounts, in the absence of an announcement by the United States President regarding the official termination of the war, no date has been fixed for the final settlement of these accounts. The total outstanding of lend-lease silver as on 31st December, 1947 stood at 410.5 million ounces as against 410.8 million ounces at the end of December, 1946, the small decline being accounted for by the repayment by Belgium of the amount of about 0.3 million ounces.

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

TABLE 10.—GOLD CONSUMPTION AND DISTRIBUTION.

(In millions of fine ounces)

	1940	1941	1942	1943	1944	1945	1946	1947
Estimated net consumption in Industrial Arts .	1.0	2.0	2.7	4.4	5.4	6.3	7.8	8.6
Net private absorption by India, China, Hong Kong and the Middle East	—2.2	—0.1	0.9	1.6	2.2	2.3	1.6	1.7
Resulting non-monetary absorption	—1.2	1.9	3.6	6.0	7.6	8.6	9.4	10.3
Gold production	40.7	39.3	34.4	26.5	28.7	23.0	23.5	23.6
Balance available for monetary use	41.9	37.4	30.8	20.5	16.1	14.4	14.1	13.3
Resulting world stock of monetary gold at end of year	938.7	973.8	1,004.6	1,025.1	1,041.2	1,055.6	1,069.7	1,083.0

Source: Union Corporation Limited, Annual Report for 1947.

Industrial and Monetary Demand: Silver.—The following Table gives the quantity of silver consumed in arts and industry in some principal countries from 1944 to 1947.

(In millions of ounces)

	1944	1945	1946	1947	*Percentage increase (+) or decrease(—) over 1946*
United States	125.0	140.0	105.0	100.0	— *4.8*
United Kingdom	16.0	20.0	15.8	16.5	+ *4.4*
Mexico	6.5	10.5	5.0	1.0	— *80.0*
Canada	5.0	6.0	6.5	3.8	— *41.5*
Total	**152.5**	**176.5**	**132.3**	**121.3**	**—8.3**

In 1947, there was a further decline in world industrial consumption of silver to 121.3 million ounces from 132.3 million ounces in 1946. The United States' consumption in arts and industry was placed lower at 100 million ounces as against 105 million ounces in 1946. Mexican consumption fell by 4 million ounces from 5 to 1 million ounces. Canadian consumption also went down by about 3 million ounces from 6.5 to 3.8 million ounces. The United Kingdom was the only exception, its consumption for authorised uses showing a small increase of over half a million ounces from 15.8 million to 16.5 million ounces.

There was a large increase in the monetary demand for silver in Mexico in pursuance of the coinage programme undertaken by that country during 1947. Under the coinage law passed by the Mexican legislature on 9th September, 1947, the Government was authorised to issue five-peso, one-peso and fifty-centavo coins, the pure silver content of each of these being respectively 27 grams, 7 grams and 3½ grams. 14.7 million ounces* were consumed by coins put into circulation during 1947, as against the total estimated consumption of 25 million ounces for the entire authorised limits of new issues amounting to 120 million pesos. It was reported that, for coinage purposes, Turkey had negotiated for the purchase of a large amount of silver in the London market and that 1½ million ounces had already been shipped during December, 1947. According to the Dominion Bureau of Statistics, Canada also purchased for coinage purposes a little under 1 million ounces during the first eleven months of 1947.

During 1947, the demonetization programme was carried a step further. The Australian Government reduced the silver content of their coins from 92½ per cent to 50 per cent, while New Zealand eliminated silver entirely, replacing silver coins by cupro-nickel coins. These steps are reported to have been taken with a view to reducing the cost of coinage and building up reserves for the repayment of lend-lease silver to the United States. India also adopted legislation on 10th April, 1947 empowering the Government to issue rupee coins in any metal in pursuance of the demonetization programme under which in 1946 half rupee and quarter rupee pieces were replaced by nickel coins. This measure completed the arrangements for the substitution of pure nickel for silver in the Indian Coinage.

In the United Kingdom, it is reported that the programme announced in September, 1946 for the withdrawal of silver coins and the substitution of cupro-nickel coins has not made much progress, due to a growing demand for hoarding silver coins.

* This does not include 3.6 million ounces used for coins minted by 31st December, 1947 but not issued.

Price Trends.—The United States Treasury price of gold remained unchanged at $35 per fine ounce. It was reported that in the New York free market, foreign gold was quoted in November at about $44 per fine ounce. The London Treasury price of gold continued unchanged at £8–12*s.*–3*d.* per fine ounce. The official scheme of export of processed and fully manufactured gold introduced at the end of 1945 was continued during the year. In August, as a result of the convertibility crisis, export licences were considerably curtailed and the 50 per cent bonus in gold, usable if desired for the home trade, which had hitherto accompanied replacements of all exports under the scheme, was withdrawn.

In the world free gold markets, a disquieting feature was the practice indulged in by certain Central Banking authorities who made handsome profits through sales of gold at premium prices beyond the gold point margin permitted under the Articles of Agreement of the International Monetary Fund. With a view to checking this unhealthy practice, which, if allowed, would have undermined the exchange stability of currencies, the International Monetary Fund issued on 18th June, 1947 a directive to member countries to abstain from affording any facilities for such operations (*vide* para. 14). The response was encouraging; Mexico soon announced her decision to suspend such sales. In August, the London authorities ruled that gold coming into the United Kingdom for refining on behalf of non-residents or held in the United Kingdom by non-residents could only be returned to its country of origin, or in the case of deposits could only be sent to the permanent residence of the depositor. As a result, active business which had been carried on between the Far East and the Middle East on one side and South America on the other, was diverted to other Continental centres, where official policy was more elastic. The United States took action by amending the Treasury regulations, so that only semi-processed gold could be exported, while gold other than semi-processed could be exported for the purpose of refining or processing abroad, provided it was afterwards returned to the United States. Exports of refined gold were permissible only if the country of destination permitted imports of such gold.

The closing months of 1947-48 witnessed the re-establishment by some of the Continental countries of internal free trading in gold. Following the devaluation of the franc on 26th January, 1948, the Government of France announced their decision to permit, with effect from 4th February, 1948, free trading in gold on French territory. The free market, however, does not include import into and export from France, although in some special cases licences might be granted after the examination of the application by the Exchange Control Office. On the first day, namely, 9th February, on which free trading actually started, the free price per ounce worked out to more than $71. In Italy, the Decree of 26th April, 1946 had already abolished the prohibition of free trading in precious metals with the exception of coins. A new Decree issued early in March, 1948, went a step further, restoring completely free trading in both precious metals and coins within Italy.

In the world silver markets, the trend towards progressive relaxation of restrictions which had characterised 1946-47, was reversed from about the close of that year, following the action taken by certain countries like India to ban silver imports. An important factor governing the position of world silver markets during 1947 was the acute shortage of dollars which a number of countries had to face, and the consequent imposition by some of them of stringent controls, resulting in a further restriction of the availability of dollars for the purchase of silver. This led to the sales by some of the Continental and Far Eastern countries of large quantities of the white metal in the New York market in spite of the higher prices prevailing at other centres. Price movements were also affected by other factors including the pursuance by some countries of important coinage programmes, for example, Mexico and the adoption by other countries of demonetization, for example, New Zealand.

In the market for foreign silver in the United States, after the sharp fall noticed during March, 1947, a temporary revival was in evidence on renewed buying by London based on a realisation that valid Indian import licences for substantial amounts were still outstanding. The quotation recovered from 71 cents on 20th March to 75-76 cents in April but following the withdrawal of outside support, coupled with a decline in domestic demand, the price slipped back to its original low level by the end of May, and later, owing to the pressure of accumulated supplies, to the year's low of 59¾ cents by 20th June. From August onwards a steadier tendency was in evidence firstly on buying for coinage purposes by the Mexican Government which commenced in July and secondly the re-emergence of the domestic demand which developed to a record high peacetime volume during September and October. The price improved gradually and despite a temporary check during that period on the appearance of additional supplies, principally of Chinese and Russian origin, the quotation moved up to 74⅝ cents by 3rd November at which level it continued for the rest of the year.

During the year, the London silver market continued to function in four distinct categories under essentially the same restrictions as in the preceding year. Briefly, the four categories are (1) official silver made available for essential industrial purposes, (2) free internal silver, used by the jewellery trade, the stocks arising from holdings acquired before 1941 and from sales of scrap, (3) pound exportable silver, which is bought from the sterling area and is exportable under licence at or above the official price and (4) silver bought in one non-sterling country and sold to another with a harder currency. From 1st November, 1946, the function of acquiring silver for essential purposes was delegated to the London bullion brokers. Following the action taken by the Bank of England in decontrolling on 3rd February, 1947 the pegged official price, the London brokers became free to buy for authorised uses silver in the cheapest market available, namely, New York. The published London price, therefore, tended to follow the fluctuations in the New York price. The suspension of sterling convertibility within a few weeks of 15th July—the date from which sterling credits became convertible under the Anglo-American Financial Agreement—meant a further restriction of dollar credits, while the decision of the authorities not to grant, with effect from 1st December, 1947, dollars for purchase of silver meant a reversion to the procedure followed prior to 1st November, 1946, under which the authorities themselves would make available silver for essential purposes.

As already noticed, the official price of silver in London moved more or less in sympathy with the New York prices over the greater part of the year under review. Thus, when the New York price slumped to 59¾ cents in June, the London price also fell to 37*d.* on 26th June, 1947—the year's lowest level. From August, the rate tended to improve following the steady advance in New York prices, the spot price recovering to 45⅛*d.* by the beginning of November. During the first quarter of 1948, there was no variation in the rate which continued at 45*d.* with the New York price remaining unchanged at 74⅝ cents.

9. INTERNATIONAL TRADE

General.—The foreign trade of the world attained during 1947 considerably higher levels both in terms of value and volume than in the previous year; but it was marked by an increasing lack of balance between the Western Hemisphere countries, particularly the United States and the countries in Western Europe and Asia. The factors which contributed to the large trade deficits in the latter countries included the continued unsettled conditions in various parts of the world, the retarded resumption of trade with Germany and Eastern Europe and the slowness in European recovery and financial stabilisation, accentuated by the severe weather, crop failures and industrial unrest. The already considerable gap in the external trade widened still further, owing to the increased demand for food, fuel, and capital equipment which could not be met from local production, the overvaluation of currencies of certain European countries in relation to the U.S. dollar, as judged by the declared par values, and the relatively larger rise in the prices of imports of raw materials and food than those of exports comprising largely of manufactured articles. Consequently, in order to minimise the gap, the Governments of these countries further tightened the import controls. This was also necessitated by a larger drain on the limited foreign exchange reserves than was warranted by the total trade deficits, as the export surpluses with soft currency countries could not be utilised to offset the deficits with hard currency areas. With the rapid utilisation of credits granted earlier in 1945 and 1946, some of the countries were compelled to readjust the cost of their external buying programme to such amounts as would be realised from their current exports. In several of the countries of Western Europe, apart from strenuous measures to increase the total volume of exports, efforts were made to direct them to markets supplying specially needed goods or paying in hard currencies, and through resort to new bilateral agreements or revision of old ones supplies were sought from sources outside the Western Hemisphere. In the majority of the countries in South and Central America also, trade restrictions were tightened during the year with a view to partly reducing the heavy excesses of imports over exports and partly for fostering local production ; simultaneous efforts were also made to promote export trade through decontrol of prohibited items, preferential exchange rates, lowering of export duties and in certain cases monopoly of export trade by the Government. In the important Far Eastern areas like China, the Netherlands East Indies, Siam, Burma and Malaya, foreign trade continued to be subject to restrictions. In the countries of Eastern Europe, foreign trade was subject to a high degree of Governmental control and in some cases to direct buying and selling by the Government. The Eastern European countries negotiated during the latter half of the year agreements designed to bring about a closer orientation of their trade relations with the U.S.S.R. and also between themselves. Some of them took steps to strengthen their existing commercial relations with the Western European countries, while others sought to negotiate new agreements with the latter for the exchange of distinctive products.

The year, however, was not without some hopeful indications for the expansion of international trade. The co-ordinated revision of import tariff systems completed by Belgium, the Netherlands and Luxembourg during the year and the initiation of studies for a similar unification of customs systems on a wider scale in Western Europe were notable steps in the direction of freeing regional trade from the restrictive influences of high tariffs. The provision of financial aid amounting to about $6.1 billion by the United States under the Foreign Assistance Act (approved by the Congress on 2nd April, 1948) represented a landmark in the economic recovery of Western Europe which in the coming months might tend not only to relieve the basic pressures causing the spread of restrictive practices in Europe but also help countries outside its scope to earn substantial dollar balances, thereby easing the dollar scarcity to some extent.

At the final plenary meeting on 22nd August, 1947 at Geneva, the Preparatory Committee on Trade and Employment agreed upon a draft World Trade Charter, the earlier versions of which had been prepared in London and New York. The revised draft charter provided for specific exceptions mainly in respect of necessary emergency action by members under the post-war conditions of reconstruction and monetary stringency. Of greater significance than the acceptance of the draft charter was the successful termination on 30th October, 1947 of the simultaneous negotiations between the representatives of 23 nations for a multilateral reduction of tariffs. As a first step towards implementing the broad principles of the Charter, the agreements reached among nine countries (Australia, Belgium, the Netherlands, Luxembourg, Cuba, Canada, France, the United Kingdom and the United States) accounting for over half of the world trade were brought into provisional operation from January, 1948. The International Conference on Trade and Employment commenced its session in Havana on 21st November, 1947 and concluded after prolonged deliberations on 24th March, 1948, when 54 countries (representing some 90 per cent of the world trade) signed the World Trade Charter. This Charter embodying the underlying principles in 106 articles, provides, *inter alia*, for the setting up of an International Trade Organization as a new specialised agency of the United Nations which will come into force after the Charter is ratified by the majority of the Governments whose representatives signed the Final Act. In the event of the majority not approving it within a year, ratification by 20 signatory countries would bring the International Trade Organization into being and the Charter into force. The Charter discourages or prohibits practices restricting trade and delaying improvement of living standards or leading to economic warfare and accepts as a general principle that all members shall share tariff benefits granted to any one member country.

United States.—The outstanding features of the foreign trade of the United States during 1947 were the large rise in exports during the first half of the year facilitated by the heavy drafts on credits provided in the previous year, followed by a marked fall in exports during the latter half of the year reflecting the economy measures adopted by foreign countries. The value of exports for the year as a whole amounted to $14.48 billion (*vide* Table 11) as against $9.74 billion in 1946 showing a rise of 49 per cent. With negligible lend-lease exports and the cessation of UNRRA shipments, cash purchases amounted to 95 per cent of the total exports against 82 per cent in the previous year. The volume of exports which had been 206 per cent of the 1936-38 level in 1946 moved up to 256 during the year. The exports (excluding re-exports) were predominantly composed of manufactured articles, accounting for 72.3 per cent as compared with 62.2 per cent in 1946. The proportion of finished manufactures to the total exports was 60.2 per cent as against 52.8 per cent in 1946. Crude materials and food-stuffs declined respectively in their proportions from 14.9 to 11.1 per cent and from 22.8 to 16.6 per cent. The volume of imports declined from 113 per cent of 1936-38 in 1946 to 109 per cent in 1947. In terms of value, however, they rose by 16.9 per cent from $4.91 billion in 1946 to $5.74 billion. Important changes in the direction of imports as compared with the pre-war years 1936-38 were discernible. Of the total imports, the share of Europe fell from 28 per cent in 1936-38 to 14 per cent in 1947 as compared with 16 per cent in 1946. There was an equally severe fall in respect of the Far Eastern countries from 31 per cent in 1936-38 to 18 per cent in 1946 and 19 per cent in 1947. Canada and the American Republics, however, gained substantially in the import trade from 36 per cent in the pre-war period to 57 per cent in 1947. The export surplus for the year exceeded all previous expectations and amounted to $8.74 billion as against $4.83 billion in 1946, the credit balances on account of trade with Canada, the United Kingdom, France, Argentina and the Netherlands showing significant increases over the previous year.

United Kingdom.—The progress of the United Kingdom towards achieving a closer balance in the external trade received a sharp setback during the first half of 1947, owing mainly to the serious coal crisis in February and March, involving a considerable loss to production, and to the worsening of the terms of trade caused

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

(In millions)

Country	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
United Kingdom (*a*). £										
Imports (retained)	858.0	840.0	1,125.6	1,131.6	991.2	1,226.4	1,291.2	1,053.6	1,250.8	1,728.3
Exports	470.4	439.2	411.6	364.8	271.2	232.8	266.4	399.6	914.7	1,137.1
Excess of Imports ..	387.6	400.8	714.0	766.8	720.0	993.6	1,024.8	654.0	336.1	591.2
United States $										
Imports (*b*)	1,960	2,318	2,625	3,345	2,745	3,381	3,919	4,136	4,909	5,739(*p*)
Exports (incl. re-exports)	3,094	3,177	4,021	5,147	8,079	12,965	14,259	9,806	9,739	14,475(*p*)
Excess of Exports ..	1,134	859	1,396	1,802	5,335	9,584	10,339	5,670	4,830	8,736(*p*)
Canada C$										
Imports	677	750	1,057	1,366	1,600	1,701	1,743	1,546	1,864	2,570(*p*)
Exports (incl. re-exports)	846	908	1,200	1,657	2,386	3,001	3,483	3,267	2,379	2,796(*p*)
Excess of Exports ..	169	158	143	291	786	1,300	1,740	1,721	515	226(*p*)
India (*c*) Rs.										
Imports	1,772	1,556	1,690	1,613	1,748	1,150	1,328	2,317	2,921	3,338
Exports (incl. re-exports)	1,898	1,698	2,160	2,004	2,544	1,949	2,105	2,290	2,664	3,201
Excess of Imports(—)/Exports(+)	+125	+143	+470	+391	+797	+800	+777	—28	—258	—137
New Zealand £NZ										
Imports (*d*)	55.4	49.4	49.0	49.2	53.9	95.2	86.4	55.1	71.6	74.0*
Exports	58.4	58.0	73.7	67.5	81.3	71.9	77.8	81.5	99.4	89.9*
Excess of Imports(—)/Exports(+)	+3.0	+8.7	+24.7	+18.3	+27.4	—23.4	—8.6	+26.5	+27.8	+15.9*
Australia (*e*) £A										
Imports	140.0	124.4	145.0	136.2	187.1	265.7	263.1	233.0	194.6	230.2
Exports	141.7	121.5	149.7	135.0	159.3	125.6	146.7	155.3	196.4	308.9
Excess of Imports(—)/Exports(+)	+1.7	—2.9	+4.7	—1.2	—27.8	—140.1	—116.4	—77.7	+1.8	+78.7

(*a*) Figures for 1938-45 have been worked out from monthly averages; the figures for 1943-45 exclude munitions imported or exported by Government Departments. (*b*) General imports including merchandise entered for immediate consumption and that entered for storage in bonded warehouses. (*c*) Year-ended 31st March. Include transactions on Government account. (*d*) Including defence materials and equipment, also lend-lease supplies. (*e*) Year-ended 30th June. Include transactions on account of the Commonwealth Government. (*p*) Preliminary. * Figures for eight months ended August, 1947.

by a substantial rise in import prices. The burden of the large increase in the adverse trade balances was rendered insupportable by the rapid exhaustion of the dollar credits granted by the United States and Canada, particularly in the face of the continued dependence on the Western Hemisphere countries for essential supplies of food and raw materials. As a result, during the second half of the year, the foreign trade programme was substantially readjusted and the Government moved towards a wider exercise of controls over trade and production. New export targets were announced in September, and the target volume for exports at 140 per cent of 1938 set for 1947 was postponed to the middle of 1948 ; and the end of 1948 objective was fixed at 160 per cent. To facilitate the attainment of the targets, Government control over labour was reimposed through the enactment in October, of the Control of Engagement Order ; simultaneously domestic consumption was restrained through the levy of a high purchase tax, and expanded or renewed facilities for imports into foreign markets were secured under bilateral agreements. Further, to relieve the pressure on resources employed for export production, a substantial retrenchment of capital expenditure programmed for 1948 was announced towards the close of 1947. Import policies underwent sharp changes during the year in view of the diminished ability of the country to purchase from the Western Hemisphere countries. A revised programme for imports drawn during the middle of the year, providing for economy only in respect of tobacco and petroleum was abandoned subsequent to the heavy cuts imposed in August and October on imports of food and timber from the dollar area. Steps were simultaneously taken to secure food and raw materials from other countries notably Russia, Sweden, Switzerland, Denmark, Holland and Portugal by means of trade agreements. Similar but less comprehensive agreements were concluded for increased food supplies from Australia, the Union of South Africa and Eire. Besides, the adoption of an Agricultural Programme aiming at a 20 per cent increase in internal agricultural production by 1951-52 and the commencement of operations under the East African Groundnut Scheme represented two long-range attempts for augmenting domestic and colonial supplies of food and raw materials.

The United Kingdom's exports during 1947 amounted to £1,137 million as against £915 million in the previous year, or 108 per cent of the 1938 volume. Exports of manufactured articles exceeded the 1938 volume by 23 per cent, the rise being principally due to metal goods, the latter accounting for 48 per cent of the total value as against 37 per cent in 1938 and 44 per cent in 1946. Re-exports valued at £59 million as against £50 million in the previous year were still far below the 1938 volume at 45 per cent. Retained imports rose from 67 per cent of 1938 volume in the first quarter to 88 per cent in the third quarter though on account of the operation of import restrictions there was a marked reduction in the last quarter to 77 per cent. For the year as a whole, the volume of imports at 77 per cent of 1938 was 13 per cent higher than in 1946. In terms of value, imports increased from £1,251 million in 1946 to £1,728 million. Compared to 1938, the pattern of the import trade changed considerably. Food, drink and tobacco and manufactured articles which during 1938 amounted to 46.8 per cent and 25.4 per cent respectively accounted for a smaller share of the total during 1947 at 45.1 per cent and 22.3 per cent respectively; raw materials, however, increased in relative importance from 27.0 per cent to 31.3 per cent.

The Economic Survey for 1948 envisages the possibility of securing equilibrium in the overall external trade and the lessening of the gap with the countries of the Western Hemisphere through larger exports, particularly of metal goods and textiles, and the reduction of imports to the absolute minimum consistent with the maintenance of a high level of economic activity.

Canada.—The pattern of Canada's foreign trade developed on the same lines as in 1946, showing, despite a small overall surplus, a large deficit with the United States and a surplus with the sterling area, particularly the United Kingdom. The consequent intensification of the strain on the country's foreign exchange reserves called for emergency restrictions on imports during the year. Besides, according to an arrangement made by Canada early in the year with the United Kingdom, the latter was required to pay in U.S. dollars about one half of Canada's export surplus with that country. This proportion was increased to more than 65 per cent according to a subsequent agreement covering payments for the first quarter of 1948. Several other measures announced by the Government on 17th November, 1947 were designed primarily to conserve foreign exchange and foster and develop Canadian industry to enable her to increase her exports to areas able to pay in dollars or in currencies convertible into dollars. Restrictions were placed on the imports of durable consumer goods and a 25 per cent excise tax was levied on Canadian manufactures still heavily dependent upon import of components from hard currency areas. At the same time, imports of capital equipment were licensed in order to build up the export industries. Further, to meet the continuing deficits with the United States, Canada secured a loan of $300 million from the U.S. Export-Import Bank.

During the year, while exports rose only moderately from C$2,379 million in the previous year to C$2,796 million, imports recorded a sharp increase from C$1,864 million to C$2,570 million resulting in a reduction in Canada's favourable trade balance from C$515 to C$226 million. The United States continued to hold a pre-eminent position in Canada's foreign trade accounting for 77 per cent and 37 per cent in imports and exports respectively. The deficit in the trade (exclusive of re-exports) with the United States expanded during the year to C$941 million from C$525 million in the previous year. The share of the United Kingdom was 7 per cent for imports and 27 per cent for exports. The credit trade balance (exclusive of re-exports) with the United Kingdom amounted C$567 million as against C$492 million in the previous year. Canada's adverse trade balance with the United States during 1948 would show a substantial reduction mainly as a result of the operation of restrictions on imports announced during the year, the enlarged opportunities for exports arising from concessions secured under Geneva Agreements on Tariffs and Trade and from increased purchases which would be made in Canada for aid to European countries. Similarly, the utilisation during 1947 of most of the export credits granted by Canada in the earlier years and the possibility of increased production in Europe, point to smaller surpluses in the trade with the United Kingdom and other European countries.

10. BALANCE OF PAYMENTS

General.—The large shift in the productive capacity and resources as between the several countries and the far-reaching changes in the debtor-creditor relationships resulting from World War II continued to influence the international accounts. With a sizable share of the world's productive capacity located within her territories and a strong international financial position, the United States became the leading producer and creditor nation of the world. There was also simultaneously a deterioration in the balance of payments position of several countries, particularly of Western Europe, the large deficits in their trade account (*vide* para. 9) being aggravated by the severe loss of sources of overseas income accounting in the pre-war period for roughly one-fourth of the total import costs. The gap in the international payments of Western Europe was to a considerable degree closed through credits and grants made available by the United States, which during the period July, 1945 to December, 1947 amounted to $11.7 billion. Additional financial aid also came forth during this period from Canada which disbursed C$1 billion through a loan to the United Kingdom and over C$400 million on credits to other European countries. In addition, apart from the continued assistance rendered by the sterling area countries in the immediate post-war period through the net accumulation of sterling balances in London which trend, however, was reversed during the year owing to the reduction in the balances, there was also a substantial volume of private relief shipments and remittances from the United States, and in the last eight months of 1947 the financial aid made available to Western Europe through the International Bank and the Fund amounted to $750 million. All these proving inadequate to sustain the essential imports of Western Europe, many of the countries were forced to liquidate part of their existing gold and dollar reserves and also long-term investments in the United States and elsewhere.

It was found necessary, therefore, to take corrective measures to diminish the world demand for dollars and to increase their availability. Fresh restrictions were imposed on dollar imports by many countries and existing ones were intensified. An important step in the direction of augmenting the supply of dollars to Western Europe was the offer of aid made by George Marshall in June, 1947 on condition that these countries formulated a co-ordinated programme of reconstruction which could be executed with the help of the United States. In response to this offer, representatives of sixteen European countries meeting in Paris from July to September, 1947 prepared a plan indicating their targets of production and import requirements for the period 1948 to 1951. In pursuance of this, on 2nd April, 1948, the United States Congress authorised for the year ending March, 1949 a grant of $5.3 billion towards the European Recovery Programme to help balance the current accounts of European countries with the Western Hemisphere.

United Kingdom.—The year witnessed a further deterioration in the international accounts of the United Kingdom. According to provisional figures, her overall balance of payments deficit during 1947 was of the order of £675 million as against £380 million in 1946 and the target of £350 million set out in the Economic Survey for 1947. This total deficit covered a surplus of £80 million with the rest of the sterling area and deficits of £680 million and £75 million with the Western Hemisphere and the other countries respectively. Though the f.o.b. value of imports stood higher at £1,574 million as against £1,092 million in 1946, the estimated increase in volume was only about 14 per cent, an average increase of 26.5 per cent in prices contributing to the rise in value. Exports at £1,125 million representing a substantial increase over the 1946 level of £888 million, due more to increased prices than increase in volume, fell short of the estimated target only by £75 million. The net Government expenditure abroad declined from £290 million in 1946 to £211 million. The most outstanding short-fall was in the net invisible receipts which had been expected to contribute a surplus of £75 million but which actually accounted for a deficit of £15 million.

The net drain on the country's gold and dollar reserves which together amounted to £1,023 million during 1947 was made up of the deficit on her own of £626 million with the dollar area, the payment of £51 million towards her subscription to the International Monetary Fund and the International Bank for Reconstruction and Development, the net payment of £189 million on account of the rest of the sterling area and net payments amounting to £157 million in gold and dollars to non-sterling area countries arising from the short-lived operation of the multilateral convertibility of sterling. There was an increase during the year of £206 million in the external capital assets of the United Kingdom as well as a reduction of £142 million in her sterling liability to all countries maintaining balances with her.

The Economic Survey for 1948 envisages a net deficit of £136 million in the first half of 1948, comprising a net visible deficit of £87 million arising from imports of £792 million and exports of £705 million and an invisible deficit of £49 million.

United States.—During 1947, the United States exported goods and services of the value of $19.6 billion as against $15.3 billion in 1946 and imported goods and services of the value of $8.3 billion as compared with $7.1 billion last year. The ratio of exports to the total gross national product rose during the year while that of imports remained almost constant. The receipts from income on investments rose from $611 million in 1946 to $1,026 million in 1947 while payments on this account were also marked up from $173 million to $226 million during the same period, the larger rise in receipts being due to petroleum investments and investment in manufacturing industries. As a result of the increase in ocean-borne exports of which, however, only 50 per cent (as against last year's 60 per cent) was carried in the United States' vessels, the net receipts from transportation stood at $1 billion, about $300 million higher than the last year's figure. There was an increase of only about $46 million in the net payments to foreigners on account of travel, despite the unprecedented level of $535 million of gross payments, because of an almost equal rise in foreign expenditure on travel in the United States. Net payments on account of the United States Government increased from $299 million in 1946 to $508 million.

The export of goods and services of $19.6 billion was mainly financed by imports of the value of $8.3 billion, unilateral transfers of $2.4 billion, United States loans and investments of $4.7 billion and the liquidation of foreign gold and dollar assets to the extent of $4.5 billion. The net Government payments under unilateral transfers showed a decline to $1.8 billion from $2.4 billion last year chiefly because of the cessation of UNRRA which was, however, offset in part by the new programmes of Greek-Turkish Aid and Interim Aid. The net outflow of long-term capital was larger this year at $7.7 billion (as against $3 billion in 1946) of which net Government lending accounted for about $3.9 billion and the United States subscriptions to the International Monetary Fund and the International Bank for Reconstruction and Development for about $3.1 billion. The net private outflow of capital of $736 million (including the United States purchases of the bonds of the International Bank) covered $661 million of direct investments (mostly in the petroleum industry in the Caribbean area and in the Middle East) and $75 million of portfolio investments arising from the bond issues of the Netherlands and Norway and of the International Bank. During the year, the International Bank granted loans of the value of $497 million in dollars of which only $300 million were actually disbursed and the International Monetary Fund sold about $460 million in exchange for other currencies. As a result of the drain of $4.5 billion on the gold and dollar assets of foreign countries (which reached an annual rate of $5 billion in the last quarter of 1947), the total gold and dollar assets (other than those of the Fund and the Bank) at the end of the year were distributed as follows: E.R.P. countries—$7.5 billion; Western Hemisphere—$3.6 billion and the rest of the world—$6.7 billion.

Canada.—According to preliminary estimates, Canada's international accounts during 1947, including official contributions which amounted to C$38 million as against C$97 million in 1946, showed a net surplus of only C$47 million as against C$357 million in 1946. This favourable balance included surpluses on account of merchandise trade, non-monetary gold, tourism and travel, and freight and shipping aggregating C$431 million and deficits on account of interest and dividends and other current transactions amounting to C$384 million. The decline in the overall surplus during the year was mainly accounted for by a fall in the trade surplus from C$516 million to C$175 million as also in the surplus on account of freight and shipping from C$92 million to C$46 million. Despite the small surplus in the balance of payments on current account there was a reduction during 1947 of C$743 million in Canada's gold and foreign exchange reserves. This was accounted for, among other things, by the financing of Canadian exports for C$563 million through drafts on her export credits, the payment of C$74 million towards her gold subscription to the International Monetary Fund, the redemption of Canadian bonds held abroad and other net capital payments. Canada had a current deficit of C$1,138 million with the United States as against a current surplus of C$1,185 million with other countries, of which the share of the United Kingdom and the rest of the sterling area amounted to C$872 million.

11. FOREIGN EXCHANGE

During the year, transactions in foreign exchange continued to be subject to control in several countries. In most of them, apart from the depletion of the limited exchange resources and the credits from the United States, the demand for imported goods for purposes of consumption and reconstruction was heavy while production and exports lagged behind. In the Latin American countries, where large pent-up demands for imports threatened to exhaust their gold and foreign exchange reserves, an intensification of the existing exchange controls was found necessary. The prevalence of difficulties connected with the relative scarcity of essential foreign exchange resources, particularly U.S. dollars, was reflected in the fact that, barring a few (El Salvador, Guatemala, Mexico, Panama and the United States) all the members of the International Monetary Fund found it necessary to avail themselves of the provisions in respect of the maintenance and adaptation during the transition period of restrictions on payments and transfers on current transactions. Some countries had recourse to devices such as exchange revaluation and multiple currency practices with a view to achieving an improvement in the exchange position.

A notable development during the year related to the attempts made by the United Kingdom to restore convertibility to sterling. The mechanism of the American Accounts had already provided for the free availability for payments in any currency area, of sterling currently earned by residents of the United States, American possessions and various Central American countries. As regards the sterling area countries, there was the convention that for essential imports members could secure dollars against sterling from the central reserves. Thus, the implementation of convertibility commitments of the Anglo-American Financial Agreement remained to be completed only in respect of the convertibility of sterling currently earned by residents of other countries. A system of Transferable Accounts was for this purpose introduced in February, 1947 with Canada and Newfoundland, Argentina, Belgium, the Netherlands and Portugal (together with their respective monetary areas) as members. The sterling currently earned by residents of these countries was credited to a Transferable Account, the balance in which was available for transfer, in payment for current transactions, to any Sterling Area Account, any American Account or any other Transferable Account subject only to report to the Bank of England. The system was gradually extended by 15th July, 1947 to cover the following countries also : Italy and the Vatican City, Brazil, Norway, Spanish monetary area, Finland, Czechoslovakia, Egypt, the Anglo-Egyptian Sudan, Ethiopia, Uruguay and Sweden.

On the basis of this framework which involved the willingness of other countries to accept payment in sterling for current transactions, the United Kingdom undertook to provide, with effect from 15th July, 1947, for the free availability of current accruals of sterling for current payments by all countries (with the exception of 14 countries with which appropriate arrangements could not be completed). This measure was, however, followed during the next five weeks by an exceptionally heavy drain on Britain's gold and dollar reserves, partly owing to the maximum use which certain countries made of these convertibility privileges to meet their dollar payments. Consequently, the United Kingdom, in consultation with the United States, suspended as an emergency measure, with effect from 21st August, 1947, the convertibility provision as applicable to the U.S. dollar. Facilities for transfer of sterling from Transferable Accounts to American Accounts were immediately withdrawn and Canada and Newfoundland were removed from the group of Transferable Accounts in view of the close connection between the Canadian dollar and the U.S. dollar. Sometime later, Belgium, Portugal, Italy and the Vatican City and Uruguay also were removed from the Transferable Accounts group, while Poland and the U.S.S.R. were admitted into it. The United Kingdom, however, continued to seek the gradual extension of the area over which sterling is freely acceptable by means of bilateral agreements providing for its transferability on an administrative basis and for commercial transactions, aimed at balancing payments between the sterling area and the countries concerned.

At the Paris Conference of the countries of Western Europe held during the period July to September, 1947 in connection with the programme of Marshall Aid, a committee of financial experts examined the problem of reducing to a minimum the payments in gold and convertible currencies required to be made for the settlement of balances arising periodically from the working of the bilateral payments agreements between several European countries and recommended the setting up of a system of transferability of European currencies by which a country with a credit in her relations with another country would be enabled to use it for any debits that she might have with other countries. In accordance with these recommendations, an agreement for multilateral monetary compensation was signed in Paris on 18th November, 1947 by the Belgian Government (also acting on behalf of Luxembourg), the French, Italian and the Dutch Governments. The clearing which began on 1st January, 1948 has been operated by the Bank for International Settlements to which all the members supply particulars of the developments in respect of their payments agreements. The United Kingdom and the Scandinavian countries also signified in principle their adherence to the above agreement as occasional members. Though this scheme would require for its success considerable reserves of gold and dollars for the settlement of the balances in excess of the agreed limits, it marked an important step in the direction of extending multilateralism.

The adjustments in the external value of the lira and the franc constituted the other important developments of the year in this sphere. The Italian Government decided on 27th November, 1947 to modify their existing foreign exchange practices according to which one half of all foreign exchanges received in Italy was required to be sold to the monetary authorities at the official rate, and the other half could be sold through the authorised banks at free rates. According to the modified system, the one half of foreign exchange receipts salable to the monetary authorities was to be sold at rates established at the beginning of every month on the basis of the average of the free market rates in the previous month with upper and lower limits at 650 and 350 lira to the U.S. dollar respectively. This monetary reform (which accompanied the devaluation of the lira from 350 to 589 per U.S. dollar) was expected to encourage Italy's exporting ability and eliminate the existing discrimination among different classes of imports and exports by narrowing the margin between the effective rates of buying and selling.

On 25th January, 1948, the French Government announced their decision to devalue the franc with effect from 26th January from 119 for the U.S. dollar to 214 and from 480 for sterling to 864. Besides, there was to be a free market for the U.S. dollar and the Portuguese escudo, which could be bought and sold at rates varying from the official parity. French exporters were required to sell to the French authorities at official rates half their proceeds in these currencies and were free to sell the other half in the free market, where they could be bought by French importers to pay for non-essential imports. Several invisible transactions such as tourist exchange and capital transfers were also permitted in the free market. The International Monetary Fund (which had been consulted by the French authorities prior to the devaluation) did not agree to the proposals for a free market, as in its opinion, it would have adverse effects on other members of the Fund without being essential to the achievement of the French commercial objectives. Notwithstanding the opposition from the Fund, the French authorities proceeded to execute their proposals.

12. PUBLIC FINANCE

The budgets of some of the important foreign countries reflect their continued efforts since the cessation of hostilities to reduce expenditure and to achieve balanced if not surplus budgets, in order to counter the inflationary situation.

According to the revised estimates for 1947-48 (*vide* Table on pages 36 and 37) both the United States and the United Kingdom have estimated surpluses, amounting respectively to $7,482 million and £636 million as against a surplus of only $754 million in the United States and a deficit of £569 million in the United Kingdom for the previous year. In the case of the U.S.S.R., the surplus for 1947 is 24 billion roubles, or 7 billion roubles above that of 1946. In Australia the policy of reducing the deficit has been continued in 1947-48 also, the anticipated deficit being £A.30 million as against £A.38 million in 1946-47.

As regards the budget estimates for 1948-49, both the United States (according to the Presidential message) and the United Kingdom show a surplus which in the case of the former is expected to decline from $7,482 million in 1947-48 to $4,808* million in 1948-49, but which in the case of the United Kingdom is expected to rise from £636 million to £778 million. In both countries revenue has fallen, but while in the United Kingdom expenditure has declined more than proportionately, in the United States it has actually risen. The fall in estimated revenue receipts in the United States is principally under the item, "sale of surplus stores and property." The increase in expenditure is principally due to the increased provision under the item "international affairs," the total under the head being $7,009 million of which the appropriation towards the European Recovery Programme alone is $6,800 million†. The U.S.S.R. has budgeted for a still larger surplus in 1948, namely, 41 billion roubles, which is nearly equal to the sum of the previous two annual surpluses and is mainly due to the large increase in revenue under the turn-over tax. In the case of Canada, revenue for the year is estimated at C$2,664 million and expenditure C$2,175 million, revealing a surplus of C$489 million. So far as the disposal of the budget surpluses is concerned the United Kingdom and the United States Governments have indicated that their relative surpluses would be utilized, as and when they accrue, for the reduction of maturing public debt.

* According to the Legislative budget estimates as adopted by the Congress, receipts are placed at $47.3 billion and expenditure at $37.2 billion leaving a surplus of $10.1 billion, which, however, will be reduced by $4.8 billion in view of the passage by the Congress of the Republican-sponsored Tax Reduction Bill.

† As envisaged in the original proposal of a first allocation for an initial period of fifteen months.

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

Country	Years	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Defence Expenditure	Total Expenditure	Surplus (+) or Deficit (—)	*Percentage increase (+) or decrease (—) in 6*	*Percentage of 2 to 6*	Floating or Short-term Debt	Public Debt (Year-end figures)
	1	2	3	*4*	5	6	7	8	9	10	11
UNITED STATES (In millions of $)	July—June										
	1938-39	5,165	2,189	*42*	1,206	9,027	— 3,862	..	*57*	1,308	40,440
	1944-45	46,457	35,173	*76*	90,029	100,397	—53,940	+*1,012*	*46*	17,041	258,682
	1945-46	43,038	30,885	*72*	48,542	63,714	—20,676	— *37*	*68*	17,039	269,422
	1946-47	43,259	29,306	*68*	17,142	42,505	+ 754	— *33*	*102*	15,775	258,286
	1947-48 (Revised)	45,210	31,499	*70*	11,734	37,728	+ 7,482	— *11*	*120*	..	250,900†
	1948-49 (Budget) .	44,477	32,664	*73*	11,237	39,669	+ 4,808*	+ *5*	*112*	..	246,200†

Column 2 : Net Revenue. Column 10 : Treasury bills only. * Prior to the passage of the Tax Reduction Bill in the Congress. † Estimated.

Country	Years	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Defence Expenditure	Total Expenditure	Surplus (+) or Deficit (—)	*Percentage increase (+) or decrease (—) in 6*	*Percentage of 2 to 6*	Floating or Short-term Debt	Public Debt (Year-end figures)
UNITED KINGDOM (In millions of £)	April—March										
	1938-39	927	420	*45*	272	927	..	..	*100*	920	8,163
	1944-45	3,238	1,901	*59*	5,125	6,058	— 2,820	+ *554*	*53*	6,116	22,398
	1945-46	3,284	1,897	*58*	4,410	5,475	— 2,191	— *10*	*60*	6,487	23,636
	1946-47	3,341	1,589	*48*	1,653	3,910	— 569	— *29*	*85*	6,955	25,631
	1947-48 (Revised).	3,845	1,570	*41*	854	3,209*	+ 636	— *18*	*120*	6,542	25,623
	1948-49 (Budget).	3,754	1,735	*46*	693	2,976	+ 778	— *7*	*126*	..	..

* Includes Sinking Funds.

Country	Years	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Defence Expenditure	Total Expenditure	Surplus (+) or Deficit (—)	*Percentage increase (+) or decrease (—) in 6*	*Percentage of 2 to 6*	Floating or Short-term Debt	Public Debt (Year-end figures)
CANADA (In millions of Canadian $)	April—March										
	1938-39	502	142	*28*	34	553	— 51	..	*91*	270	4,438*
	1944-45	2,687	1,539	*57*	4,418	5,246	— 2,559	+ *849*	*51*	2,436	14,557*
	1945-46	3,013	1,432	*48*	4,003	5,136	— 2,123	— *2*	*59*	..	17,318*
	1946-47	3,007	1,412	*47*	1,315	2,634	+ 373	— *49*	*114*	..	..
	1947-48 (Revised)	2,869	1,287	*45*	635	2,199	+ 670	— *17*	*130*	..	..
	1948-49 (Budget)	2,664	1,288	*48*	..	2,175	+ 489	— *1*	*122*	..	..

* Direct and Guaranteed Funded Debt.

COMMONWEALTH OF AUSTRALIA (In millions of Australian £)	July—June										
	1938-39	95	12	*13*	14	94	+ 1	..	*101*	..	1,215§
	1944-45	341†	183‡	*54*	460	607†	— 266	+ *546*	*56*	..	2,550§
	1945-46	355†	181‡	*51*	378	508†	— 153	— *16*	*70*	..	2,715§
	1946-47	371†	166‡	*45*	233	409†	— 38	— *19*	*91*	..	2,767§
	1947-48 (Budget)	353†	152‡	*43*	168	383†	— 30	— *6*	*92*	..	..

† Excluding grants to States for reimbursements under the State Grants (Tax Reimbursement) Act, 1942 and 1946.

‡ Excluding grants to States for reimbursements in respect of income-tax under the State Grants (Tax Reimbursement) Act, 1942 and for 1946-47 and 1947-48 under the State Grants (Tax Reimbursement) Act, 1946.

§ Excludes War (1914-18) Debt of £A79,724,220 due to the British Government.

UNION OF SOUTH AFRICA (In millions of South African £)	April—March										
	1938-39	47	17	*36*	2	65	— 18	..	*72*	..	279
	1944-45	115	60	*52*	101	186	— 71	+ *186*	*62*	38	541
	1945-46	134	68	*51*	83	131	+ 3	— *30*	*102*	53	584
	1946-47	139	60	*43*	18	132	+ 7	+ *1*	*105*	49	547†
	1947-48 (Budget).	140*	59	*42*	13†	120	+ 20	— *9*	*117*	..	..

* On the basis of existing taxation. † Provisional.

FRANCE (In billions of francs)	Jan.—Dec.										
	1938	63	..	..	..	90	— 27	..	*70*	96†	421‡
	1944	138	..	..	138*	372	— 234	+ *313*	*37*	613†	1,680‡
	1945	207	..	..	..	444	— 237	+ *19*	*47*	746†	1,832‡
	1946	373	..	..	..	584	— 211	+ *32*	*64*	897†	2,016‡§

* Occupation costs. † Including medium-term debt. ‡ Domestic debt only. § Period ended 30th June, 1946.

U.S.S.R. (In billions of roubles)	Jan.—Dec.										
	1938	128	..	..	23	124	+ 4	..	*103*	..	..
	1944	269	..	..	138	264	+ 5	+ *113*	*102*	..	..
	1945	302	..	..	128	299	+ 3	+ *13*	*101*	..	..
	1946	325	..	..	73	308	+ 17	+ 3	*106*	..	..
	1947	385	..	..	66	361	+ 24	+ *17*	*107*	..	..
	1948 (Budget) ..	429	..	..	66	388	+ 41	+ *7*	*111*	..	..

DOMINION OF PAKISTAN (In crores of rupees)	April—March										
	1947-48* ..	43	5	*12*	34	66	— 23	..	*65*	..	..
	1948-49 (Budget).	80	7	*9*	37	90	— 10	+ *36*	*89*	..	..

* Figures relate to 7½ months from 15th August, 1947 to 31st March, 1948.

As regards defence expenditure, which constituted the major item during the war years, there has been a substantial fall in 1947-48 in several countries. In 1948-49, however, the fall is most marked in the United Kingdom, while in the case of the United States the decline is comparatively less marked. Such savings as are effected under this head have rendered possible a greater provision towards schemes of social welfare. In the United States the expenditure on social welfare schemes is expected to rise from $1,960 million in 1947-48 to $2,028 million in 1948-49. Similar is the case with the United Kingdom where the increased outlay, during the budget year, on education, housing and new health services will amount to £30 million, £14 million and £143 million respectively. The United Kingdom Government have also decided to continue the food subsidies at £400 million. In the U.S.S.R. too, generous provision hvae been made for expenditure on social services, the outlay for 1948 being 116 billion roubles as against that of 80.4 billion roubles and 106.5 billion roubles in 1946 and 1947 respectively.

In the field of taxation, certain concessions were announced which were calculated to reduce the burden of existing taxes. In the United Kingdom, the exemption limit for payment of income-tax has been raised from £120 to £135, this measure now exempting 500,000 more people from the payment of income-tax. The earned income relief for the purpose of income-tax has been raised from one-sixth to one-fifth of the total earnings subject to a maximum of £400. In the field of indirect taxation also, a reduction has been proposed in the purchase tax on certain goods. In the United States, the Tax Reduction Act has increased the personal exemptions for each tax-payer and for each dependent from $500 to $600, has repealed the 5 per cent "allowable charge" and substituted a cut of 17 per cent on the first $400 of tax, 12 per cent on the next $99,600 and 9.75 per cent on the remainder. The maximum effective rate of tax also has been reduced from 85.5 per cent to 77.0 per cent. The Australian Government in their budget for 1947-48 proposed (1) to abolish the wartime company tax, (2) to modify the schedule of sales tax and (3) to suspend the operation of the gold tax with a view to encouraging production of gold as a means of earning dollars.

In the budget for 1948-49, the Government of the United Kingdom have found it necessary to impose additional taxation, the important items being (i) a levy on income from investment on a graduated scale rising from two shillings in the pound on incomes between £250 and £500 (where the total income exceeds £2,000) to ten shillings in the pound on incomes over £5,000, (ii) a doubling of the tax on football pools and a graduated duty on bookmakers at grey-hound racing tracks and (iii) heavier taxes on beer, whisky, wines and tobacco.

As regards the newly formed Dominion of Pakistan, no budget was introduced for the period 15th August, 1947 to 31st March, 1948. However, while presenting the budget for 1948-49 the Finance Minister disclosed that he anticipated a deficit of Rs. 23.41 crores for the 7½ months, the revenue and expenditure being estimated at Rs. 42.79 crores and Rs. 66.20 crores respectively. The budget estimates for 1948-49 place revenue at Rs. 79.57 crores and expenditure at Rs. 89.68 crores, leaving a deficit of Rs. 10.11 crores. In order to make up the deficit of Rs. 10.11 crores in 1948-49, certain taxation proposals were announced which are expected to yield Rs. 10.16 crores, thus converting the anticipated deficit into a small surplus of Rs. 0.05 crore. The proposals include an *ad valorem* duty of 10 per cent on hides and skins and cotton seeds, raising of the import duties on sugar, candy, etc., imposition of increased surcharge on wines, cigarettes, motor cars, revision of postal rates and the levy of an estate duty on both agricultural and non-agricultural estates. In addition, a yield of Rs. 2 crores was expected from the duty on raw cotton imposed earlier. It is also proposed to take over sales tax from the Provincial list to the Central list, for the next two years, the provinces, however, being entitled to a share in the proceeds.

13. PUBLIC DEBT

During the year, the general pattern of public debt in some of the countries for which information is available revealed changes both as regards volume and composition. In the United Kingdom and Australia, a slight increase was noticed in the volume of the debt, while in the United States and Canada there was a reduction in the total debt outstanding.

In the United Kingdom, the total outstanding debt as at the end of March, 1948 was estimated at £25,623 million as against £25,612 million at the close of March, 1947, showing only a very slight increase of 0.04 per cent. Of the total debt, internal debt aggregated £24,067 million while the external debt stood at £1,556 million, the corresponding figures for the previous year being £24,844 million and £769 million respectively. The floating debt accounted for £6,542 million or 25.5 per cent of the total debt as compared with 27.2 per cent last year. A further rise of £25 million was noticed during the year in the total outstanding Treasury bills which rose to £4,910 million at the close of 1947-48, but against this there was a decline in the Treasury deposit receipts during the period from £1,457 million to £1,291 million due to Government's policy of switching over from Treasury deposit receipts to Treasury bills which are a more flexible form of short-term asset to the banks. The ways and means advances also decreased during the year by £272 million, that is, from £613 million to £341 million.

In the United States, the Treasury's debt retirement programme initiated last year was continued during the year, the total outstanding public debt declining from \$259.15 billion on 31st December, 1946 to \$256.90 billion at the close of 1947, as compared with the all-time peak of \$279.21 billion at the end of February, 1946. The reduction was achieved partly by the use of the budget surplus but principally by means of funds accumulated in the Government trust accounts and agencies and by the proceeds of sales of primarily non-marketable securities to the public. It was noticed that a large portion of the decline in the debt up to the middle of 1947 was accounted for by retirement of the holdings of the commercial banks. The reduction in commercial bank holdings of the debt was in accordance with the Treasury's policy of spreading the ownership of the debt as broadly as possible. During the latter half of 1947, however, the operation of debt retirement was shifted from commercial banks to Federal Reserve Banks, in order to prevent the money obtained from redemption of maturing securities from getting back into the commercial banking system and thus discourage credit expansion. As regards the composition of the debt, while there was only a slight decline of \$2.25 billion in the total amount of the public debt during the period, a rather heavy fall of \$10.9 billion took place in the marketable issues, the non-marketable issues showing a rise of \$7.2 billion. Bills and certificates, specially the latter, decreased by \$10.7 billion while bonds showed a rise of \$1.8 billion.

The total public debt in Australia showed a slight increase of £A51 million from £A2,839 million at the end of June, 1946 to £A2,890 million at the close of June, 1947. Of this, the internal debt aggregated £A2,323 million and the external debt £A567 million, the corresponding figures for the previous year being £A2,267 million and £A572 million respectively. Of the internal debt, £A1,923 million formed the funded debt, which showed an increase of £A96 million over last year. On the other hand, the floating debt decreased during the period from £A440 million to £A400 million.

In Canada, for the first time during the last seven years, the Dominion Government's domestic bonds outstanding at the end of December, 1947 showed a decline of C$239 million as compared with an increase of C$201 million in 1946. There was also a net reduction of C$346 million in the amount of Dominion deposit certificates, Treasury bills and Short-term Notes outstanding during the year. The total of the provincial, municipal and corporate bonds during the period, however, showed an increase, this being the first increase in corporate debt since 1936 and the first appreciable increase in municipal debt since 1932.

The Government of Pakistan floated on 14th February, 1948 the following four loans, namely, (i) the 2¾ per cent Loan 1953-54, (ii) the 3 per cent Loan 1960, (iii) the 3 per cent Loan 1968 and (iv) the 1½ per cent Income-Tax Free Bearer Bonds 1958, subscriptions being invited in the form of cash or cheque, or the Government of India securities of current loans in the case of Provincial Governments of Pakistan and Baluchistan and Local Bodies, such as Municipal Committees, District Boards and Port Trusts. The issue price was fixed at Rs. 100 each up to 28th February, 1948 the price increasing thereafter by 8 pies, 9 pies, 9 pies and 6 pies per cent respectively every week, the weekly increase approximating to the net interest accruing on the securities. The total subscriptions in respect of all the four loans as received up to 31st March, 1948 totalled approximately Rs. 31.84 crores.

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

The marked deterioration in the economic position of many countries, particularly in Europe, with seriously unbalanced foreign trade brought to the fore the problem of financing international payments, and the International Monetary Fund, which is designed to bring about exchange stability and render temporary financial assistance to its member countries to balance their international payments, was faced, during the year, with the task of taking prompt decisions on difficult problems. The International Bank for Reconstruction and Development also evolved during the year a policy framework for future activities.

The International Monetary Fund commenced exchange operations, in accordance with its rules and regulations on 1st March, 1947, after the necessary preliminary requirements set out in its Articles of Agreement had been fulfilled. During the thirteen months ended March, 1948, the Fund's operations consisted mainly in selling U.S. dollars against the members' currencies, the total of such sales amounting to $594.1 million. Of these, sales to the United Kingdom accounted for $300 million, France $125 million, the Netherlands $62.5 million and Belgium $33 million. As India's requirements of U.S. dollars for the six months ending June, 1948 were estimated to exceed her own receipts and the amount of about $40 million made available to her by the United Kingdom in terms of the Financial Agreement between them, India, for the first time in March, 1948 applied to the Fund for U.S. dollars and following its assent purchased $28 million. Besides, the Fund also sold 1.5 million pounds sterling against Netherlands guilders and 0.02 million U.S. dollars against gold.

The Fund Agreement requires members to notify the Fund, before they become eligible to make use of its resources, whether they intend to avail themselves of the transitional arrangements under Section 2 of Article XIV or whether they are prepared to accept the obligations under Sections 2, 3 and 4 of Article VIII, prohibiting restrictions on current payments and convertibility and also preventing recourse to discriminatory currency practices. In accordance with this requirement, only the United States, El Salvador, Guatemala, Mexico and Panama notified the Fund their acceptance of the obligations under Article VIII. The rest of the member countries, including India (except Finland whose position is not known) notified their intention to avail themselves of the transitional arrangements provided for in Section 2 of Article XIV. The Fund agreed to the par values of the currencies of all the members, except those of Brazil, China, the Dominican Republic, Finland, Greece, Italy, Poland, Uruguay and Yugoslavia, who requested postponement of the consideration of the par values of their currencies.

The second annual meeting of the Boards of Governors of the Fund and the Bank was held in London in September, 1947. At this meeting, the Governor for China was elected Chairman of the Boards of Governors and the Governors for France, India, the United Kingdom and the United States, Vice-Chairmen till the next annual meeting to be held in Washington in September, 1948. Taking cognisance of a communication from the Government of India embodying a copy of the Indian Independence (International Arrangements) Order, 1947, it was decided that the quota of the pre-partition India in the Fund and her subscription to the capital stock of the Bank should continue to be the 'quota' and 'subscription' of the Dominion of India.

Earlier, the Boards had approved the application for membership from Australia ; at this meeting the application from Finland and towards the close of the year, that from Austria were approved. It is open for Austria to indicate her acceptance up to 31st August, 1948. The total number of members as on 31st March, 1948, of the Fund and the Bank was 46 each. The admission of the new members resulted in an increase in the authorized subscription to the Fund as on 29th February, 1948, to $7,961.00 million and the subscribed capital of the Bank as on 31st March, 1948, to $8,263.10 million.

Among the issues on which the Fund was required to take crucial decisions during the year, the proposal for devaluation of the franc on the multiple currency principle by the Government of France was the most outstanding. The two main aspects of this proposal were a reduction in the par value of the French franc by 44.444 per cent involving a change in the dollar-franc ratio from 119 to 214 and the introduction of a discriminatory multiple currency practice entailing the purchase and sale of U.S. dollars and other convertible currencies at fluctuating rates in a free market fed by one half of the export proceeds. Although the Fund agreed to the need for devaluation, it indicated that it was prepared to concur in a devaluation of the franc to a more realistic rate which would be applicable to the transactions in the currencies of all members of the Fund. It also disapproved the French proposal to establish a convertible currency based on a system of fluctuating exchange rates. The French Government, however, decided to go forward with their proposals the Fund's objections notwithstanding, with the result that subsequently there was no formally agreed par value for the French franc.

During the year, the Fund also defined its attitude towards the multiple currency practices of some of its members, laid down general principles to be applied to specific problems after discussion with the members concerned, and requested the members to maintain continual consultation on such practices and to take steps for their elimination where they were not necessary for balance of payments purposes. Following this arrangement, the Government of Ecuador requested the approval of the Fund for the imposition of a surcharge on non-essential imports. The Fund agreed to this device, though for a short period, as it would have the effect, not only of limiting import demands but also of curtailing the inflated volume of currency and credit. The Fund agreed to the introduction of certain temporary exchange arrangements by Italy after it was assured that the Italian Government were fully in agreement with its long-term objective of ultimately establishing an unfettered exchange system. The adjustments which Italy had instituted brought the rate of exchange of the lira to the dollar nearer to the equilibrium of her internal and external price levels. The Chilean Government, in consultation with the Fund, agreed to undertake a programme aimed at the gradual simplification of the existing system of multiple exchanges. Chile had already taken steps to arrive at internal financial stability as a pre-requisite to exchange stability. These attempts at adaptation of existing restrictive exchange practices and exchange devaluation, together with the adoption by France of an exchange mechanism which had been objected to by the Fund, indicate the kind of difficulties that have to be encountered in realising the Fund's long-term objectives of exchange stability and the elimination of exchange restrictions. The Fund generally agreed to the proposals of individual countries in the hope that, by helping to balance their overseas payments in the near future, it would enable them, through these measures, to establish, in the long run, a framework of exchange practices more in consonance with the Fund's aims.

The Fund considered the question of preventing the extension of external gold transactions at premium prices, which generally involve a transfer of gold from central monetary reserves into private hoards and which might easily contribute to the undermining of exchange stability, and on 18th June, 1947, issued a directive to all its members to desist from international transactions in gold at prices above monetary parity and requested them to co-operate in the elimination of such transactions. As subsidies on gold production, whatever be their form, are inconsistent with Section 4(a) of Article IV of the Fund Agreement, the Fund announced on 11th December, 1947, its policy in relation to this, placing every member proposing to introduce new measures to subsidize the production of gold under an obligation to consult the Fund on the specific measures contemplated. In view of this, the Canadian Government consulted the Fund on their proposal for a subsidy on gold production and the Fund, after examining the proposal in the light of its own policy, decided that the proposed action, details of which are referred to in para. 8, was not inconsistent with that policy.

During the year, the International Bank for Reconstruction and Development started operations as a borrower and as a lender. The guiding principle governing its lending policy has been the continuous emphasis on the requirement that loans made by the Bank must be productive and must relate to well-designed projects of reconstruction and development, and promise an increase in the level of industrial or agricultural output of the borrowing country. The proceeds of the loan must be utilised only for the productive purposes for which it is granted, and the borrowing country must take effective steps, where necessary, to remedy any unsound monetary or budgetary practices likely to threaten either the productivity of the loan or the prospects of its repayment. In choosing between several commendable projects, the Bank has encouraged those which promise the greatest increase in productive output in the shortest possible time. Up to 31st March, 1948, eleven countries, *viz.*, Chile, Czechoslovakia, Denmark, France, Iran, Italy, Luxembourg, Mexico, the Netherlands, Poland and Yugoslavia applied to the Bank for loans. A credit of $250 million by the Bank was extended to the Credit National, a semi-public corporation in France, created in 1919 to assist in financing reconstruction and development of the French economy. The loan, which is to run for a period of 30 years, will provide France with a modern steel strip mill, locomotives, freight cars, canal barges and commercial air-planes for restoring the transport system, and coal, raw materials and semi-processed metals for industries. The Kingdoms of the Netherlands and Denmark and the Grand-Duchy of Luxembourg were granted loans respectively of $195 million, $40 million and $12 million. Luxembourg was granted the equivalent of $2 million in the form of Belgian francs. These loans are designed to finance essential imports like machinery and other capital goods for industry as well as for agriculture. The three loans will run for a period of 25 years. The interest rate charged by the Bank on all the loans is 3¼ per cent. In addition, the Bank will also charge a commission of 1 per cent on all the loans annually to be set aside in a special reserve fund. Except in the case of Luxembourg, repayment of principal will start after the expiry of five years. Thereafter, capital repayments will begin at a moderate rate and increase gradually so as to ensure complete repayment of the loans by the due date. Luxembourg, however, has agreed to begin amortization payments in July, 1949, providing for retirement by final maturity in 1972. An interesting provision in all the loan agreements is that the Bank should be regularly supplied with information regarding the economic situation and developments in the borrowing countries and that continuous consultation should be maintained between the Governments concerned and the Bank on financial and economic matters. The first loans which the Bank approved in the development field, apart from the loans for reconstruction of war-ravaged territories referred to above, are two loans to Chile totalling $16 million. One of the loans is for $13.5 million for hydro-electric development in Chile and the other for $2.5 million is for the purchase of agricultural machinery. Both the loans are to be guaranteed by the Chilean Government and are in accord with the objectives of the Bank. The first loan carries an interest rate of 3¼ per cent and runs for a term of 20 years; amortization payments will begin in the sixth year so as to retire the loan by maturity. The second loan carries an interest rate of 2¾ per cent and is for a term of six years and a half. As in the case of the other loans, the Bank will charge a commission of 1 per cent annually to be set aside in a special reserve fund.

The Bank sent a fact-finding mission to Poland to obtain general information and conduct technical studies of the economic and financial situation in that country in connection with her application for a loan. Missions were also sent to Brazil and the Philippine Republic, in accordance with the policy of the Bank of keeping itself informed of economic and financial developments in member countries.

Apart from the United States, which consented to the use of the whole of her paid-up capital for lending purposes, and Belgium which consented to the extension of a loan for $2 million in Belgian francs out of her paid-up capital, none of the other members has given approval to the Bank for the use of its capital amount for lending purposes. In the immediate future, therefore, the Bank will have to obtain funds from private investors for its operations. In July, 1947, steps were taken and an offer was made for public subscription in the U.S. market of two series of bonds at par, *viz.*, (*a*) an issue of $100 million with a maturity of 10 years bearing interest at 2¼ per cent and (*b*) another issue of $150 million with a maturity of 25 years bearing interest at 3 per cent. Despite the discouraging international political and economic situation, the Bank's bonds were heavily oversubscribed. The confidence of investors in these bonds was particularly strengthened by the fact that these were guaranteed by the uncalled 80 per cent of the U.S. subscription to the capital stock of the Bank. The U.S. Treasury Department has ruled that interest on bonds of the Bank paid to non-resident aliens or to foreign corporations not engaged in trade or business in the United States is not subject to Federal income-tax. It is contemplated that, in future, as world conditions improve, obligations of the Bank will be sold in the markets of other countries also.

15. MONETARY, PAYMENTS AND FINANCIAL AGREEMENTS

During the year, the United Kingdom entered into monetary and financial agreements with a large number of countries for the twin purpose of extending the area over which sterling is acceptable in payment for current transactions and settling her external financial claims and debts arising out of the war. In fulfilment of the obligation to make current sterling receipts multilaterally convertible, assumed under the Anglo-American Financial Agreement dated 6th December, 1945, the United Kingdom set up a system of Transferable Accounts to which adhesion of countries was sought by means of monetary and other agreements providing for their acceptance of sterling in payment for current transactions and for the transferability of their current sterling receipts. Such provisions were made in the agreements concluded with Italy, Spain, Norway, Finland, Czechoslovakia, and Sweden. According to the agreements with Norway and Sweden, the limits for the reciprocal credits were fixed at £5 million or equivalents in Norwegian and Swedish currencies respectively. It was also provided that Norway should maintain a balance of about £20 million in sterling up to 30th April, 1948 and that Sweden should maintain up to 31st December, 1949 a minimum balance of £25 million. In the case of Italy, transferability was restricted to the amount by which the balance in her No. 1 Account exceeded £10 million.

The agreements concluded by the United Kingdom with Egypt, India (*vide* para. 37) and Iraq in respect of their accumulated sterling balances generally provided for the setting up of No. 1 Accounts of these countries with the Bank of England to which were credited the agreed amounts of releases from the accumulated balances together with the current sterling receipts and the balances in which were made available for payment for current transactions in any currency area, and No. 2 Accounts in which the remainder of the balances was immobilised. The amounts equivalent to the value of the approved net capital movements from each of these countries to the rest of the sterling area (and to the sterling area in the case of Egypt) or *vice versa* were to be transferred from No. 2 Accounts to No. 1 Accounts or *vice versa*. The agreement with Egypt which was for a period of six months ending December, 1947 provided for a release of £8 million, in addition to a working balance of £12 million for meeting any temporary deficit in her balance of payments and a further release equivalent in amount to confirmed sterling credits outstanding at the time in the names of Egyptian importers. Egypt and the Anglo-Egyptian Sudan also left the sterling area. The agreement with India for the same period provided for a release of £35 million and a working balance of £30 million. Iraq with which an agreement was signed to cover a period of five years, was granted a release of £15 million of which an amount not exceeding £4 million was to be released in each of the first two twelve-monthly periods following 15th July, 1947 and the remainder in three equal annual instalments between July, 1949 and July, 1952. Other minor releases included the equivalent of sums paid on or after 15th July, 1947 by the Iraq Government in repayment of advances made to her by the Iraq Petroleum Company, a working balance of £2 million and a special release of £5 million intended to facilitate for the Government of Iraq the transition to the new arrangements.

With the suspension of the convertibility of sterling into dollars from 21st August, 1947, the framework of the United Kingdom's external financial relations required to be modified on a new basis and her agreements with certain countries were therefore re-negotiated with the object of limiting the drain on her foreign exchange resources. The agreement concluded with Belgium in November, 1947 raised the balance of sterling which she was prepared to hold from £5 million to £27 million. This modification and the removal of Belgium from the Transferable Accounts Group appeared to have been necessitated by the persisting favourable balance of payments of Belgium with the sterling area. An interesting provision of this agreement was that Belgium undertook to use part of her balances in sterling as her currency reserves. According to the fresh agreement negotiated with Sweden, no limit was placed to the holding of each other's currency till 30th April, 1948, between which date and 30th December, 1949 the limits were to be £8 million or its equivalent in Swedish kroner. On 31st December, 1949 (or on 31st December, 1948 in the event of the termination of the agreement between 1st May, 1948 and 1st October, 1948) the limits were to be reduced to £5 million or its equivalent. Each of these agreements provided that a reciprocal exchange guarantee should cover the currency of each held by the other and that the availability of sterling currently earned for payments for current transactions outside the sterling area and the respective monetary area shall be a matter of agreement between the two respective monetary authorities. In an agreement with Iraq for the period 15th July, 1947 to 30th June, 1948 which was designed to modify the provisions of the previous agreement in respect of the free availability of sterling in her No. 1 Account for payments in any currency area, the United Kingdom undertook to finance any balance of payments deficits which might arise between Iraq and certain hard currency territories (including Belgian and Portuguese monetary areas), while Iraq in turn agreed to restrict her commitments for payments in respect of current transactions to £986,000 between 1st October, 1947, and 30th June, 1948 with the Belgian monetary area and to about £4.3 million with the other specified territories during the period of the agreement. Agreements were also entered into with the U.S.S.R. and Poland providing for the settlement of the payments between these countries and the sterling area in sterling and for the availability of their current sterling receipts for payments outside each of them and the sterling area only as may be agreed between the monetary authorities of the United Kingdom and the respective country. A trade agreement was at the same time concluded with the U.S.S.R. providing for short and long-term programmes of imports and exports between the two countries. Other trade agreements entered into were those with Sweden, Switzerland and Belgium, these being largely to ensure that the restriction of their exports to the United Kingdom and their willingness to accept larger imports from the United Kingdom would facilitate the balance of payments adjustments between the United Kingdom and these countries. By an exchange of letters between the Governments of the United Kingdom and Portugal, Portugal was removed from the Transferable Accounts Group on 12th December, 1947.

Early in 1948, further agreements were concluded in respect of the accumulated sterling balances with Egypt, India, Pakistan and Argentina. The agreement with Egypt was extended to be in force till 31st December, 1948. The release for 1948 was to be £21 million; in addition, a sum of £11 million was provided to supplement the working balance of £12 million granted earlier. The sterling in Egyptian Transferable Accounts was to continue to be available freely for payments to the sterling area countries and other countries with Transferable Accounts; while agreeing to seek to ensure its availability to the widest possible extent for payments to other currency areas, the United Kingdom had promised to provide Egypt with a sum of £6.25 million in United States dollars against sterling. The United Kingdom also agreed to sell to Egypt against transferable sterling gold of the value of about $4 million needed by her to meet the gold commitments arising from her increased quota in the International Monetary Fund and increased subscription to the International Bank for Reconstruction and Development. The financial agreements with India and Pakistan, which covered the first half of 1948, provide for fresh releases of £18 million and £6 million respectively of which £10 million and £3.3 million will be convertible into dollars. While the working balance of £30 million previously granted to India was to be carried forward, Pakistan was granted a similar working balance of £10 million. In terms of the agreement concluded with Argentina, the Argentine Government has undertaken to supply to the United Kingdom certain essential food-and-feedstuffs of a total value of £110 million while the United Kingdom will facilitate the supply of coal and petroleum products, steel and certain categories of capital goods to

Argentina. With a view to correcting the persistent favourable balance of payments of Argentina with the United Kingdom, the Argentine Government agreed to give preference to supplies from the United Kingdom in its purchases and to accord most-favoured-nation treatment to imports from that country. It was also agreed that the Argentine Government would grant during 1948 prior exchange permits of the value of £10 million for the import from the United Kingdom of goods previously restricted. The United Kingdom agreed to make an advance payment of £110 million for the specified imports in order to facilitate the completion of the sale of British-owned railways in Argentina. A revaluation guarantee was granted to the balances in the B account with the Bank of England, similar to the guarantee on A account for the period ending 31st March, 1949. An agreement dated 15th July, 1947 relating to the use of accumulated sterling balances of Uruguay for the purchase of certain British assets in that country was ratified on 12th February, 1948. According to an agreement concluded between the United Kingdom and the Netherlands, the wartime debts of the latter due to the former are to be settled by the payment of 20 equal annual instalments of about £2.37 million each over the period 1st March, 1948 to 29th February, 1968. Provision is made for the postponement of these payments in the period prior to 28th February, 1953 in the event of a deterioration in the external financial position of the Netherlands, on condition, however, that the repayment of the outstanding balances shall be effected in equal annual instalments starting not later than 28th February, 1954 and ending on 29th February, 1968.

The agreement concluded with the Union of South Africa in October, 1947, which does not conform to any general pattern, provided for the granting of a gold loan of £80 million to the United Kingdom which is to be repaid in gold at the end of three years (unless otherwise agreed upon mutually). The rate of interest on the loan was agreed at one half of one per cent per annum. If, during the period of the loan, the gold reserves of the Reserve Bank of South Africa threaten to fall below the statutory minimum of £SA100 million, the United Kingdom is required to make anticipatory repayment with the object of ensuring the maintenance of the reserves at that level. The Union of South Africa is now herself responsible for any deficit which she might have with hard currency countries. The United Kingdom has promised to purchase from the Union in each of the next three years at least £12 million worth of certain processed foods, preserved fruits and wines. The two Governments also undertook to exchange information on the movement of capital from the United Kingdom to the Union and to take measures for the prevention of such capital transfers as are not deemed to be in their mutual interests.

16. INTERNATIONAL CONFERENCES

During the year, a majority of the international conferences related to the subject of food, indicating the high priority assigned to the problems arising from continued world shortage of food during the greater part of the year. The International Emergency Food Council met in Washington in May. At this meeting India's delegate pressed our case for larger allocations and delivery of foodgrains before September to enable the country to avert a threatened disaster. In the same month, the World Conference of Agricultural Producers was held at Hague, which stressed, among other things, the case for a closer integration of the agricultural programmes of the various nations with a view to securing greater stability of world price levels, ensuring food products, wherever they were in excess of immediate effective demand, against being converted into non-edible foods and preventing scarcities in some commodities and surpluses in others. Of special interest to India was the meeting of the Rice Study Group of the Food and Agricultural Organization held at Trivandrum from 16th May to 6th June; this Conference drew up the agenda, and prepared the material for the proposed Rice Conference which met on 1st March, 1948 at Baguio and decided, *inter alia*, on the creation of an international committee of scientists and technicians to improve the world's rice crops. The Special Cereals Conference, which met in Paris on 9th July, adopted, at the instance of the Indian delegation, a resolution on intensification of procurement of cereals and prevention of international profiteering in foodgrains. This was followed on 25th August by the Third Annual Conference at Geneva of the Food and Agricultural Organization, which unanimously decided on 11th September to establish a World Food Council, consisting of Government spokesmen, to replace the Executive Committee of the F.A.O., and to take over the functions of the International Emergency Food Council. The newly constituted World Food Council held its first meeting on 13th September and met again on 4th November when it appointed two committees, one to deal with immediate problems involved in securing food supplies from surplus countries, in maximising output of cereals and minimising non-human consumption of cereals, and the other committee, of which India was elected as a member, to deal with schemes of production in the various countries and to devise suitable measures for implementing them by securing the necessary technical personnel and material. At the International Wheat Conference, which was held in Washington on 28th January, 1948, proposals were made by Britain for an International Wheat Agreement (since concluded) which were supported by India ; the five-year agreement signed by 36 nations including India and released by the International Wheat Council on 6th March, fixes the maximum and minimum prices in respect of wheat exports of about 500 million bushels annually from the United States, Canada and Australia. The ceiling thus fixed is \$2 per bushel but the floor price of \$1.50 per bushel in the first year (i.e., 1948-49) is to be reduced by 10 cents every year thereafter. The agreement, which is subject to ratification by the Governments concerned, will come into force on 1st August, 1948. A mention may also be made here of the Sixth International Conference of Agricultural Economists held at Devon from 28th August to 6th September, attended by representatives of 20 countries including India and of the second session at Baguio on 24th November, 1947 of the Economic Commission for Asia and the Far East (appointed last year by the U.N. Economic and Social Council) which adopted a number of resolutions, among other things, on the collection of information, facilities for the training of administrative and technical personnel, initiation of studies relating to measures for the agricultural rehabilitation of these regions and the compilation of statistics in the various countries concerned. The U.N. Social and Economic Council met in New York in July, and approved, for inclusion in the agenda for the World Conference on Press and Information (since held), India's proposals for preventing cartelization of news agencies.

The 30th session of the International Labour Conference opened on 19th June, at which the delegate from India drew attention to the far-reaching changes which were taking place in this country and in Asia, and argued the case for a regional approach to the solution of the problems in backward countries with a view to improving the productivity and living standard of workers. The same case was also emphasised at the Preparatory Asian Regional Conference of the International Labour Office on 27th October, which is of special interest to this country as it was held in New Delhi and was opened by India's Prime Minister. The Conference accepted the report embodying the resolution on social security submitted by the Committee on Social Security and also passed, *inter alia*, a resolution stressing the paramount need for further intensification of the work done by the I.L.O. in the Asian sphere and, in particular, for securing to the Asian sea-farers proper conditions of living and work.

Other important conferences relating to trade as well as the meetings of the International Monetary Fund and the International Bank for Reconstruction and Development are referred to in paras 9 and 14.

PART II

INDIAN
CURRENCY AND FINANCE

INTRODUCTORY

The year under review will go down in India's history as the most momentous one having witnessed the emergence of this country as a free and independent nation on 15th August, 1947. The partition of the country into two Dominions, namely, India and Pakistan, however, brought in its wake a host of problems which became the major preoccupation of the authorities of the two new States, who also inherited the no less exasperating problems of reconversion and stabilisation left over by the war.

17. *Partition.*—The partition cut across the economic unity of India built up through over a century, the Indian Union's position, as compared with that of Pakistan, being rendered stronger in respect of industrial production and mineral resources but weaker in respect of raw materials like jute and cotton and agricultural resources, particularly food-stuffs. As regards the economic and financial issues arising from the partition, the Partition Council, which was set up immediately following the decision on 3rd June to divide the country, appointed a number of expert committees to work out the division of the assets and liabilities of the undivided Government, the arrangements for the management of coinage and currency, and the economic and trade relations between the two States. Agreements on some of these issues only could be reached by 15th August, the more complicated ones being left over for further consideration and for reference, in case of disagreement, to an Arbitral Tribunal. Most of these issues, such as the allocation of the public debt, the valuation of the railways and the division of the assets of the Reserve Bank of India, however, were settled out of court by 10th December, 1947. Pending final settlement of the long-range fiscal, financial and economic relations, the two Dominions, speaking broadly, decided to maintain *status quo* during the period ending 31st March, 1948, subject to any agreements on specific issues that in the meantime may be concluded between them. These Standstill Agreements related to, among others, the free movement of trade, a co-ordinated system of import and exchange controls and a common currency system managed by the Reserve Bank of India, while as regards the public debt of the undivided Government, the initial liability for all outstanding obligations as on the day of the partition was taken over by the Indian Dominion, subject to a settlement later with Pakistan.

Unfortunately, the developments immediately following the partition led to an outbreak of widespread communal disturbances in the northern parts of the country, especially in the Punjab and the North-West Frontier Province. The mass migration of minorities from one Dominion to the other and the strain it imposed on the financial and administrative machinery threatened, for a time, to paralyse economic activity, throwing all other issues into the background. The crisis, however, was averted by the prompt action taken by the Government of India, in co-operation with the neighbouring provinces and States, to mobilise all available resources to help the refugees by providing food and shelter and generally by assisting them to restart on useful careers in their new surroundings. With a view to providing financial assistance expeditiously and on reasonable terms to displaced persons to settle in business and industry, the Constituent Assembly (Legislative) passed on 2nd March, 1948, the necessary legislation to create the Rehabilitation Finance Administration which will work as a semi-autonomous body in close co-operation with the Central and Provincial Governments and banks, but will be financed and controlled by the Central Government.

18. *General Economic Situation.*—The third year after the war found the country still in the meshes of economic maladjustments. The progress of reconver-

sion slowed down, the general economic situation showing signs of further deterioration, particularly during the latter half of the year when the difficulties presented by the urgent problems of stabilisation were aggravated, as said before, by the still more urgent problems arising from the partition. The economic disorder that ensued, although attributable in part to causes of world-wide import, such as the dollar shortage and rising prices, was aggravated by the uncertainties political and other, that immediately preceded and followed the attainment of independence and which, in the peculiar circumstances of the partition, had a definitely unsettling effect on the economy of the country. Thus, the process of return to normal peacetime conditions was impeded by suspense, over the greater part of the year, pending the formulation by the Dominion Government of policies suited to the genius of an independent India, particularly in regard to industrial enterprise and the financial and monetary set-up, by the difficulties experienced in their efforts to bring about a labour-capital *rapprochement* and by the jolt administered to the country's financial and business mechanism by the fact of the partition and the disturbances that followed. This resulted in a general lack of confidence leading to elements of instability as reflected in the trends in share values and the general price level (*vide* Table 13) and in the further fall in production, while rising production costs in the face of declining output, coupled with higher Governmental outlays, mainly as a result of the partition, served as the two main factors further aggravating inflationary forces. This is reflected in the indices of note circulation and prices both of which registered, during the latter half of the year, marked increases comparable to those of the war period. Indeed, the situation became more complicated by the emergence of extensive pent-up demand, increases in wages and salaries, and the Government's policy of decontrol. To these may be added another factor, *viz.*, the re-imposition by the Government of a more restrictive import policy, particularly from July.

19. *Industrial Production.*—As remarked earlier, industrial production continued to be hampered partly by the lack of confidence engendered by the political and economic uncertainties and partly by the virtual non-availability of machinery and stores, shortage of raw materials, difficulties of transport and the frequent disputes between labour and capital. In these circumstances, the Tripartite Industries Conference held in December, 1947 considered the problem of labour-capital relations at length and adopted, *inter alia*, an important resolution calling for a three-year truce between capital and labour and providing for the creation of a comprehensive machinery (since created in May, 1948) for the study and determination of fair wages and conditions of labour and fair remuneration for capital. Other measures taken to step up production and in particular to restore the incentive to industry included (1) the grant of tax concessions to industry in the budget for 1948-49, (2) the assurances given from time to time by the authorities of their intention not to reverse their cheap money policy but to consolidate the gains hitherto made in that direction and (3) the passage by the Constituent Assembly (Legislative) on 13th February of a Bill to establish the Industrial Finance Corporation.

20. *Food Situation.*—The food situation which had been causing grave anxiety throughout 1946-47, took a turn for the worse early in the year under review. With procurement not yielding satisfactory results despite renewed efforts and the imports from abroad not coming up to expectations, a grave stage was reached by August, necessitating further drastic cuts by a number of provinces in their already attenuated scales of rations. The food crisis entered its grimmest stage soon after the partition of the country, threatening to lead to a breakdown of the entire system of rationing, which since its inception in 1943 had been extended to cover as many as 171 million people by August, 1947. The Government thereupon appointed early in September the Foodgrains Policy Committee and

TABLE 13.—STATISTICS (QUARTERLY) OF ECONOMIC AND FINANCIAL TRENDS IN INDIA AND PAKISTAN†

	1939-40	1945-46				1946-47				1947-48			
	II	I	II	III	IV	I	II	III	IV	I	II	III	IV
A. PRICE INDICES (Quarter-end figures)													
1. All primary commodities	111.9	240.3	243.8	251.6*	257.4	273.8*	277.4	281.8	300.2	301.5	302.9	325.6	359.9
2. Manufactured articles	116.5	244.7	243.1	235.2	242.8	240.7	247.5	279.1	275.2	277.7	283.5	290.7	312.7
3. General index	112.9	241.3	243.6	247.9*	254.2	266.2*	270.7	281.3	294.7	296.2	298.6	317.7	349.2
4. Bombay cost of living	106	235	240	242	247	259	270	279	269	278	299	285	284
5. Exports	61	134	129	126	142	147	147	161	178	206			
6. Imports	66	131	118	151	150	153	172	182	193	178			
7. Government securities	103.8	118.2	118.3	119.0*	119.2*	120.7	121.2	120.7	117.8§	117.9	117.4	117.4	116.5
8. Preference shares	127.8	183.5	187.4	189.0	191.3	200.5	200.9	197.6	191.5§	169.6	169.3	169.7	167.4
9. Variable yield securities	111.4	207.3	213.3	232.4	249.7	280.9	282.0	252.6	235.6§	200.3	182.4	192.4	178.0
10. Bullion :—													
(a) Gold (Bombay spot)	110.7	208.4	205.1	218.3	262.9	282.7	267.6	277.3	277.7	305.2	293.5	282.0	300.5
(b) Silver („ „)	123.3	273.5	281.3	277.7	329.0	356.0	357.0	329.4	340.2	359.3	338.4	351.1	351.1
B. FINANCIAL STATISTICS (In crores of rupees)													
1. Scheduled Banks††													
(a) Demand Deposits	133.1	615.3	634.7	668.6	699.6	706.4	737.5	744.6	713.6	672.4	686.4	721.0	746.8
(b) Time Deposits	101.6	229.9	248.4	269.0	290.8	306.4	316.1	328.4	341.6	348.9	343.8	343.2	339.6
(c) Cash and Balances with the Reserve Bank of India	28.4	116.2	126.7	128.7	127.2	125.9	131.6	119.5	112.5	136.7	146.5	147.6	132.2
2. Cheque clearings (Total)	490.6**	1,380.9	1,459.6	1,560.4	1,719.4	1,807.2	1,653.9	1,591.6	1,664.4	1,413.5	1,451.2	1,409.9	1,686.7
3. Notes in circulation (Quarter-end)	192.8	1,137.0	1,141.8	1,210.9	1,218.8	1,237.8	1,187.9	1,224.6	1,242.0	1,221.5	1,173.6	1,225.4	1,304.4
4. Absorption +) or Return (—) of Notes and Rupees	+12.7**	+56.1	+1.8	+70.5	+23.8	+24.4	—53.8	+36.7	+17.8	—22.6	—55.1	+48.0	+79.8
5. Sterling Holdings of Reserve Bank (Quarter-end)	78.1	1,424.5	1,540.8	1,667.7	1,724.3	1,698.0	1,651.9	1,622.8	1,612.5	1,571.2	1,522.3	1,518.5	1,528.0
6. Tax Revenue (April to Quarter-end)	34.3	66.8	121.3	179.4	308.7	45.7	93.3	171.3	296.4	59.7			
7. Defence Expenditure (April to Quarter-end)	21.0	93.8	191.2	286.3	376.4	63.8	127.0	188.3	238.1	45.4			
8. Rupee debt of Government of India :–													
(a) Rupee loans (Quarter-end)	427.7	1,286.0	1,395.0	1,454.0	1,499.7	1,519.3	1,236.8	1,469.0	1,531.8	1,534.4	1,535.5	1,520.4‡	1,520.7‡
(b) Treasury bills outstanding (Quarter-end)	59.8	73.0	57.1	66.0	83.3	52.4	76.8	63.5	77.6	76.0	80.0	101.3	98.7

* Estimated. § Relate to week ended 1st March. †† Average of weekly figures.

Items A. 1 to 3 : Week ended 19th August, 1939=100. Item A. 4 : July 1933-June 1934=100.

Items A. 5 to 9 : 1927-28=100. Item A. 10 : June-August 1939=100.

† Figures for the last three quarters of 1947-48 in respect of items A. 1-9 and B. 6-8 relate to India only. ** Including Burma. ‡ Provisional.

announced in December their revised food policy, which was one of progressive decontrol, based mainly on the above-mentioned Committee's interim recommendations, the more important of which included (1) complete decontrol of all cereals except rice, wheat, maize and millets and all pulses other than gram, (2) gradual curtailment by Provincial Governments of their commitments in regard to controlled distribution and rationing, (3) an increase not exceeding two rupees per maund in the procurement prices of controlled foodgrains and (4) early termination of Government's reliance on imports. The provinces commenced implementing the revised policy, the measure of relaxation adopted by them varying from province to province. They also pursued vigorously the Grow-More-Food campaign, while the Government of India took prompt steps including the negotiation of agreements with the Governments of Australia, Nepal and Pakistan for increased supplies of foodgrains. During the closing months of the year, with the general improvement in the world food position, the situation in India also seemed to ease, assisted partly by larger imports and partly by the wholehearted co-operation extended by surplus areas in making available larger quantities and thus enabling the Centre to raise its allocations to the deficit areas. In order to raise internal production, apart from the measures taken to initiate the short-term Five-Year Plan which has as its target the production of an additional four million tons annually (*vide* para. 20 of last year's Report), the Government of India also made a beginning during the closing months of the year in the direction of implementing their long-range plan by giving concrete shape to some of the multi-purpose river projects which combine irrigation, hydro-electric power and navigation. Thus, for example, the Damodar Valley Corporation Bill for the development of the Damodar Valley in Bihar and West Bengal (*vide* para. 19 of last year's Report) was passed on 18th February, 1948, while earlier in November the Government of India and the Government of Orissa decided to implement the Hirakud Project on the Mahanadi river (the work on which commenced in April, 1948), the former agreeing to grant loans to the latter to cover the capital costs estimated at Rs. 47.81 crores. Mention may also be made here of the decision of the Government of India to continue the scheme of advance grants to the provinces as announced in 1945, subject to their agreeing to spend from their own resources an equivalent amount (*vide* para. 47) for prosecuting their development plans, a majority of which are calculated to augment the agricultural wealth of the country and contribute to the consummation of the ultimate goal of self-sufficiency.

II. PRICES AND TRADE

21. *Price Trends in India.*—The rising trend in the general level of prices gathered further momentum, particularly during the latter part of the year, reflecting the continued increase in the inflationary pressure in the economy. This situation appeared to be the outcome of several economic forces. Money supply (comprising rupee coins, notes and bank deposits) tended to remain more or less stable during the first half of the year but spurted up sharply during the second half. This had the effect of further augmenting the cash balances of institutions and individuals accumulated during the war period and pressing against limited supplies of currently produced goods. Although the Government had almost balanced their revenue budget during the year, a sizable deficit in their capital budget appeared to act as a contributory factor. On top of these, there was an overall decline in agricultural and industrial production. Estimated production of foodgrains in the Indian Dominion including Hyderabad which averaged 43 million tons in 1942-46 dropped to 40 million tons in 1947. The output of major industries, such as jute manufactures, cotton textiles cement, paper, matches and chemicals indicated a decline from the previous year's levels. This was attributable, apart from the inadequacy of raw materials, capital equipment and transport, to civil disturbances, particularly in the North,

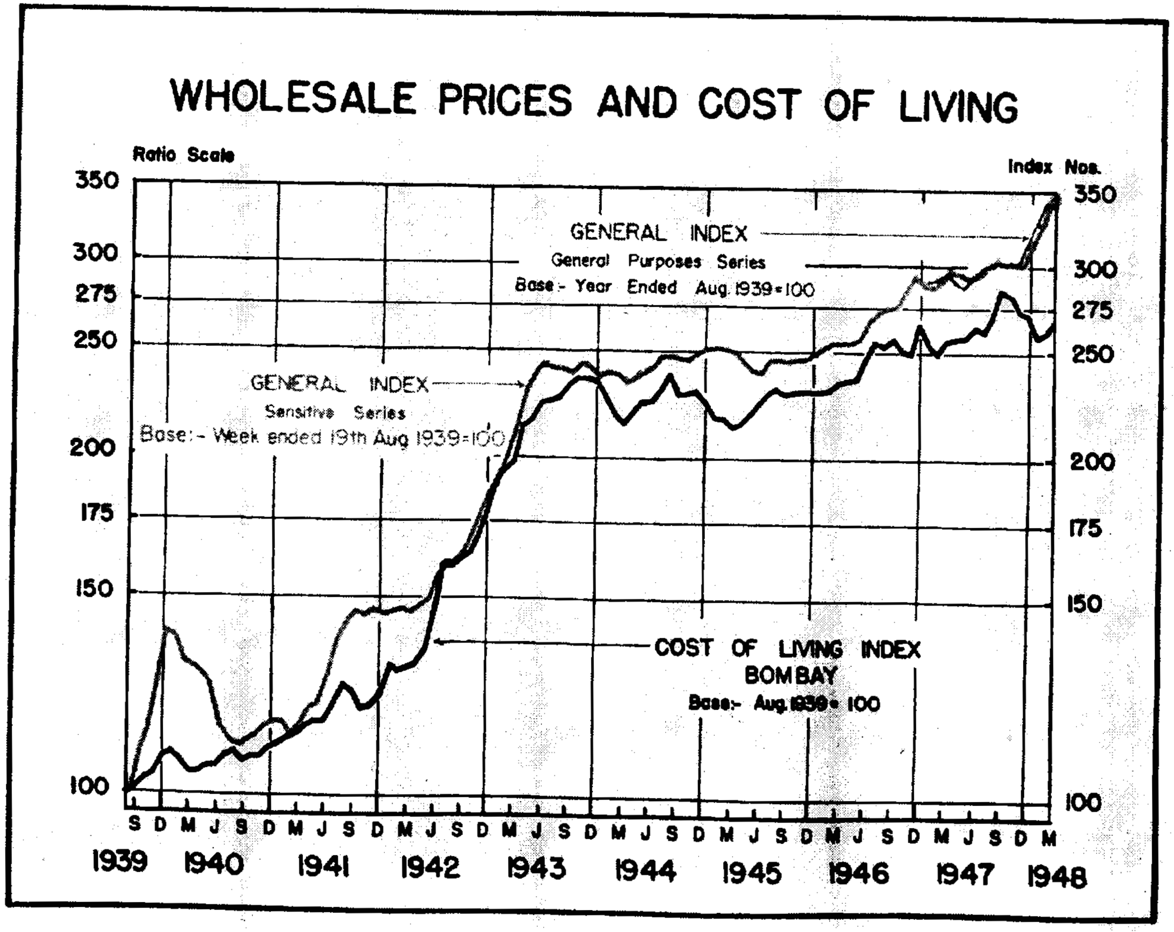
and industrial unrest, the latter having affected almost every industry and trade in the country. The number of industrial disputes rose from 1,593 in 1946 to 1,811 in 1947 involving a loss of 16.6 million man-days as against 12.7 million in the previous year. Against this background of decline in production, aggravated further by restrictions on imports necessitated by the gap in the country's external payments, increases in salaries and wages to meet a part of the rise in the cost of living allowed by private enterprise supported in certain cases by the award of industrial courts and by the Government, had the effect of increasing purchasing power and accentuating inflationary forces. As the continuance of controls, apart from the administrative defects in their working, tended to perpetuate conditions of relative scarcity, causing in turn the prices of the controlled commodities to rise, the Government, in order to tackle this vicious circle, announced towards the close of 1947, as remarked before, their policy of gradual decontrol in regard to foodgrains; earlier the Government had freed pulses and sugar from production and distribution controls and later decontrolled cotton, cotton cloth and yarn. Moreover, they revised in the upward direction the controlled prices of steel, cement and coal consequent on increased costs. These measures appeared to add to the already high inflationary pressure in the economy, although in the long run it was anticipated that the flow of hoarded goods to the market might restore the balance between demand and supply. With a view, however, to securing the maximum possible increase in industrial production to counter the inflationary forces, the Government summoned in December, 1947, an Industries Conference consisting of representatives of the Government, capital and labour for discussing a scheme of central planning of basically important industries. The Conference fixed production targets in regard to important industries and further recommended the setting up of a Central Advisory Council, a Priority Board and a Planning Commission or Development Board to supervise and execute the several schemes decided upon. It also adopted a resolution calling upon labour and management to maintain industrial peace and avert lockouts, strikes or go-slow tactics during the next three years. The Conference further recommended the fullest use of industrial courts and arbitration tribunals, the formation of central, regional and unit production committees for the determination of fair wages for labour and fair remuneration for capital and the constitution of works committees in all undertakings for settlement of day-to-day disputes. In addition, with a view to reducing consumption expenditure and providing incentives to producers for enhanced production, the Government in their budget for 1948-49 increased the excise duty on consumer goods, such as tea, coffee, matches, cigarettes, etc. and granted a measure of relief to industry by reducing the Business Profits Tax and the Capital Gains Tax.

The Economic Adviser's index number of wholesale prices (General Purpose Series) which had stood at 293.2 at the end of last year (*vide* Statement II), rose sharply to 342.3 by February, 1948 closing, however, for the year at 340.7. Except for occasional recessions, the rise in the general level of prices was continuous, the rate of increase having been accelerated during the last quarter of the year. The maximum rise during the year was recorded by the food index which had risen by 60.9 points from 286.2 in March, 1947 to 347.1 in March, 1948. Manufactured articles which stood at 324.5 at the end of the year recorded an increase by 53.6 points over the previous year-end level. Industrial raw materials and semi-manufactured articles which advanced respectively to 397.7 and 285.8 in March, 1948 showed increases of 34.8 and 36.9 points over the corresponding levels in the previous year. In contrast, the upward trend in the miscellaneous group noticed during the last quarter of 1946-47 was reversed, the index recording a fall by 41.1 points by the close of the year owing mainly to a fall in the prices of tobacco leaf, spices and condiments.

The Bombay cost of living index (*vide* Statement I) averaged higher at 268 during the year as compared with 252 and 228 in 1946-47 and 1945-46 respectively. The upward trend noticed since the close of last year continued till September, 1947 when it reached the peak level at 285. Thereafter, mainly as a result of a fall in the food group, the index declined sharply to 258 in January, 1948. Towards the close of the year, the index again resumed its upward movement following the increase in the clothing, fuel and food groups. The accompanying graphs depict the trends in the series of index numbers of wholesale prices issued by the Economic Adviser and the Bombay cost of living.

22. *India's Balance of Trade in Merchandise.*—The movements in the recorded foreign sea-borne trade during the year continued to be mainly influenced by the extension or relaxation by the Government of import and export trade controls. In view, on the one hand, of the growing deficit in the country's balance of trade, particularly with hard currency countries caused partly by the continued heavy imports of food on Government account and partly by the arrival of consumer and other goods in substantial quantities and, on the other, of the need to conserve the limited foreign exchange reserves for the import of more essential goods like industrial raw materials and capital goods, the Government tightened further the import control measures. The cancellation of Universal Open General Licence No. VIII in March, 1947 was followed up in May, 1947 by the abolition of Open General Licences Nos. I and III applicable to imports from Ceylon, Portuguese Possessions in India and areas adjacent to the land frontiers of India, and by the replacement during the same month of Open General Licence No. VII covering over ninety items of goods from the British Commonwealth countries in the sterling area (excluding the Union of South Africa) by a fresh Open General Licence No. IX covering a limited number of items. However, with a view partly to avoiding any impediment to the flow of trade and partly to enabling trade interests to meet their commitments entered into with foreign firms, the Government permitted the free importation of goods mentioned in the cancelled licences up to 30th June, 1947 and in some instances through notifications issued subsequently, extended the validity of the original licences in the first instance up to 30th September, 1947 and later up to 31st December, 1947. Capital goods, for which orders had been placed far in advance of the delivery dates, were accorded a special treatment and the licences for their import were extended up to 30th June, 1948. Owing to the revalidation of licences extending over a fairly long period, the effects of the tightening of the import controls were not fully reflected in the import values until the fourth quarter of the year 1947 up to which they continued to be at a high level.

After a comprehensive review of the operation of import trade controls introduced early in the year, the Government announced their new policy on 3rd July, 1947 for the shipping period July-December, 1947 which broadly classified imports into three categories, *viz.*, free, restricted and prohibited. Food, capital goods, certain raw materials for industry and essential consumer goods were allowed to be freely imported, while raw materials and consumer goods which were not absolutely essential were to be licensed only up to certain monetary values. Luxury items numbering over 200 were placed on the prohibited list. Towards the close of 1947, in view of the prevalent dollar shortage, the Government abandoned the policy of non-discrimination regarding the sources of imports, which had been a feature of import control and for the period January-June, 1948, drew a distinction between dollar and non-dollar sources of supply in the administrative arrangements for licensing to bring the imports from the dollar sources under more rigorous control. This resulted in a broad classification of imports into (*a*) those licensed freely from dollar and other hard currency countries,


WHOLESALE PRICES AND COST OF LIVING
Ratio Scale
Index Nos.
350
300
275
250
200
175
150
100
GENERAL INDEX
General Purposes Series
Base :- Year Ended Aug. 1939=100
GENERAL INDEX
Sensitive Series
Base:- Week ended 19th Aug 1939=100
COST OF LIVING INDEX
BOMBAY
Base:- Aug. 1939 = 100
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
1939
1940
1941
1942
1943
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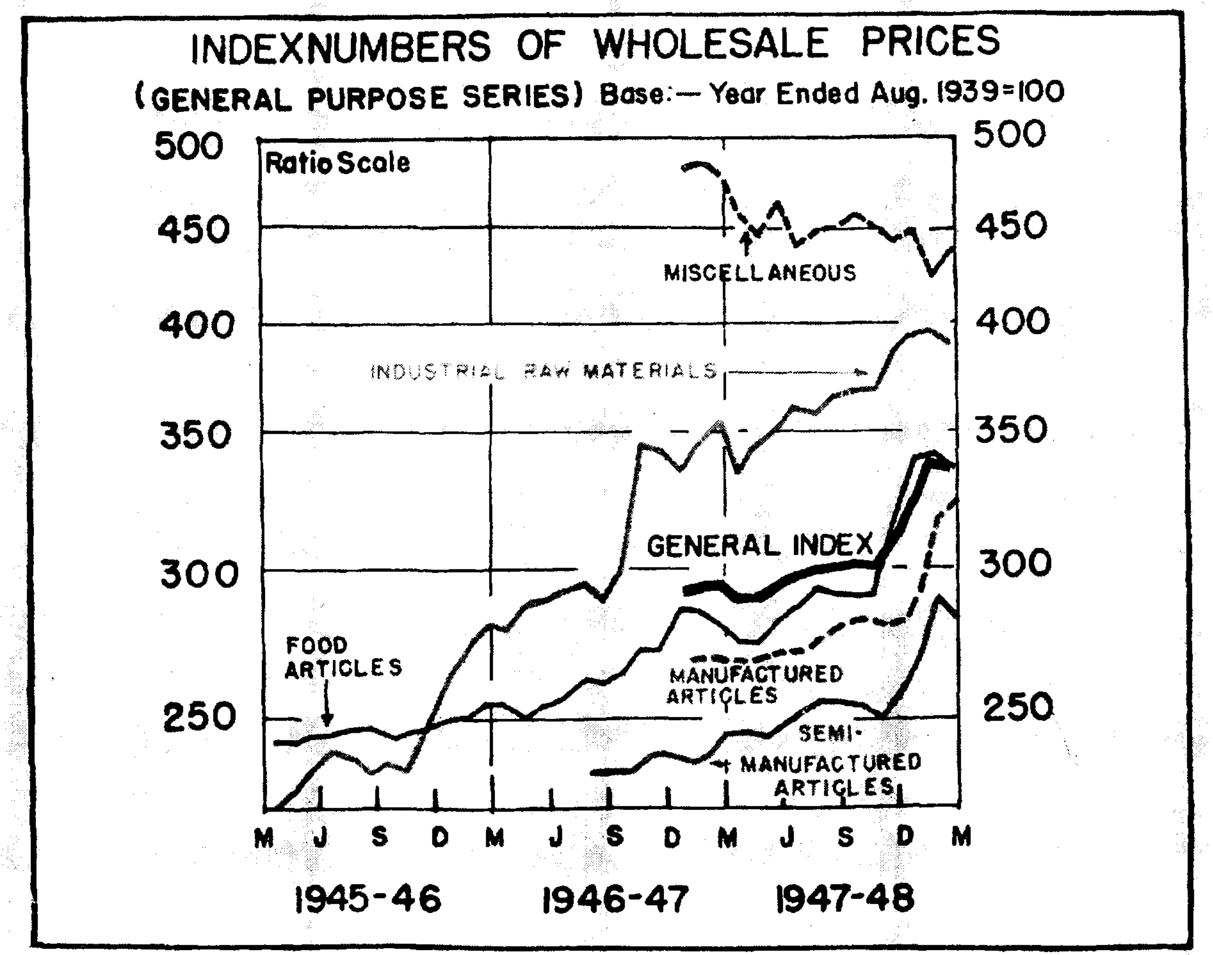
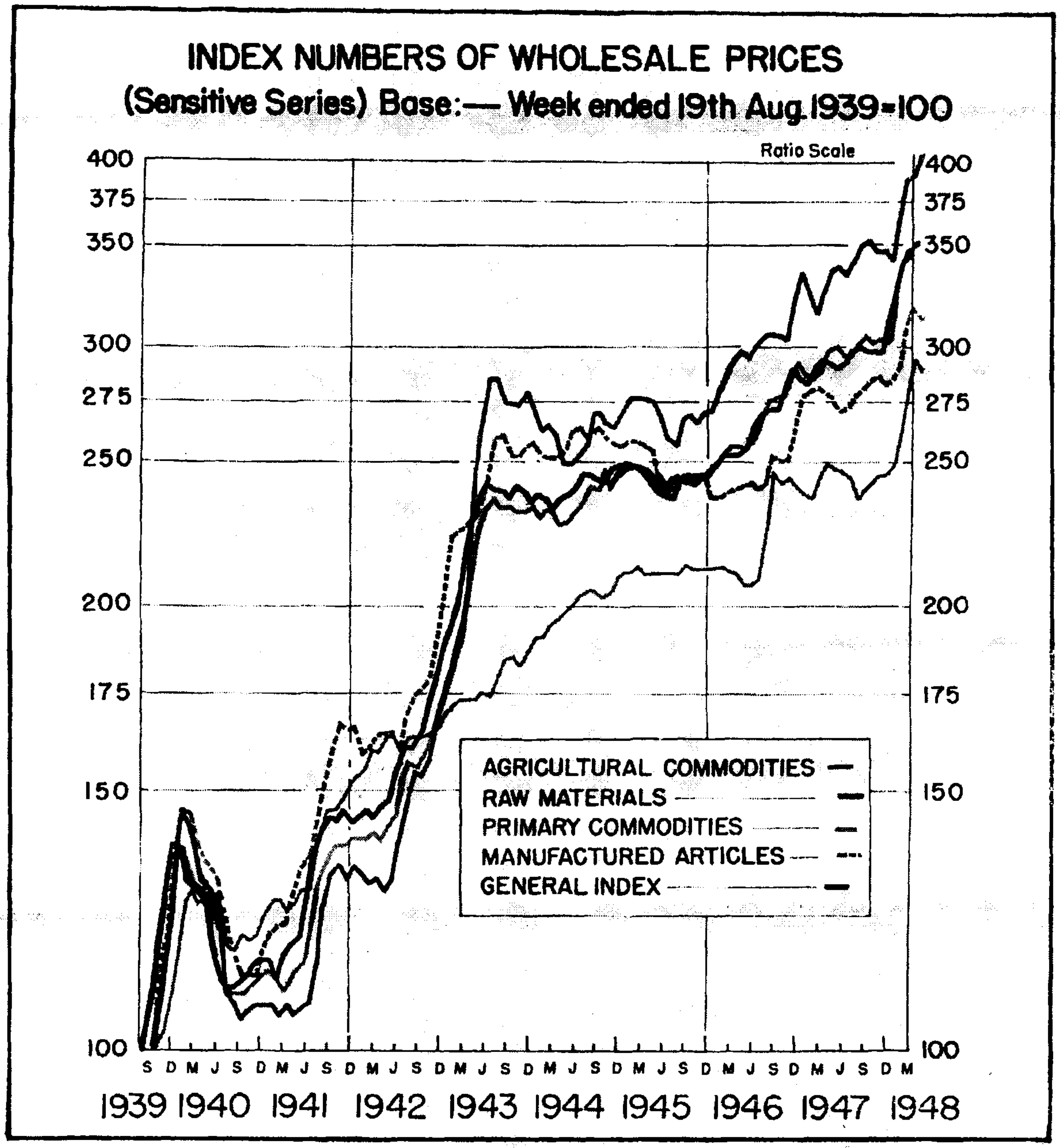
1945
1946
1947
1948


INDEXNUMBERS OF WHOLESALE PRICES
(GENERAL PURPOSE SERIES) Base:— Year Ended Aug. 1939=100
Ratio Scale
500
450
400
350
300
250
MISCELLANEOUS
INDUSTRIAL RAW MATERIALS
GENERAL INDEX
FOOD ARTICLES
MANUFACTURED ARTICLES
SEMI-MANUFACTURED ARTICLES
M J S D M J S D M J S D M
1945-46
1946-47
1947-48


INDEX NUMBERS OF WHOLESALE PRICES
(Sensitive Series) Base:— Week ended 19th Aug. 1939=100
Ratio Scale
400
375
350
300
275
250
200
175
150
100
AGRICULTURAL COMMODITIES
RAW MATERIALS
PRIMARY COMMODITIES
MANUFACTURED ARTICLES
GENERAL INDEX
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
1939 1940 1941 1942 1943 1944 1945 1946 1947 1948

(*b*) those licensed freely from sterling area and other soft-currency countries, (*c*) those licensed only up to certain monetary values from either hard currency countries or soft currency countries and (*d*) those which had been prohibited from all sources. Owing, however, to a slight improvement in the sterling exchange resources, control over imports from the sterling area, was relaxed to a limited extent in January, 1948 through an enhancement of the monetary ceiling on certain items. Further, in accordance with the principle of bringing as far as possible all imports within the purview of the revised arrangements, Open General Licence No. IX was cancelled with effect from 1st January, 1948. Following the termination of the Standstill Agreement with Pakistan on 29th February, 1948, a new Open General Licence No. X was introduced with a view to controlling imports from the Dominion of Pakistan also.

In pursuance of the policy adopted by the Government in November, 1945 of relaxing progressively control over exports, consistent with the domestic requirements, there was a further liberalisation of export controls during the year under review. Free exports of all varieties of raw cotton were allowed during the period June–November, 1947. In view, however, of the loss of finer varieties of cotton on account of the partition of the country and the increased domestic consumption, control over exports of large varieties of cotton, both medium and long-staple, was re-imposed. In respect of commodities, such as jute, jute manufactures, oil-seeds, oils and cotton piecegoods, controls were, however, retained on account of the disparity in the world demand for and supply of these commodities and also of the need to direct supplies to areas from where food purchases were largely made or to build up the country's dollar reserve. The overall quantitative limits operating on the controlled exports were raised as far as possible, as in the case of the export quota for cotton piecegoods, which for the half year January-June, 1948 was fixed at 200 million yards as against 300 million yards for the full year 1947. Groundnut exports which during the greater part of the previous year had been banned were allowed to a sizable extent during the year. Besides the liberalisation of quantitative restrictions and decontrol of many commodities, price controls in respect of various commodities intended for export were removed during the year, the only exception in this regard being cotton piecegoods sent to Australia, East Africa and Sudan in view of the agreements with those countries for supplies of food and raw cotton. In one respect, however, there was an extension of export control which was necessitated by the declaration of Pakistan as a foreign territory with effect from 1st March, 1948.

The long-term commercial policy of the Government of India continued to be one of co-operation with other nations (with the exception of the Union of South Africa) in bringing about an expansion and a balanced growth of world trade consistent with the developmental needs of the country. The Indian delegation played a notable part in the proceedings of the second session of the Preparatory Committee on Trade and Employment at Geneva and succeeded in seeking modifications of important articles in the draft charter such as Article No. 12 relating to foreign investments. In the absence of detailed exceptions provided to this article, the principle of most-favoured-nation treatment embodied in the draft charter would have enabled established foreign enterprises to object to certain desirable measures calculated to give special treatment to national enterprises. Although the Indian delegation was unsuccessful in securing the recognition of the rights of member countries to employ quantitative restrictions for protective purposes, it was mainly responsible for incorporating other major amendments in Article 13, which, in its amended form permits member countries to employ tariffs, subject to the concurrence of the proposed International Trade Organization, for domestic developmental purposes. The Indian delegation also took a leading part in the proceedings of the International Trade Conference at Havana, which was in session from 21st November, 1947 to 24th March, 1948 and which after long deliberations finalised the charter. One member of the delegation was elected as Vice-Chairman of the International Trade Organization Interim Commission. India has also been represented on the Executive Board which was elected by the Interim Commission.

The total value of the foreign trade of India (and Pakistan), according to the preliminary figures (*vide* Statement III) reached a record total of Rs. 869.10 crores during 1947, representing a rise of nearly 40 per cent over the previous year's level at Rs. 622.09 crores. While exports on private account rose by 35 per cent from Rs. 304.85 crores to Rs. 410.48 crores, imports recorded a relatively larger rise of 48 per cent from Rs. 264.85 crores to Rs. 393.60 crores. On the other hand, exports on Government account rose from Rs. 0.86 crore to Rs. 16.30 crores, while imports declined slightly from Rs. 51.53 crores to Rs. 48.72 crores. As a result, the unfavourable balance of trade (both on private and Government accounts) rose from Rs. 10.67 crores to Rs. 15.54 crores.

23. *Direction of Trade on Private Account (Excluding Re-exports)*. The accompanying Table shows the more important changes in the direction of India's trade and the balance of trade (excluding re-exports) with important countries and groups for the three years 1945 to 1947 and compares them with the pre-war position in 1938. The outstanding features of India's trade during 1947 were the emergence of an unfavourable trade balance with the United States of America as against a favourable balance in the previous year, the resumption though on a smaller scale of trade relations with certain European countries which were cut off during the war, the realisation of a substantial favourable balance of trade with the Commonwealth countries as against a small deficit in the previous year and the continuance of the deficit with the United Kingdom on a small scale. Although the share of the United Kingdom in respect of imports rose from Rs. 100.88 crores in 1946 to Rs. 118.23 crores, their proportion to total imports declined from 38.4 per cent in 1946 to 30.0 per cent during the year under review. The value of exports to that country, however, recorded a substantial rise by Rs. 39.44 crores to Rs. 109.48 crores, the percentage of exports to total exports also rising from 25.2 per cent to 27.5 per cent. As a result, the large trade deficit of Rs. 30.84 crores in the previous year was reduced to Rs. 8.75 crores during the year under review. The downward trend in the favourable trade balances with Canada and Australia noticed during earlier years was reversed during the year. While the value of imports from Australia at Rs. 10.13 crores remained almost at the same level as in the previous year, exports nearly doubled from Rs. 11.08 crores to Rs. 21.70 crores, resulting in a sizable export surplus of Rs. 11.57 crores as against Rs. 1.11 crores in 1946. Owing to a larger rise in the value of exports to Canada than imports from that country, there was a substantial improvement in the favourable balance from Rs. 8 lakhs to Rs. 2.59 crores. Trade with Burma showed a rapid rise during the year, the favourable balance with that country improving from Rs. 2.86 crores to Rs. 3.27 crores. The favourable balance of trade with Ceylon, however, showed a fall by Rs. 38 lakhs from Rs. 9.70 crores in 1946 mainly on account of a larger fall in exports than in imports. Trade with the Union of South Africa declined to negligible levels as a result of the continuing economic sanctions against her. The balance of trade with the Commonwealth countries as a whole was favourable by Rs. 22.73 crores as against the adverse balance of Rs. 8.20 crores in the previous year, the percentage value of imports from the Commonwealth countries showing a decline from 56.8 to 46.1 per cent. In contrast, India developed a large adverse trade balance with the United States mainly as a result of the sharp increase in imports from that country. Thus, while exports to the United States increased from Rs. 70.07 crores to Rs. 76.42 crores, imports

TABLE 14.—DIRECTION OF SEA-BORNE TRADE (PRIVATE) OF INDIA AND PAKISTAN.*

(In lakhs of rupees)

	1938			1945			1946			1947		
	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)	Imports	Exports (excluding re-exports)	Balance (excluding re-exports)
I. BRITISH COMMONWEALTH :												
1. United Kingdom	48,12	55,14	+ 7,02	50,43	64,02	+13,59	1,00,88	70,04	—30,84	1,18,23	1,09,48	— 8,75
Percentage ..	*31.4*	*34.1*	..	*21.2*	*29.3*	..	*38.4*	*25.2*	..	*30.0*	*27.5*	..
2. Burma	22,73	10,13	—12,60	..	..	..	3,75	6,61	+ 2,86	9,81	13,08	+ 3,27
3. Ceylon	1,09	5,06	+ 3,97	3,12	17,04	+13,92	4,31	14,01	+ 9,70	3,48	12,80	+ 9,32
4. Australia.. ..	2,04	2,95	+ 91	8,40	12,34	+ 3,94	9,97	11,08	+ 1,11	10,13	21,70	+11,57
5. Canada	70	2,04	+ 1,34	5,19	7,63	+ 2,44	6,86	6,94	+ 8	8,75	11,34	+ 2,59
6. South Africa ..	27	1,41	+ 1,14	2,80	7,39	+ 4,59	2,07	4,86	+ 2,79	12	2	— 10
7. Other countries ..	12,93	8,48	— 4,45	20,12	21,74	+ 1,62	21,27	27,37	+ 6,10	31,18	36,01	+ 4,83
Total Commonwealth countries	87,88	85,21	— 2,67	90,06	1,30,16	+40,10	1,49,11	1,40,91	— 8,20	1,81,70	2,04,43	+22,73
Percentage to Total Trade	*57.3*	*52.7*	..	*37.9*	*59.7*	..	*56.8*	*50.8*	..	*46.1*	*51.3*	..
II. FOREIGN COUNTRIES												
1. United States ..	11,41	13,43	+ 2.02	71,06	50,70	—20,36	46,41	70,07	+23,66	1,13,47	76,42	—37,05
Percentage ..	*7.4*	*8.3*	..	*29.9*	*23.2*	..	*17.7*	*25.2*	..	*28.8*	*19.2*	..
2. Japan	15,58	14,53	— 1,05	..	..	..	..	..	..	5	94	+ 89
3. Egypt	2,60	1,31	— 1,29	17,98	2,99	—14,99	12,63	2,36	—10,27	18,69	5,32	—13,37
4. Iran	3,41	66	— 2,75	51,30	1,29	—50,01	25,57	2,65	—22,92	26,29	3,78	—22,51
5. Other Foreign countries ..	32,54	46,55	+14,01	7,14	32,99	+25,85	28,86	61,56	+32,70	53,67	1,07,80	+54,13
Total Foreign countries	65,54	76,48	+10,94	1,47,48	87,97	—59,51	1,13,47	1,36,64	+23,17	2,12,06	1,94,26	—17,80
Total Trade	**1,53,42**	**1,61.69**	**+ 8,27**	**2,37,54**	**2,18,13**	**—19,41**	**2,62,58†**	**2,77,55†**	**+14,97**	**3,93,76†**	**3,98,69**	**+ 4,93**

* Provisional figures.

† The discrepancy between these figures and the figures as shown in Statement III on pages 128-9 is due to the non-receipt of revised figures relating to the country-wise distribution of trade.

rose more than proportionately from Rs. 46.41 crores to Rs. 113.47 crores, with the result that the export surplus of last year of Rs. 23.66 crores was converted into an import surplus of Rs. 37.05 crores. In addition, trade balances with Egypt and Iran continued to be unfavourable, the total deficits with these countries amounting respectively to Rs. 13.37 crores and Rs. 22.51 crores. This, however, was to some extent offset by the substantial favourable balances realised in respect of "other foreign countries", which increased during the year from Rs. 32.70 crores to Rs. 54.13 crores.

24. *Currency-wise Distribution of India's Trade.*—In the absence of multilateral convertibility of the world's currencies for current transactions in the post-war period, an analysis of the distribution of India's foreign trade classified according to the principal currency areas becomes significant from the balance of payments angle. The accompanying Table shows the direction of India's foreign trade on private account during 1947, according to the main currency blocs. It may be noticed that while India had a large favourable balance of trade with the sterling area and the rest of the world, she developed a trade deficit of Rs. 10.59 crores with the hard currency countries. This covered import surpluses of Rs. 30.86 crores with the United States and Dependencies and Rs. 7.73 crores with Switzerland and net export surpluses of Rs. 27.99 crores with the rest of the hard currency countries. If account is taken of the import of food by the Government from these areas the overall trade deficit with the hard currency countries might indicate a larger figure.

25. *Tariff Board.*—There was a change in the personnel of the Tariff Board during the year. Following the resignation of the President in July, 1947, the transfer of one member to New Delhi and the exercise by two others of their option to serve in Pakistan, the Government of India reconstituted the Board with a President and two members for a period of three years from November, 1947. In addition to its primary task of investigating the claims for protection or assistance of industries referred to it from time to time by the Government, the reconstituted Board was entrusted with two more functions, namely, (i) to report to the Government, as and when required, on the factors which lead to an increase in the costs of production of Indian manufactured goods as against imported articles, and (ii) to advise the Government, as and when required, on measures whereby internal production might be secured on the most economical basis.

At the commencement of the year, the Board had under its consideration applications from 19 industries and the Government referred to the Board, during the year, applications from two more industries, namely, Expanded Metal and Bobbins. Of these, the Board completed its investigation and submitted reports to the Government in respect of fourteen industries ; the Government, however, published their final orders on the following three industries :—

(i) Alloy Tool and Special Steels.

(ii) Rubber Manufactures (general rubber goods).

(iii) Cotton Textile Machinery.

The Government accepted the major recommendations of the Board in regard to these three industries and initiated the necessary steps to implement them. As regards Alloy Tool and Special Steels industry, the action taken by the Government included the levy, up to 31st March, 1949, of a protective duty of 30 per cent *ad valorem* on imports of special steels of British manufacture, the duty on non-British steel being adjusted according to the terms of the Indo-British Trade Agreement of 1939 and the fixation of fair selling prices for the various

TABLE 15.—CURRENCY-WISE DISTRIBUTION OF THE TRADE (IN PRIVATE MERCHANDISE) OF INDIA AND PAKISTAN, 1947§.

(In lakhs of rupees)

Area or Countries	Imports	Exports	Re-exports	Total Exports	Balance
I. STERLING AREA*	1,71,76	1,94,99	3,66	1,98,65	+ 26,89
Percentage	*44*	*49*	*31*	*48*	..
II. HARD CURRENCY COUNTRIES†	1,45,96	1,30,35	5,02	1,35,37	— 10,59
Percentage	*37*	*33*	*42*	*33*	..
United States and Dependencies..	1,13,47	77,71	4,90	82,61	— 30,86
Percentage	*29*	*20*	*41*	*20*	
Other American Account Countries‡	2,70	9,86	..	9,86	+ 7,16
Belgium	4,76	13,09	2	13,11	+ 8,35
Switzerland	8,97	1,23	1	1,24	— 7,73
Argentina	57	10,14	8	10,22	+ 9,65
Brazil	1,60	82	..	82	— 78
Others	13,89	17,49	1	17,50	+ 3,61
III. REST OF THE COUNTRIES	76,04	73,35	3,11	76,46	+ 42
France..	4,03	11,12	1	11,13	+ 7,10
Italy	8,89	5,88	2	5,90	— 2,99
Netherlands	3,72	4,70	3	4,73	+ 1,01
Czechoslovakia	1,65	2,99	2	3,01	+ 1,36
Arabia	55	4,45	26	4,71	+ 4,16
China	3,02	11,37	2,25	13,62	+ 10,60
Others	54,18	32,84	52	33,36	— 20,82
Total Value of Trade	**393,76** (a)	**398,69**	**11,79**	**410,48**	**+ 16,72**

§ Provisional figures.

* Includes all British Commonwealth countries (excepting Canada, Newfoundland, and the Anglo-Egyptian Sudan) together with Iraq, Iceland, Burma, Palestine and Faroes.

† Include all the countries of the North, South and Central America (excepting the European possessions), Philippines, Belgian monetary area, Portuguese monetary area (excepting possessions in India), Switzerland, Sweden, Japan and Joint U.K. and U.S. Zone in Germany.

‡ Include Mexico, Cuba, Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Haiti, Dominican Republic, El Salvador, Venezuela, Columbia, Ecuador, Peru, Bolivia, Chile and Philippines.

(a) The discrepancy between this figure and the figure as shown in Statement III on pages 128-9 is due to the non-receipt of revised figures relating to the country-wise distribution of trade.

kinds of steel, subject to re-examination by the Board towards the close of 1948. The Government also agreed to give an assurance of protection to the industry for the period ending 31st March, 1950. Two other recommendations of the Board, relating to the continuance by the Government of import control on steels up to 31st March, 1949 and the orderly disposal of the Government stocks, as also the refund of duty on future imports of machinery by the industry were still under the consideration of the Government. As regards Rubber Manufactures, the Government agreed with the Board that a comparison of the fair selling prices and the landed cost of the various items indicated that there was no need for protection to the industry for the present, particularly as the local producers were able to compete with the importers effectively in respect of most of the items. In regard to the Cotton Textile Machinery industry, as the Tariff Board could not offer any recommendation, owing to the non-availability of data on domestic costs because of the negligible volume of production, the Government authorised the Board to hold a fresh enquiry in 1948 after the industry had attained a sufficient volume of production.

Two other issues referred to the Board during the year related to the investigation into the prices of cotton cloth and yarn and steel. Following the decision to implement the Standardization Scheme regarding the manufacture of cotton cloth and yarn, the Government entrusted the Board with a comprehensive enquiry into the cotton textile industry. The terms of reference included, *inter alia*, (i) the ascertainment of the cost of production and fair ex-mill prices of the various types of cloth and yarn, (ii) the adjustments to be effected in them from time to time, and (iii) the measures for securing the co-operation of labour for increased production. These terms of reference were, however, curtailed later when the Government decided to adhere to a policy of decontrol in regard to cotton cloth and yarn. According to the revised terms, the enquiry was to be confined to an assessment of the cost of production and fair ex-mill prices and the formulation of an appropriate method for making adjustments in these prices from time to time. As regards reasonable prices of steel, the Government considered, in view of certain new facts brought to their notice which had not been taken into account by the Commodities Prices Board in rejecting the request of the steel industry for an increase in prices, that the question should be again enquired into by the Tariff Board. These two enquiries, however, were pending with the Board.

26. *Trade Agreements*.—Notwithstanding the partition of the country, the economic interdependence of the two new Dominions, particularly in the sphere of trade, made it incumbent on both the Governments, pending the negotiation of long-term agreements, to ensure the free flow of goods between them. An expert committee consisting of members from both the Dominions examined the question in all its bearings and on the basis of its recommendations, a Standstill Agreement was signed by the representatives of India and Pakistan covering the period ending 29th February, 1948. It generally provided that no departure from the *status quo* in regard to import and export controls and customs tariffs should be made by either Government without mutual consultation. Pursuant to this agreement, the Government of the Indian Dominion issued a notification on 1st November exempting the country's trade with Pakistan from the purview of the regulations governing imports and exports. The Government of Pakistan, however, in November, 1947 levied a duty on exports of raw jute to India over the land frontier equivalent to the duty on exports by sea. Following this measure the Government of India declared Pakistan to be a foreign territory with effect from 23rd December, 1947 for the purpose of levy of customs duty on the export of raw jute and jute manufactures from India to Pakistan, without prejudice to an amicable long-term settlement between the two Dominions in respect of

all matters affecting the free flow of trade between them. Following the termination of the Standstill Agreement on 29th February, 1948 Pakistan was declared a ' foreign territory ' and with effect from 1st March, 1948 India's trade with Pakistan was brought within the purview of regulations imposed under the Imports and Exports (Control) Act, 1947.

India was one of the signatories to the Trade Agreement concluded at Geneva during the year between twenty-three nations for reciprocal reduction of tariffs and preferences. As a result of this treaty, India's export trade in specified commodities, valued at Rs. 48 crores on the basis of 1944-45 figures, would benefit from concessions extended by other countries, while concessions which India in turn offered covered import items valued at Rs. 31 crores based on the same set of figures. The principal commodities in respect of which concessions have been offered to India include jute and jute manufactures, cotton manufactures, cashew nuts, mica, shellac, coir matting, sports goods, carpets, spices and condiments, essential oils, tea and tobacco. The concessions offered by India relate to a representative range of goods, including milk and milk products, canned food, fruit and vegetables, chemicals, drugs and medicines, coal-tar dyes, machinery (specified classes), motor cars and taxi-cabs (reduction of preference only), radio receiving sets and transmitters, typewriters and other office machinery, optical instruments, raw wool, fertilisers, domestic refrigerators and refrigerating machinery. The principles governing the offer of these mutual concessions were, "that they are demonstrably in the interests of the national economy, they should not relate to products which are protected or likely to receive protection during the next three years and they should not result in an excessive loss of revenue."

Trade relations with Japan, Roumania, Bulgaria and Germany were resumed during the year. Delegations were sent to Japan and Germany with the object of securing from the former cotton textiles and yarn and textile machinery in exchange for raw cotton and from the latter capital goods. An industrialist was also deputed to Moscow with a view to exploring the possibilities of developing trade in chemical fertilisers, general merchandise and dye stores and also of securing food imports, especially wheat. Two trade delegations, one from Burma and another from Egypt also visited India during the year.

III. BULLION

27. *Production of Gold and Silver.*—India's output of gold, which had been steadily declining during the war (*vide* Table 7), recorded an increase in 1947, the estimated production rising to 171,696* ounces valued at Rs. 4,92,48,429 as compared with 131,775† ounces valued at Rs. 3,48,90,251 in 1946. The wartime decline in the output of silver was also arrested in 1947 (*vide* Table 9) production being placed at 14,749* ounces valued at Rs. 54,724 as against an output of 9,821† ounces valued at Rs. 40,692 in the preceding year. The Dominion's share in the total world output of gold as well as silver, however, remained virtually unchanged at respectively 0.7 per cent and 0.01 per cent.

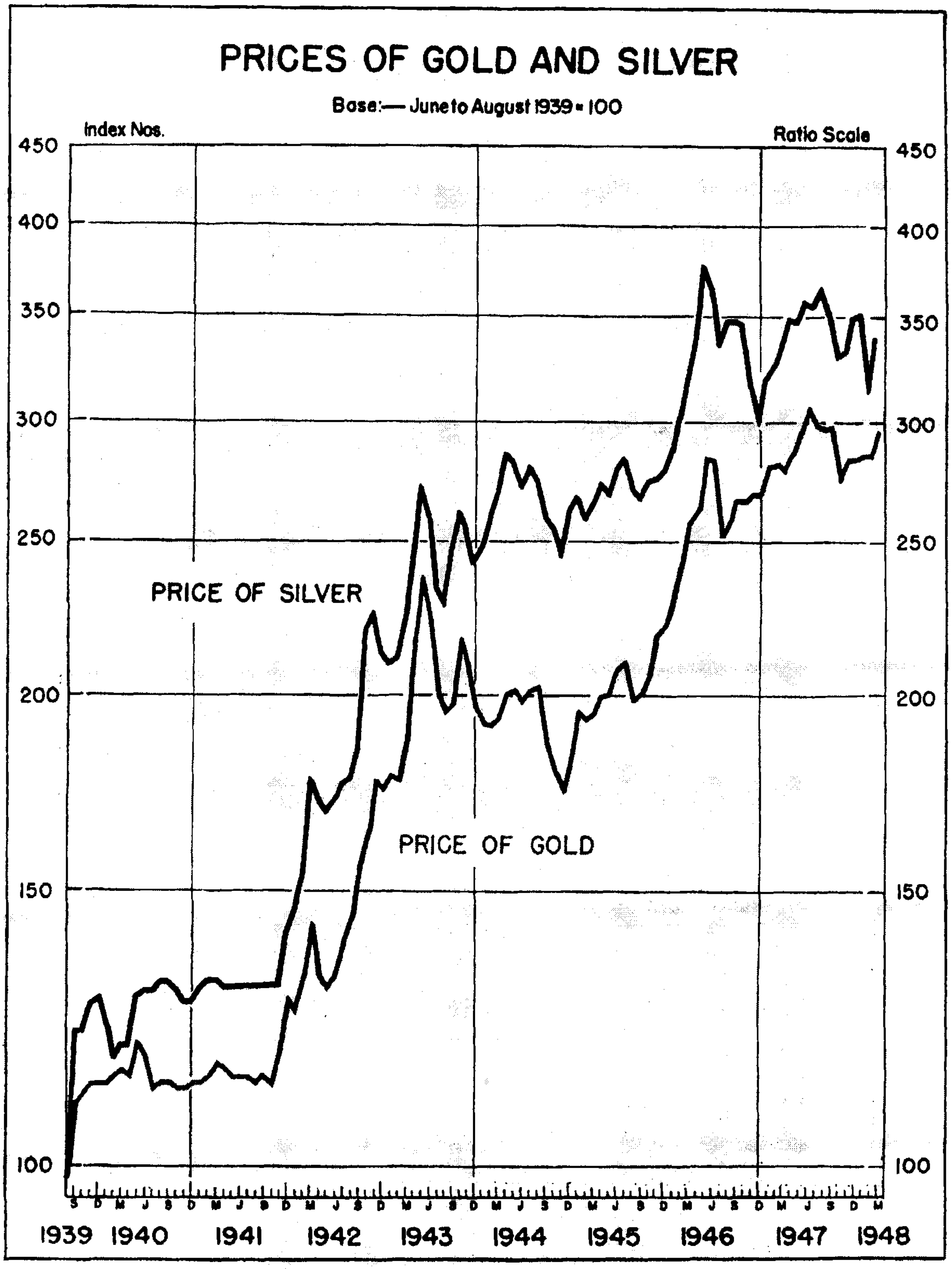
28. *Price Trends.*—In 1946, following the partial relaxation of the controls in regard to the import of precious metals, the Indian bullion market had to an extent shed its wartime insularity. But the re-imposition of restrictions on 6th March, 1947, meant the isolation, once again, of the Indian market from the rest of the world. Despite the inflow of some imports from time to time under licences issued prior to the ban, the quotations in the Bombay bullion

* Provisional. † Revised.

market ruled higher than in 1946-47 during the greater part of the year under review in case of silver and throughout 1947-48 in case of gold, which touched an all-time peak of Rs. 117-12-0 on 20th June. The average price for the year worked out higher at Rs. 108-0-4 for gold and Rs. 166-12-6 for silver, as against Rs. 101-1-2 and Rs. 162-4-10 respectively in the preceding year. There were occasional setbacks, for example, from the middle of May to the end of July in silver and from the close of August to the last week of October in case of both silver and gold, following heavy influx of supplies of both the metals as a result of conditions arising from communal disturbances in parts of the country. During the above-mentioned period of decline, the fall was more marked in silver. Silver also suffered a sharp recession in February, 1948 but staged a smart rally thereafter resulting in a rapid recovery by the end of the year. Despite these setbacks, the undertone of the market in both the metals remained bullish, owing to the operation of a number of bullish factors, including reports of the growing tension in the international political situation, the passage by the Constituent Assembly (Legislative) on 20th November of the Finance Minister's Bill for further tightening up the ban on bullion imports imposed under the Foreign Exchange Regulation Act, 1947, the introduction on 22nd March in the Constituent Assembly (Legislative) of the Estate Duty Bill and renewed rumours regarding possible devaluation of sterling. In the result, the spot prices of both silver and gold closed substantially higher for the year at Rs. 169-12-0 and Rs. 111-12-0 respectively as against Rs. 164-8-0 and Rs. 103-4-0 at the end of last year.

A point of special interest was the suspension during the major part of the year of official forward trading on the Bombay Bullion Exchange. The ceiling prices fixed by the authorities of the Bombay Bullion Exchange on 10th March, 1947 (referred to in the last year's Report), immediately following the imposition of the ban on bullion imports, were withdrawn on 10th April, 1947 by the Board of the Exchange acting on their own. The Merchants' Committee's disagreement with the Board's decision and the subsequent issue on 18th April by the Bombay High Court of an Order prohibiting the Board from enforcing their decision of 10th April brought about a deadlock, as a result of which, forward trading came to a virtual standstill and remained suspended from 12th May, 1947 to 26th March, 1948. During this period, private forward transactions on a fairly large scale, however, continued to be reported. From 26th March, 1948, in terms of an agreement between the Board and the Merchants' Committee, official forward trading was resumed under a new contract on a fortnightly basis.

During the year, the question of controlling and regulating forward trading in bullion received the serious attention of the Government of Bombay who, in pursuance of this objective, appointed a Committee of the Provincial Cabinet early in May. The Committee in their Report dated 6th February, 1948 recommended, *inter alia* (1) that the Government of Bombay should take action to apply to the Bombay bullion markets, the Bombay Forward Contracts Control Act, 1947, passed in November, 1947 (*vide* para. 73) and (2) that only one Association in the Bombay City should be recognised, preferably the Bombay Bullion Exchange, subject to an agreement by that institution to effect certain changes in its constitution on the lines of the East India Cotton Association (which has been recognised under the above-mentioned Act as the only Association for the purpose of forward trading in cotton). The Committee also recommended total abolition of "options" and the adoption, by the Exchange, of rules relating to trading hours, licensing of brokers, etc., on the lines of the East India Cotton Association. The Bombay Government have accepted these recommendations and have accordingly called upon the Bombay Bullion Exchange in April, 1948,


PRICES OF GOLD AND SILVER
Base:— June to August 1939 = 100
Index Nos.
Ratio Scale
450
400
350
300
250
200
150
100
PRICE OF SILVER
PRICE OF GOLD
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
1939 1940 1941 1942 1943 1944 1945 1946 1947 1948

to reorganize itself before June, 1948 on the lines of the above-mentioned recommendations. In case, however, the Exchange does not succeed in its attempt before the end of June, the Government of Bombay, it is stated, would themselves take necessary action to form a new Association in consultation with the three bullion markets in the Bombay City, *viz.*, (1) the Bombay Bullion Exchange, (2) the Marwari Chamber of Commerce and (3) the *Tukda Bazaar*.

29. *Price of Gold.*—The Table below shows the highest, lowest and average prices of gold in Bombay for each of the ten years 1938-39 to 1947-48.

Year	SPOT									SETTLEMENT								
	Highest			Lowest			Average			Highest			Lowest			Average		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
1938-39 ..	37	10	6	34	12	3	35	10	3	37	10	6	34	12	0	36	4	3
1939-40 ..	43	8	0	36	9	0	39	13	11	43	8	0	36	9	0	39	14	6
1940-41 ..	48	8	0	40	2	6	42	6	0	48	8	0	40	2	6	42	8	3
1941-42 ..	57	12	0	41	9	6	44	7	11	56	12	0	41	10	0	44	9	10
1942-43 ..	72	0	0	44	12	0	57	10	10	71	15	0	45	0	0	56	14	5
1943-44 ..	96	4	0	65	4	0	76	11	6	95	0	0	62	10	0	76	10	6
1944-45 ..	76	12	0	61	2	0	71	7	4	77	12	0	59	8	0	71	2	4
1945-46 ..	97	12	0	63	6	0	80	3	0	89	14	0	62	6	0	77	6	9
1946-47 ..	111	0	0	84	4	0	101	1	2	107	4	0	83	0	0	96	14	0
1947-48 ..	117	12	0	95	14	0	108	0	4		(a)			(a)			(a)	

(a) Official Forward Trading remained suspended from 12th May, 1947 to 26th March, 1948.

Statement IV shows the highest, lowest and average prices of gold (spot) and of sovereigns as also the estimated average stocks of gold in the Bombay market for each month of the year under review; trends in the spot prices of gold and silver during the years 1926-27 to 1947-48 are shown in Statement V.

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

The gold section presented a firm front during the greater part of the first quarter of the year under review, owing mainly to the absence of any sizable arrivals from abroad. Ready gold, which had closed last year at Rs. 103-4-0, spurted up to Rs. 109-12-0 on 26th April, 1947 and, after a temporary reaction to Rs. 107-8-0 on 1st May, moved up again rapidly, touching a new record level of Rs. 117-12-0 by 20th June, 1947 as against the previous year's peak of Rs. 111-0-0 reached on 25th May, 1946. Following a sharp decline in the New York and London Treasury prices of silver towards the close of June, an easy feeling appeared to have set in, which continued up to the end of July, the chief contributory factor being a marked fall in offtake in relation to arrivals. Ready gold declined from Rs. 117-12-0 on 20th June to Rs. 110-12-0 by 4th July and, after a temporary spurt to Rs. 113-8-0 on 11th July, slipped back to Rs. 107-14-0 by 24th July. Thereafter, for about a month, there was a revival of bullish enthusiasm based on expectations of a broadening of demand, the break of the drought conditions having removed the apprehensions entertained earlier of threatened famine conditions. The market fluctuated both ways in an upward trend, the ready rate improving to Rs. 112-7-0 by 22nd August. From the close of August, however, a recession set in mainly on distress selling from politically disturbed areas. Other contributory factors included the news from London of the reported decision by Britain for the sale of a part of her gold reserves for covering the deficit in the country's balance of payments and the announcement on 11th September by the Government of Bombay of their decision to introduce legislation for the regulation and control of forward trading in the stock, bullion and commodity markets. The ready rate, which had moved up to Rs. 112-7-0 on 22nd August, declined steadily thereafter, touching the lowest level of the year at Rs. 95-14-0 on 14th October. A recovery followed, the chief bullish factors being frequent reports of the growing tension in the international political situation, rumours regarding the Pakistan Government's concern over the steady outflow of bullion from that Dominion into India and the introduction in the Constituent Assembly (Legislative) of a Bill to amend the Foreign Exchange Regulation Act, 1947 with a view to further tightening up the ban on imports of gold and silver into India (*vide* para. 41). Also the statistical position seemed to have become very strong towards the close of the year with the daily average offtake exceeding daily arrivals, bulls being further assisted by the introduction in the Constituent Assembly (Legislative) on 22nd March of the Estate Duty Bill and renewed rumours regarding possible devaluation of sterling. The ready rate, which had slumped to Rs. 95-14-0 on 14th October, recovered to Rs. 102-12-0 by the 28th of that month and to Rs. 108-2-0 by 28th November, despite occasional setbacks. The undertone continued to be firm throughout the rest of the year, the rise being particularly marked during March when the gain amounted to over Rs. 4. The ready rate closed for the year appreciably higher at Rs. 111-12-0 as compared with the last year's closing level of Rs. 103-4-0.

The range of fluctuations in the ready rates for gold in the Bombay market during the year was Rs. 21-14-0 as against Rs. 26-12-0 in the preceding year, the highest and the lowest rates during the year being Rs. 117-12-0 (on 20th June) and Rs. 95-14-0 (on 14th October) as against Rs. 111-0-0 (on 25th May) and Rs. 84-4-0 (on 17th July) in the preceding year.

30. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta mints respectively received from the public and the banks 191,286 tolas and 73,238 tolas for melting and assaying as against 140,492 tolas and 27,928 tolas in 1946-47. The Bombay mint received 2,935,643 tolas of raw gold for refining as against 2,001,116 tolas in the previous year.

31. *Price of Silver.*—In the Table below are given the highest, lowest and average prices of silver in Bombay during the ten years 1938-39 to 1947-48.

Year	SPOT			SETTLEMENT		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39 ..	53 1 6	48 2 0	51 11 3	52 15 6	48 2 0	50 14 8
1939-40 ..	66 4 0	44 7 6	55 4 9	67 0 0	43 13 6	55 6 5
1940-41 ..	64 13 0	54 10 0	62 8 0	65 2 0	54 13 0	62 0 5
1941-42 ..	97 6 0	61 12 6	66 11 4	91 6 0	61 12 6	65 0 0
1942-43 ..	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 9	141 4 0	111 12 0	127 2 7
1945-46 ..	159 6 0	118 0 0	135 1 11	157 14 0	117 0 0	135 15 4
1946-47 ..	195 0 0	127 0 0*	162 4 10	179 10 0	122 4 0	153 10 4
1947-48 ..	183 13 0*	142 8 0	166 12 6	(a)	(a)	(a)

* Unofficial.

(a) Official Forward Trading remained suspended from 12th May, 1947 to 26th March, 1948.

Statement VII shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks in Bombay for each month during 1947-48.

The early part of the year witnessed a sharp rise in the price of the white metal, a special contributory factor being the announcement by the Government of India on 3rd April of their decision to tighten up the ban imposed earlier on 6th March, 1947, by prohibiting imports of silver manufactured articles, jewellery and silver ornaments. And despite the adoption of legislation by the Government of India on 10th April authorising the issue of one rupee coins in any metal, and amending the Indian Coinage Act of 1906 which had restricted the minting of rupee coins to silver, the ready rate which had closed at Rs. 164-8-0 on 31st March, 1947, moved up rapidly thereafter, touching the highest level for the year at Rs. 183-13-0 by 28th April. The beginning of May, however, witnessed a sharp fall, induced mainly by large arrivals from abroad under some of the outstanding licences issued prior to the ban imposed on 6th March. The ready quotation thereupon fell to Rs. 170-8-0 on 1st May, and, after fluctuating between Rs. 161-8-0 and Rs. 173-4-0 up to 11th June, moved up again to Rs. 179-8-0 by the 20th of that month, following the reported decision by the Government of Mexico to purchase domestic silver at the rate of two million ounces a month for coinage purposes. Thereafter, prices tended to be on lower levels ranging between Rs. 179-0-0 and Rs. 168-8-0 until 1st September when, following distress selling from politically disturbed areas, a distinctly downward trend set in, the ready rate declining to Rs. 154-6-0 on 25th October. The low level attracted fresh support from bulls, who had by this time formed a powerful syndicate to buy up floating stocks. The process of recovery was further assisted by the developments in the internal political situation, the ready rate recovering to Rs. 170-4-0 by the end of December. This level was more or less maintained up to February when the market registered a precipitate decline, on apprehensions of a recrudescence of communal troubles and on continuous heavy arrivals of silver from upcountry, with little or no demand. Banks were also reported to have demanded higher margins on loans made by them against silver. A heavily over-bought position had been created and a rift between the members of the bull syndicate led to an orgy of selling, driving the ready rate to the lowest level of the year at Rs. 142-8-0 on 9th February. Thereafter, a process of recovery set in, the bulls regaining their hold on the market, assisted by a number of factors including a rapid tightening of the statistical position, the growing tension in the international as well as the internal situation, renewed rumours of possible devaluation of sterling and expectations of smaller arrivals from Pakistan following the Government of India's declaration (on 28th February, 1948) of the Dominion of Pakistan as a foreign country for purposes of levying customs duties. The ready rate closed for the year higher at Rs. 169-12-0 as against the last year's closing level of Rs. 164-8-0.

The range of fluctuations in the rates for ready silver during 1947-48 was Rs. 41-5-0 as against Rs. 68-0-0 in the preceding year.

32. *Assaying and Refining of Silver.*—The Calcutta Mint received 3,090,520 tolas of silver for melting and assaying during the year as against 1,254,008 tolas in 1946-47. The receipts by the Bombay Mint were lower at 910,959 tolas as compared with 1,476,115 tolas in 1946-47. The quantity of silver received for refining during 1947-48 at the Bombay Mint also decreased to 54,982,162 tolas from 72,306,322 tolas in the previous year.

33. *Imports and Exports of Bullion.*—Statements VIII and IX give the average quantity and value of imports and exports of gold coin and bullion as also of silver for each quinquennium from 1900-01 to 1929-30 and for each of the financial years from 1930-31. Statements X and XI give monthly figures relating to imports and exports of gold as well as of silver for the calendar year 1947.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

34. *Sterling Transactions.*—Statement XII shows the sterling transactions of the Reserve Bank of India month by month during 1947-48. There were net purchases of £91.48 million during the year as against net sales of £65.54 million in the previous year. Purchases of sterling exceeded sales throughout the year except during June and July. The monthly net purchases during the first half of the year were lower at £7.17 million as against £84.31 million during the second half, reflecting the delayed effects of the import restrictions tightened in the early part of the year and the rapid expansion in exports in the later part. There were heavy net purchases in January and February, the peak level having been reached in the latter month at £29.48 million.

35. *Exchange.*—The Reserve Bank continued to buy sterling T.T. from banks for delivery within six months at 1*s*. 6*d*. and to sell for ready delivery at 1*s*. 5-63/64*d*. The Bank also sold sterling for delivery up to six months forward at 1*s*. 5-31/32*d*. but the demand for forward sterling from banks was negligible.

In the sterling exchange market, banks' quotations to the public 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. Banks continued to quote forward buying rates for delivery up to one year, the T.T. buying rate for the last three months being quoted at 1*s*. 6-1/16*d*. as against the rate of 1*s*. 6-1/32*d*. for the first nine months. The forward selling rate for sterling T.T. for delivery up to six months remained unchanged at 1*s*. 5-15/16*d*.

The London/New York cross rate, which was fixed at 4.02¾ selling and 4.03¼ buying on 13th January, 1947, remained unchanged, the corresponding rupee rates in India being quoted at Rs. 331⅞ per $100 selling and Rs. 330 per $100 buying.

Transactions in other foreign currencies in the Indian market were few, except for a certain amount of business in Canadian dollars for which the rates quoted were the same as for U.S. dollars.

36. *Developments in Exchange Control.*—There were no changes in the basic principles of exchange control during the period under review but its scope was greatly extended. In terms of the clause providing for "Transitional Arrangements", the International Monetary Fund allowed member countries, if they deemed it necessary for rehabilitating their economies, to continue exchange control restrictions for a period of three years on current transactions as well as on the multilateral convertibility of their currencies. The Government of India availed themselves of this option and advised the Fund of their decision to maintain control.

A delegation from the Government of India at the secretarial level proceeded to London early in July, 1947 to conclude the sterling balances negotiations inaugurated in February, 1947 when a delegation from the United Kingdom had visited India. Pending the completion of these negotiations, it was found necessary to impose restrictions on transfers of capital from India to the United Kingdom and other sterling area countries to prevent a flight of capital from India. The general permission given for transactions in sterling area currencies was accordingly cancelled and the opening of new accounts in such currencies by persons domiciled in India was made subject to the Reserve Bank's permission. Certain restrictions were also introduced on remittances to sterling area countries, particularly with a view to checking capital transfers. The export control procedure prescribing realisation of the full proceeds of all exports through the medium of an authorised dealer in foreign exchange was extended to all countries outside India with the exception of Afghanistan, Nepal, Tibet, French and Portuguese India. The restrictions on the export to the hard currency countries of jewellery, precious stones, currency notes and foreign exchange were also extended to the export to sterling area countries. The despatch of currency notes by post was completely prohibited and the general permission for the export of currency notes was confined to the taking out of such notes by travellers. The general permission for the export of securities to sterling area countries and for their transfer to residents of the sterling area was also withdrawn as from 4th August, 1947.

37. *Financial Agreement with the United Kingdom.*—The negotiations with the United Kingdom were concluded during the second week of August and a Financial Agreement between the Government of India and the Government of the United Kingdom, covering the period up to 31st December, 1947, was signed on 14th August, 1947. Under the terms of the Agreement, which became effective from 15th July, the Reserve Bank of India opened two accounts, namely, No. 1 and No. 2 Accounts with the Bank of England. The total sterling assets of the Reserve Bank of India were fixed at £1,160 million as at the close of business on 14th July, 1947 which amount was credited to No. 2 Account. Out of the balance in this account, an amount of £65 million comprising an initial release of £35 million for current purposes and £30 million as a working balance was credited to No. 1 Account. The Agreement provided that the balance in No. 1 Account would be freely available for payments in respect of current transactions in any currency area and would therefore be fully convertible for current purposes. Any sterling received after the date of the Agreement in respect of current transactions and any sums transferred from No. 2 Account in reimbursement of capital payments agreed to under Articles IV and VIII of the Agreement were to be credited to this account. No. 2 Account was not to be used for current transactions and operations on it were to be confined to certain agreed transfers of a capital nature. In view of this arrangement, it became necessary to regulate the expenditure of the balance in No. 1 Account, and although India continued to remain within the sterling area, restrictions were imposed on remittances in sterling and sterling area currencies on the same lines as those in force for non-sterling area currencies. However, remittances of capital by sterling area nationals retiring from India to their own countries were permitted as such amounts were eventually payable out of the balance in No. 2 Account. Certain restrictions were also placed on the operations by authorised dealers on their holdings of sterling, and fresh investments by them in sterling or sterling area currency securities including Treasury bills or the placing of sums on fixed deposits with banks in London were made subject to the prior approval by the Reserve Bank of India. Sales or maturities of these investments were required to be reported to the Reserve Bank. Restrictions were also placed on the granting of loans and overdrafts in India against items of security lodged outside India in order to prevent evasion of control on capital transfers.

A delegation from the United Kingdom visited India in January, 1948 for further negotiations with the Government of India regarding the sterling balances following which the Financial Agreement was extended up to 30th June, 1948 by letters exchanged between them on 15th February, 1948. Under the terms of the extended Agreement, a sum of £18 million was transferred from No. 2 Account to No. 1 Account for purposes of current expenditure up to 30th June, 1948. As requested by the delegation, with a view to co-operating with other members of the sterling area in conserving the foreign exchange resources of the area by restricting the country's expenditure in hard currency areas (which have been defined to include almost the whole of the American Continent, the

Belgian monetary area, Japan, the Philippines, the Portuguese monetary area, Sweden, Switzerland and Liechtenstein), the Government of India also agreed to purchase part of their requirements of U.S. dollars from the International Monetary Fund and so limit their expenditure in hard currency areas in the first six months of 1948 as to ensure that such expenditure would not exceed receipts from those territories together with the dollars which might be purchased from the Fund, by more than £10 million, the amounts to be paid to the Fund as charges not being included in this calculation. This restriction introduced a new factor in India's relationship with the sterling area which so far had permitted each of its members to draw on the foreign exchange resources of the area according to its needs.

38. *Pakistan.* On the partition of India, the Reserve Bank in its capacity as bankers to the Government of Pakistan also became the authority responsible for the administration of exchange control in Pakistan. However, as it was intended to set up an independent exchange control for Pakistan, it was decided by agreement between the Governments of the two Dominions that from 1st January, 1948 each Dominion would separately retain her own foreign exchange earnings and meet her foreign exchange expenditure out of such earnings. Proceeds of all exports from ports in Pakistan from 1st January, 1948 therefore accrued to Pakistan and from ports in India accrued to India. Similarly, payments for all imports through ports in Pakistan were paid out of the foreign exchange resources of Pakistan and imports arriving through ports in India were paid for out of the resources of India. Other earnings or disbursements of foreign exchange were similarly allocated to the Dominion in which the recipient or the remitter resided. A special form G.R.P., as distinct from form G.R. used in India, was introduced for declaration of exports from Pakistan. The proceeds of exports from India had to be received through banks in India and the proceeds of exports from Pakistan through banks in Pakistan. The same conditions applied to all transactions in foreign exchange which after 1st January, 1948 had to be effected through the medium of authorised dealers in the Dominion to which the transactions related.

A Financial Agreement similar to the one concluded with the Government of India on 15th February, 1948 was concluded by the United Kingdom delegation with the Government of Pakistan too. In terms of this Agreement, the Reserve Bank opened with the Bank of England a new account entitled "Reserve Bank of India Pakistan Account No. 1". There were to be transferred to this account (*a*) from No. 2 Account sums agreed upon between the Governments of Pakistan and the United Kingdom to be made currently available to Pakistan and (*b*) from No. 1 Account, a sum determined in accordance with the Agreement reached between India and Pakistan for the maintenance by the Reserve Bank of separate accounts for the current expenditure and earnings of foreign exchange of the two Dominions *plus* a sum determined by the Reserve Bank to represent receipts on behalf of Pakistan from 1st January, 1948 to the date of the opening of the Pakistan Account No. 1 *minus* a sum similarly determined to represent Pakistan's payments during the same period. In all other respects, the account is similar to the Reserve Bank of India No. 1 Account, and has been used for the current transactions of Pakistan.

A sum of £6 million was transferred to the Pakistan Account as the release for the first six months of 1948, in addition to the transfer of a working balance of £10 million and the share of the balance to be carried forward from the release for 1947. Out of this sum, the Government of Pakistan agreed to restrict, during this period, their net hard currency drawings to a total of £3.3 million. Any capital transfer made from Pakistan to the United Kingdom or any of the sterling area countries other than India is to be reimbursed from the common No. 2 Account of the Reserve Bank of India to the new Pakistan Account No. 1.

39. *Ex-Enemy Territories.*—During the course of the year, orders were issued by the Government of India permitting the resumption of commercial and financial transactions with the remaining ex-enemy countries with which trade relations had not so far been permitted, *viz.*, Roumania, Germany, Bulgaria and Japan, following which these countries ranked *pari passu* with other countries outside the sterling area for purposes of exchange control. With the resumption of private trade, these countries also automatically became subject to the Government of India export control notifications and all exports to these countries had to be declared on G.R. or P.P. forms.

In the case of Germany and Japan, all trade payments were canalised through special official accounts subject to the supervision of Government organizations. Trade with Germany was supervised by the "Joint Export/Import Agency", a Military Government Organization, and all contracts and documents were required to be approved by them. Payments in respect of trade with the Joint Zones of Germany were made through the Bipartite Finance Panel which maintained accounts entitled "The Military Governments for Germany (U.S./U.K.) Joint Export/Import Account" with the Bank of England and certain other banks in the United Kingdom. All payments in respect of trade with Japan passed through the accounts in the name of SCAP (Supreme Commander for Allied Powers) which were opened with the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China. As from 12th February, 1948, Formosa has been grouped with China and treated for exchange control purposes on the same basis as China.

40. *Travel.*—Foreign exchange for travel outside the sterling area for purposes of business, education and health continued to be sanctioned on the previous scales but in view of the dollar stringency which developed during the year, applications for travel to the United States and other difficult currency countries were subjected to closer scrutiny. On the introduction of exchange control restrictions on remittances to sterling area countries, scales of allowances for travel for personal reasons were fixed for Indian nationals as from 1st September, 1947. A fixed quota of £400 per adult and £200 per minor, which was subsequently raised to £600 and £300 respectively in March, 1948, was made available over a period of three years to be computed from 1st September, 1947. This quota could be utilised for personal travel in any sterling area country or in any country outside the sterling area other than the Continent of America, the Philippines, Japan and Germany for which no foreign exchange for personal travel was allowed, and the difficult currency countries of Europe, *viz.*, Switzerland, Sweden, Portugal and Belgium, for all of which only a combined total amount of £75 per adult and £35 per minor to be deducted out of the fixed quota was permitted. In addition to the above, Indian nationals were allowed an annual limit of Rs. 1,000 per adult and Rs. 500 per minor, which was subsequently raised to Rs. 2,000 per adult and Rs. 1,000 per minor in March, 1948, for travel to countries in the vicinity of India, *viz.*, Iran, Saudi Arabia, the Dutch East Indies, Ceylon, Malaya, Burma, Iraq and Aden.

Sterling area nationals were allowed to draw their leave salaries and current income for travel to countries within the sterling area and, for travel to countries outside the sterling area, an amount of £75 per adult and £35 per minor per annum was allowed, but these facilities were not available for travel to the Continent of America, the Philippines, Japan and Germany. This amount could be utilised in all or any of the non-sterling area countries other than the above but was not to exceed £75 in all in the case of adults and £35 in the case of minors. In addition to the above, they could also draw Rs. 2,000 per adult and Rs. 1,000 per minor per annum for travel to Iran, Saudi Arabia and the Dutch East Indies.

Foreign nationals visiting countries whether within or outside the sterling area on leave were allowed Rs. 5,000 per adult and Rs. 2,000 per minor either in the currency of a country within the sterling area or in that of the country of domicile.

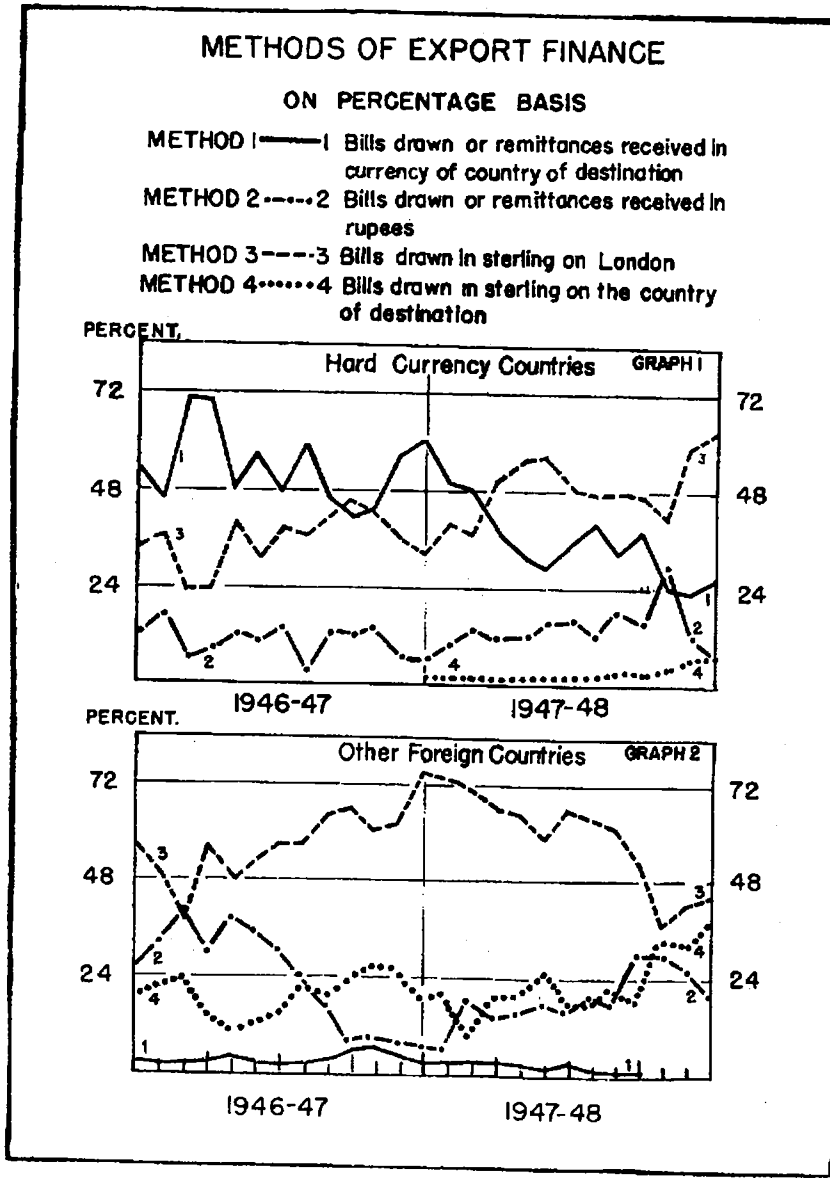
In order to ensure that the triennial quota fixed for personal travel might not be exceeded, arrangements were made for the endorsement by authorised dealers in foreign exchange under their stamp and signature of the amount of foreign exchange availed of by travellers on their passports and the amount of foreign exchange in the possession of travellers was checked with the endorsements on their passports by the customs authorities at the time of departure from India.

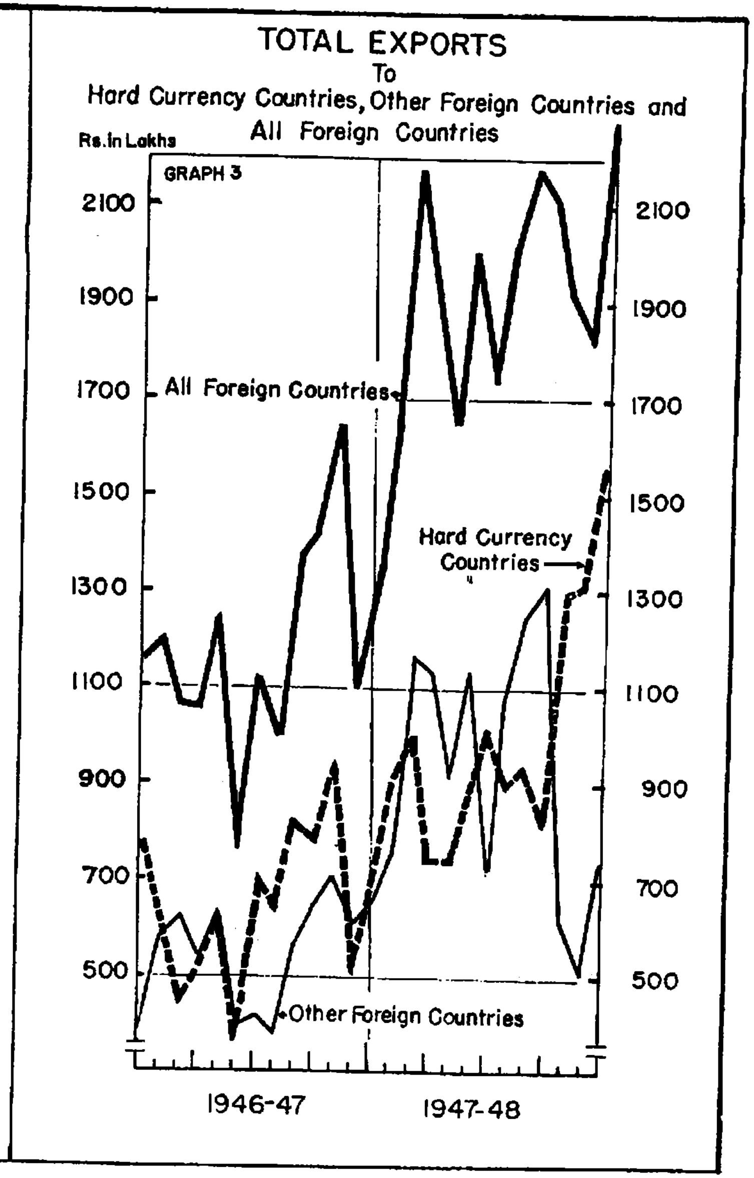
In view of the difficult foreign exchange position, the facilities given to post-graduate students proceeding for advanced studies abroad to take their families with them were withdrawn in respect of the difficult currency countries. The facility allowed to foreign nationals to make remittances for the maintenance of their families to any foreign country as well as to remit their funds on retirement from India in any foreign currency was also withdrawn after which facilities were confined to remittances to their own countries and in their own currencies except in the case of Stateless refugees who are allowed to take with them £5,000 on emigration to the United States.

41. *General.*—Section 8 (1) of the Foreign Exchange Regulation Act was amended in December, 1947 by the addition of an explanation thereto which makes the import of gold or silver into any port in the provinces of India without the permission of the Reserve Bank of India illegal even though the gold or silver so brought is in transit to a place outside this country. In order to exempt from the purview of this Section consignments of bullion in transit from one foreign country to another carried in ships touching Indian ports, which it was not meant to prohibit, the Reserve Bank of India issued a notification on 21st January, 1948 giving general permission to bring or send gold or silver by sea or air into any port in the provinces of India, provided the gold or silver is in transit to a place outside India, Pakistan and the Indian States, and is not removed from the carrying ship or aircraft except for the purpose of transhipment.

42. ***Methods of Export Finance.***—The accompanying two graphs show on a percentage basis the various methods used to finance exports to countries outside the sterling area subject to the notification requiring the surrender to an authorised dealer in foreign exchange of the export value of the goods. Graph I covers shipments to hard currency countries and Graph II shipments to other countries.

Graph I shows that the tendency noticed in the previous year for an increasing proportion of trade with hard currency countries to be financed by sterling bills on London continued up to August, 1947 but thereafter it became less pronounced until January, 1948, when the inclusion in the hard currency group of Belgium, the Belgian Congo, Canada, Newfoundland, Japan, Portugal and the Portuguese Possessions, Sweden and countries in Central and South America, the major portion of the exports to which used to be financed in sterling, brought about a steep rise in the proportion of trade financed in this manner. As regards the other foreign


METHODS OF EXPORT FINANCE
ON PERCENTAGE BASIS
METHOD 1 Bills drawn or remittances received in currency of country of destination
METHOD 2 Bills drawn or remittances received in rupees
METHOD 3 Bills drawn in sterling on London
METHOD 4 Bills drawn in sterling on the country of destination
PERCENT.
Hard Currency Countries
GRAPH I
72
48
24
1946-47
1947-48
PERCENT.
Other Foreign Countries
GRAPH 2
72
48
24
1946-47
1947-48


TOTAL EXPORTS
To
Hard Currency Countries, Other Foreign Countries and All Foreign Countries
Rs. in Lakhs
GRAPH 3
2100
1900
1700
1500
1300
1100
900
700
500
All Foreign Countries
Hard Currency Countries
Other Foreign Countries
1946-47
1947-48

countries, a corresponding fall is noticed in Graph II in the proportion of trade financed by sterling bills on London. In Graph II, a notable feature is the appreciable rise in the proportion of trade financed in rupees at the beginning of the period, which, except for a fall in the month of June, more or less maintained itself during the course of the year and reached a peak in December, 1947. Thereafter, there was a gradual decline but the rise in the proportion recorded in the beginning of the year was maintained. The percentage of trade financed by sterling bills declined after January, 1948 owing to the re-grouping of certain Continental countries in the hard currency area, as stated calier.

The third graph on the same page shows total exports to the countries covered by Graphs I and II. Exports rose to record heights in May and November, 1947, followed on both occasions by sharp declines which were to some extent due to labour disputes and the temporary dislocation resulting from changes in the quota system. These were, however, only temporary setbacks and the upward trend brought about by the Government of India's export drive, which was noticeable from the beginning of the year, was more or less sustained throughout the year and rose to an all-time peak in March, 1948.

V. PUBLIC FINANCE

43. *General.*—The Table on page 74 brings out the outstanding features of India's revenue and expenditure (*vide* also the diagram facing page 74) during the years 1938-39, 1939-40, 1944-45, 1945-46, 1947-48 (interim and revised) and 1948-49, the last two covering the post-partition India. Following the partition an interim budget was introduced in November, 1947, covering the period 15th August, 1947 to 31st March, 1948 and this as well as the budget for 1948-49 reflect the problems created by it. Expenditure continued to be high, partly due to the slowing down of demobilization as a result of the need for maintaining larger forces on account of riots and civil disorder. There was also need for providing substantial amounts for the evacuation, relief and rehabilitation of the refugees from the Pakistan provinces. Subsidies on foodgrains had to be continued. The combined result of these factors was that a substantial surplus that might have been possible otherwise, actually seemed likely to result in a deficit. It was, however, realised that in the context of inflationary conditions it was essential at least to reduce the deficit, if not to aim at a surplus. There was also, at the same time, the need to stimulate production, and the budget had to be so devised as to ensure that while the level of taxation was reasonably high on the wealthier sections, a genuine margin was left for savings which would flow back into investment and thereby add to the wealth of the country. Further, both the Central and Provincial Governments have need to extend the scope of State activities and the budget had to balance these various considerations of a conflicting character.

A. BUDGETS

CENTRAL GOVERNMENT :

44. *Accounts*, 1946-47.—Final accounts for the financial year 1946-47 are not yet available as the accounts of the undivided Central Government have not so far been finally closed.

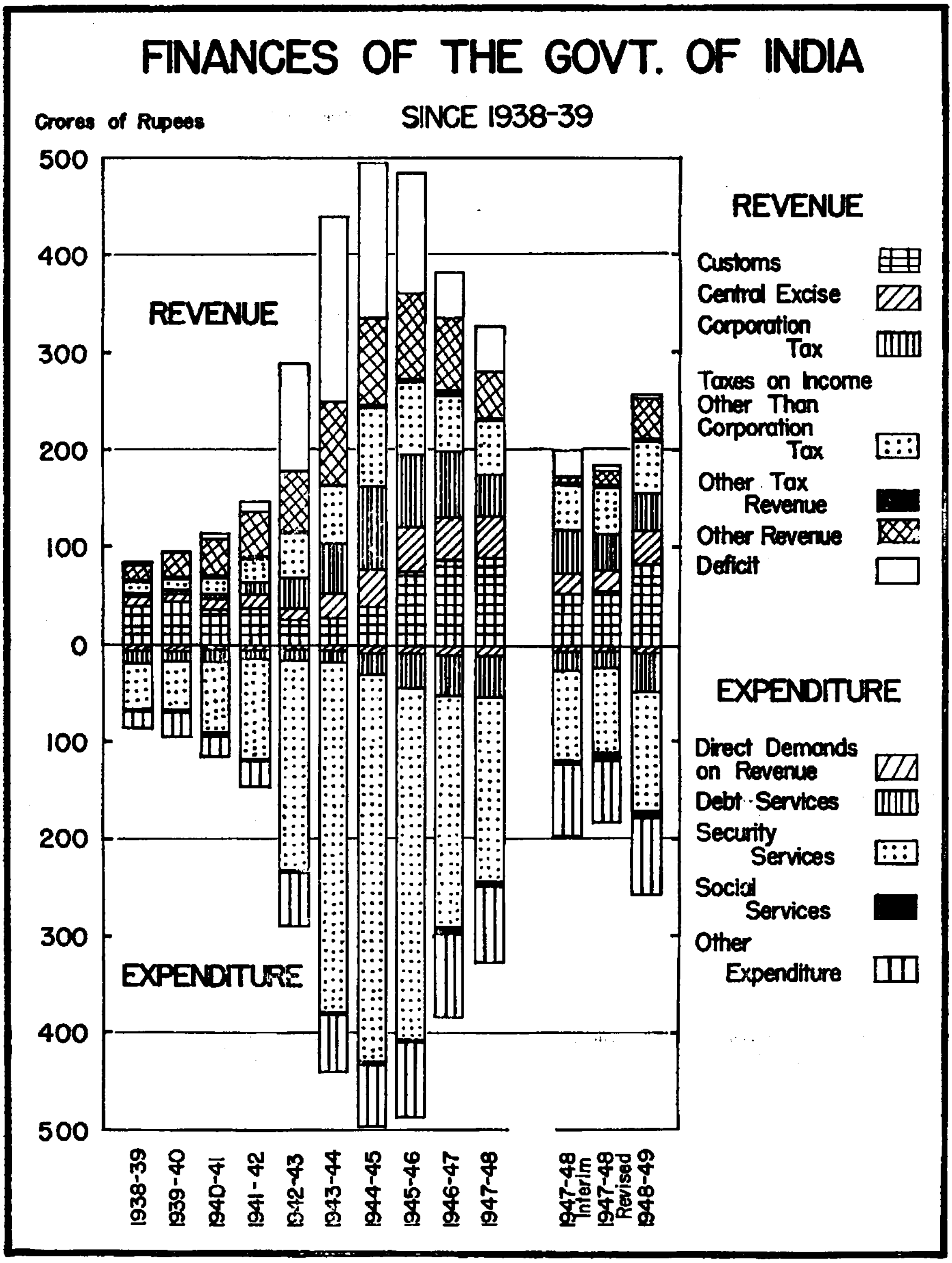
45. *Interim Budget Estimates*, 1947-48.—The first budget of the new Indian Dominion introduced in the Constituent Assembly (Legislative) on 26th November, 1947 covered the period 15th August, 1947 to 31st March, 1948. The necessity for the presentation of an interim budget arose from the fact that, with the division of the country and the emergence of two independent sovereign States, the standing

TABLE 16.—INDIA'S PUBLIC REVENUE, EXPENDITURE AND DEBT.

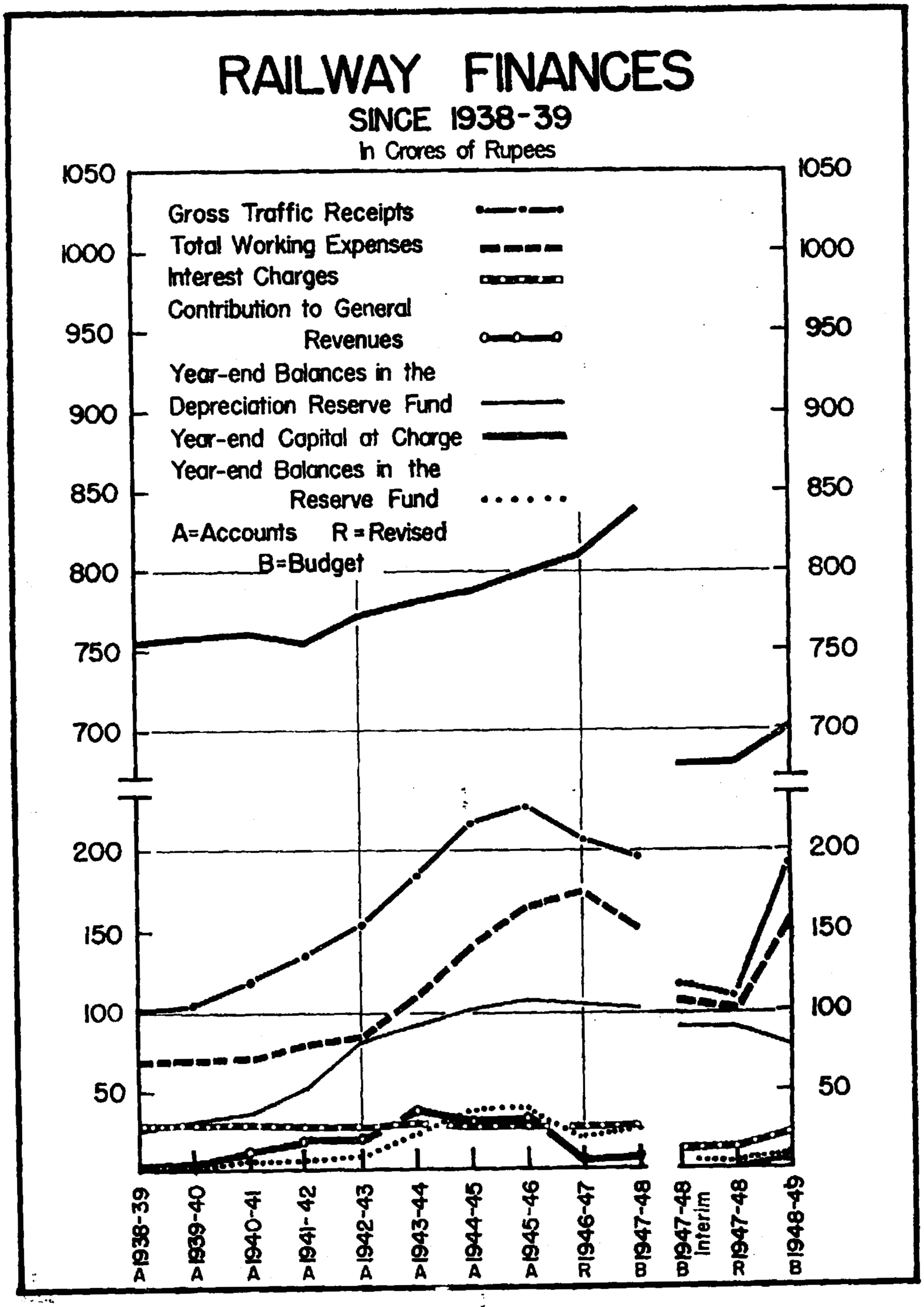
(In crores of rupees)

	1938-39	1939-40	1944-45	1945-46	1947-48† Interim	1947-48† Revised	1948-49‖ Budget
I. CENTRAL GOVERNMENT BUDGET							
(1) Revenue	84.52	94.57	335.57	360.67	172.80	178.77	255.24*
(2) Expenditure	85.15	94.57	496.71	484.57	197.39	185.29	257.37
(3) Surplus (+) or Deficit (—)	—0.63	....	—161.14	—123.90	—24.59	—6.52	—2.13
(4) *Percentage of* (1) *to* (2)	*99.3*	*100.0*	*67.6*	*74.4*	*87.5*	*96.48*	*99.17*
II. TOTAL GOVERNMENTAL OUTLAYS	85.15	98.57	970.38	894.20	197.39	185.29	257.37
Percentage of I (1) *to II*	*99.3*	*95.9*	*34.6*	*40.3*	*87.54*	*96.48*	*99.17*
A. ON INDIA'S ACCOUNT	85.15	94.57	559.54	499.50	197.39	185.29	257.37
(1) Civil Expenditure	38.97	45.03	101.22	124.34	104.65	98.66	136.29
(2) Defence Expenditure	46.18	49.54	458.32	395.32	92.74	86.63	121.08
(*a*) On Capital account	....	....	62.83	35.09	....	....	....
(*b*) On Revenue account	46.18	49.54	395.49	360.23	92.74	86.63	121.08
(i) Basic Normal Budget	38.07	36.77	36.77	....	85.05	78.96	109.86
(ii) Rise in Prices	....	1.19	18.73	....	....	....	....
(iii) War Measures (Net)	....	3.52	330.61	....	....	....	....
(iv) Non-effective charges (Net)	8.11	8.07	9.38	....	7.69	7.67	11.22
(3) *Percentage of Defence Expenditure (Revenue account) to Total Expenditure*	*54.2*	*52.4*	*79.6*	*74.3*	*46.98*	*46.75*	*47.05*
B. RECOVERABLE WAR EXPENDITURE	....	4.00	410.84	374.54	....	....	....
Percentage of B to A (2)	....	*8.1*	*89.6*	*94.7*	....	....	....
§III. CENTRAL GOVERNMENT DEBT AT END OF YEAR							
(1) Sterling Loans	464.94	439.10	34.19	33.84	....	26.42	23.86
(2) Rupee Loans	437.87	450.23	1,212.14	1,492.20	....	1,517.09	1,575.05
(3) Small Savings‡	141.45	135.35	159.18	221.52	....	233.10	264.35
(4) Treasury Bills and Ways and Means Advances	46.30	54.70	86.70	83.33	.... N.A.	86.84	96.94
(5) TOTAL INTEREST-BEARING OBLIGATIONS (INCLUDING UNFUNDED DEBT AND DEPOSITS)	1,205.76	1,203.86	1,860.44	2,282.38	....	2,162.34	2,214.27
IV. PROVINCES							
(1) Revenue	84.74	90.83	208.18	229.33	169.78¶	207.04@	242.77
(2) Expenditure	85.76	89.22	204.28	218.14	162.17¶	211.08@	258.27
(3) Surplus (+) or Deficit (—)	—1.02	+1.61	+3.90	+11.19	+7.61	—4.04	—15.50
(4) Debt Position (Gross Total Debt)††	163.20	167.61	174.35	162.97	....	119.88	....

Note :—Figures from 1938-39 to 1945-46 relate to undivided India. † Interim budget covering the 7½ months from 15th August, 1947 to 31st March, 1948. ‖ As passed by the Constituent Assembly (Legislative). * Including new taxation. § Items (1) and (5) : Capital portion of Railway Annuities is excluded from 1944-45. ‡ Includes since 1944-45 (1) Post Office Cash Certificates, (2) Savings Bank Deposits, (3) Defence Savings Certificates, (4) Defence Savings Bank Deposits and (5) National Savings Certificates. †† Includes (1) Permanent debt, (2) Floating debt, (3) Unfunded debt and (4) Loans from Central Government. ¶ Figures relate to 1946-47 (Accounts), excluding those for the East Punjab and West Bengal. @ Includes figures of West Bengal's budget estimate for 1947-48. N.A. Not available.



FINANCES OF THE GOVT. OF INDIA
SINCE 1938-39
Crores of Rupees
500
400
300
200
100
0
100
200
300
400
500
REVENUE
EXPENDITURE
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
1947-48
1947-48 Interim
1947-48 Revised
1948-49
REVENUE
Customs
Central Excise
Corporation Tax
Taxes on Income Other Than Corporation Tax
Other Tax Revenue
Other Revenue
Deficit
EXPENDITURE
Direct Demands on Revenue
Debt Services
Security Services
Social Services
Other Expenditure



RAILWAY FINANCES
SINCE 1938-39
In Crores of Rupees
Gross Traffic Receipts
Total Working Expenses
Interest Charges
Contribution to General Revenues
Year-end Balances in the Depreciation Reserve Fund
Year-end Capital at Charge
Year-end Balances in the Reserve Fund
A=Accounts R = Revised
B=Budget
1050
1000
950
900
850
800
750
700
200
150
100
50
A 1938-39
A 1939-40
A 1940-41
A 1941-42
A 1942-43
A 1943-44
A 1944-45
A 1945-46
R 1946-47
B 1947-48
B 1947-48 Interim
R 1947-48
B 1948-49

budget for the financial year 1947-48 passed by the Central Legislature in March, 1947 became inoperative. The interim budget was, however, more in the nature of a statement of revenue and expenditure since the estimates were highly tentative owing to the difficulty of gauging the exact repercussions of the partition on the country's finances.

The total revenue for the period was estimated, on the basis of existing taxation, at Rs. 171.15 crores and the expenditure at Rs. 197.39 crores, leaving a deficit of Rs. 26.24 crores. Of the total revenue receipts, Customs were expected to account for Rs. 50.50 crores. Income-Tax was estimated to yield Rs. 29.50 crores on account of Excess Profits Tax and Rs. 88.50 crores on account of ordinary collections. It was considered desirable to maintain the share of the provinces in regard to the Income-Tax revenue at approximately the same level as given in the Niemeyer Award, subject to such adjustments as might be necessary in respect of the provinces and parts of provinces included in Pakistan. On this basis, the Divisible Pool of Income-Tax was estimated at Rs. 66 crores, the provincial share being Rs. 30 crores. No contribution to the General Revenues was expected from the railways as the railway budget showed a deficit in the current year.

As regards the estimated expenditure of Rs. 197.39 crores, Rs. 92.74 crores were accounted for by the Defence Services and the balance of Rs. 104.65 crores by Civil expenditure. The Defence expenditure continued to remain high due to (1) the suspension of demobilization consequent on the partition, (2) the implementation of the Post-war Pay Committee's recommendations in respect of the Defence Services personnel, (3) movement of troops and stores in connection with the reconstitution of the Armed Forces and (4) the requisitioning of troops to deal with the communal disturbances in the Punjab and elsewhere. The Civil estimates for Rs. 104.65 crores included, *inter alia*, Rs. 22½ crores on account of subsidies on imported foodgrains and a lump sum provision of Rs. 22 crores for expenditure on the evacuation, relief and rehabilitation of refugees. A provision of Rs. 12 crores was made to defray expenses on nation-building activities like education, public health, aviation, running of scientific institutions, etc. The estimates also included Rs. 22½ crores for payment of interest and pensions and provision for debt redemption. The Finance Minister pointed out that no credit had been taken in the estimate for any recoveries from the Pakistan Government in respect of their liability for the outstanding debt of the undivided Central Government and the pensions chargeable to it as those matters were under discussion.

The capital budget provided for the grant of Rs. 20.39 crores to the Provincial Governments, besides loans to the extent of Rs. 15 crores, for post-war planning and development, it being decided to continue the grants on the same basis as proposed in the annual budget for 1947-48, subject to adjustments consequent on the division of the Punjab and Bengal and the transfer from Assam of most of the Sylhet district. The provinces were, however, urged to conserve and mobilise all their resources and secure the utmost economy in their expenditure.

The anticipated deficit of Rs. 26.24 crores was left largely uncovered because it was felt that but for certain abnormal items, such as refugee relief and food subsidy which had gone to swell the expenditure side, there would have been a clear surplus. The only taxation proposal announced was the replacement of the existing export duty of 3 per cent on cotton cloth and yarn by a duty of 4 annas per square yard on cotton cloth and 6 annas a pound on cotton yarn, the expected yield from the above for the current year being Rs. 1,65 lakhs, reducing the overall deficit to Rs. 24.59 crores.

A significant feature of the budget was that the expenditure on certain items such as Defence and External Affairs which hitherto was classified as "non-voted", is now brought under the voting power of the Indian Legislature, following the adaptations to the Government of India Act, 1935, made by the India (Provisional Constitution) Order, 1947. However, some heads of expenditure continue to be "non-voted", important ones being the salaries and allowances of the Governor-General, Ministers, Chief Commissioners, the Advocate-General and the Auditor-General, debt charges, loans to the Provincial Governments and expenses of the Federal Court and the Federal Public Services Commission.

46. *Revised Estimates*, 1947-48.—The revised estimates for the 7½ months covered by the interim budget show an increase of Rs. 5.97 crores on the revenue side and a decrease of Rs. 12.10 crores on the side of expenditure, with the result that the overall deficit is now expected to amount to only Rs. 6.52 crores, as against the budget estimate of Rs. 24.59 crores. The improvement in revenue is mainly due to (1) an improvement of Rs. 2.35 crores under Customs, (2) a windfall yield of Rs. 2.25 crores from the levy on old stocks of sugar released for sale at increased prices following decontrol and a further yield of Rs. 3 crores from a similar levy on cloth and (3) receipts of Rs. 2 crores on account of the Cotton Textiles Equalisation Fund. The receipts under the last item as well as the sugar levy are, however, to be set-off by a corresponding provision in the expenditure estimates for funding the receipts for the benefit of the sugar and textile industries. Against the increases enumerated above, there has been a reduction of Rs. 3 crores in Income-Tax receipts and Rs. 1.36 crores in the revenue under Excise. The Divisible Pool of Income-Tax now works out to Rs. 65.49 crores, of which the provincial share is Rs. 29.74 crores.

The revised estimate of the total expenditure shows a decline of Rs. 12.10 crores from the budget estimates, and of this, the reduction under Defence Services accounts for Rs. 6.11 crores, this being due to the fact that preoccupation with other matters did not permit execution of the plans for acquisition of land, etc., for which substantial provision was made in the budget. A provision of Rs. 1.68 crores made for payment to an Equalisation Fund for replacement of naval and aircraft has lapsed. The saving of Rs. 5.99 crores in the Civil expenditure is due to the reduction in the expenditure on the relief and rehabilitation of refugees from Rs. 22 crores to Rs. 14.89 crores. A saving of Rs. 2.36 crores is also estimated in the provision of Rs. 22.52 crores made in the interim budget for subsidies on imported foodgrains. There is also a saving of Rs. 1.29 crores in the interest charges. But these savings have, however, been partly offset by the funding of the receipt of Rs. 2.25 crores from the levy on stocks of sugar and the transfer of Rs. 2 crores to the Cotton Textiles Equalisation Fund, referred to earlier.

47. *Budget Estimates*, 1948-49.—The budget estimates for 1948-49 place total revenue at Rs. 230.52 crores on the basis of the existing level of taxation, and expenditure at Rs. 257.37 crores, leaving a deficit of Rs. 26.85 crores, which would be reduced to Rs. 22.35 crores by the contribution of Rs. 4.50 crores from the railway surplus towards the General Revenues. The variations in the important heads of revenue are indicated in the Table on page 77.

On the receipts side, Customs are expected to bring in Rs. 81.75 crores which will include a full year's revenue from the enhanced duty on exports of cotton cloth and yarn announced in the interim budget, Central Excises Rs. 34 crores and Income-Tax Rs. 130 crores inclusive of Rs. 12 crores on account of Excess Profits Tax and Rs. 17 crores on account of Business Profits Tax. The Divisible Pool of Income-Tax is placed at Rs. 80.24 crores of which the Centre's share will be Rs. 42.37 crores and that of the provinces Rs. 37.87 crores.

Of the estimated expenditure of Rs. 257.37 crores, the Defence Services are expected to account for Rs. 121.08 crores and Civil expenditure for the balance

TABLE 17.—IMPORTANT HEADS OF REVENUE OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Heads of Revenue	1938-39 Accounts	1946-47 Revised	1947-48 *		1948-49 Budget		
					As presented to the Legislature		As passed by the Legislature
			Budget	Revised	On the basis of existing taxation	Including effects of new taxation proposals	
Customs	40.51	87.50	52.15	54.50	81.75	81.17	80.76
Central Excise Duties	8.66	42.78	22.08	20.72	34.00	47.10	45.97
Corporation Tax	2.04	69.53	42.71	40.43	39.50	49.80	49.80
(Excess Profits Tax)	....	(60.00)	(25.08)	(26.15)	(10.00)	(10.00)	(10.00)
Taxes on Income other than Corporation tax† ..	15.24	87.47	75.29	74.57	90.50	86.58	87.58
(Excess Profits Tax)	....	(12.00)	(4.42)	(4.90)	(2.00)	(2.00)	(2.00)
Currency and Mint	0.58	15.75	1.41	1.25	9.40	9.40	9.40
(Profits of the Reserve Bank)	(0.20)	(13.43)	..	..	(7.02)	(7.02)	(7.02)
Railways' Contribution	1.37	5.61	....	....	4.50	4.50	4.50
Posts and Telegraphs	0.19	4.78	2.03	2.14	0.38	0.78	0.78
Total Tax Revenue†	76.35	300.58	193.83	191.79	248.25	267.15	266.61
Percentages of Taxes on Income to Total Tax Revenue	*22.6*	*52.2*	*60.9*	*60.0*	*52.4*	*51.1*	*51.5*

Note :—Figures for 1938-39 and 1946-47 relate to undivided India.

* The budget covers 7½ months from 15th August, 1947 to 31st March, 1948. † Including provinces' share.

TABLE 18.—RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA UNDER CAPITAL HEADS.

(In lakhs of rupees)

Receipts	1947-48† Budget	1947-48† Revised	1948-49 Budget	Disbursements	1947-48† Budget	1947-48† Revised	1948-49 Budget
New Loans	40,00	40,95	150,00	Railways	17,63	16,79	24,45
Treasury Bills*	10,00	10,00	10,00	Industrial Development	5,31	6,13	7,88
Special Floating Loans	..	..	..	Currency and Mint	59	79	72
Small Savings*	14,00	9,11	31,25	Defence Capital Outlay	—	..	14,99
Other Unfunded Debt*	1,64	—20	1,07	Grants to Provinces for Development	20,39	20,39	30,00
Railway Depreciation and Reserve Funds*	—5,74	—7,03	—7,64	Discharge of Permanent Debt ..	59,63	59,57	103,78
Railway Betterment Fund*.. ..	—3,64	—2,57	—3,99	Other Loans and Advances ..	2,81	2,33	16,66
Other Reserve Funds*	—11	—1	11	Advances to Provincial Governments	26,50	22,45	38,00
Appropriation for Reduction or Avoidance of Debt*	5,00	5,00	5,00	Other Items	12,67	12,79	50,09
E.P.T. and Income-Tax Deposits* ..	—58,78	—61,68	—39,06	Total Expenditure	145,53	141,24	286,57
Repayment of Loans by Provinces..	1,57	4,39	4,45	Surplus on Capital Account ..	—	..	..
Other Items	7,25	9,87	22,88				
Deficit on Capital Account	134,34	133,41	112,50				
Grand Total ..	**145,53**	**141,24**	**286,57**	**Grand Total** ..	**145,53**	**141,24**	**286,57**

* Figures are net. † The budget covers only 7½ months from 15th August, 1947 to 31st March, 1948.

of Rs. 136.29 crores. A further provision of Rs. 14.99 crores in respect of Defence has been made in the capital budget for meeting expenditure on the acquisition of permanent assets, such as land, new naval vessels, aircraft, etc. This method of providing for Defence expenditure under a capital head, introduced as a war-time innovation and discontinued last year, was revived in view of the present abnormal conditions. The conditions created by the partition of the country and the division of the Armed Forces rendered demobilization difficult and the expected economies on account of defence could not therefore be effected. Among the Civil estimates of Rs. 136.29 crores, some important items are the provision of Rs. 10.04 crores for the relief and rehabilitation of refugees from Pakistan area, Rs. 19.91 crores for payment of subsidies on imported foodgrains and bonuses to provinces for internal procurement of foodgrains and a provision of Rs. 20.93 crores for expenditure on nation-building activities like education, public health and broadcasting.

The Table on page 78 gives a summary of the distribution of receipts and disbursements of the Government of India on capital account. Some of the noteworthy features of the capital budget, besides the outlay of Rs. 14.99 crores on account of Defence expenditure (referred to above), are the provisions for the grant of Rs. 30 crores to the provinces for development and also for loans to them aggregating Rs. 38 crores, subject to the condition that in respect of grants, the provinces would contribute an equal amount from their own resources. In this connection, the Finance Minister disclosed that on second thoughts the idea of reducing the Centre's promised assistance to the provinces had been given up in the larger interests of the development of the country, although the grants were likely to be spread over a longer period. A provision of Rs. 25½ crores also exists for Central schemes of development relating to forestry, river projects and national highways. Rs. 1 crore is to be invested in the Industrial Finance Corporation and Rs. 2 crores are provided by way of a loan to the Damodar Valley Corporation. Expansion of civil aviation and the construction of a fertiliser factory are other projects that have been provided for. A central reserve of 6 lakhs tons of food-grains was proposed to be built up for which purpose a sum of Rs. 27 crores has been provided. Further, a sum of Rs. 10 crores has been provided for advances to the Rehabilitation Finance Administration. The overall provision in the capital budget for normal requirements and for financing the development schemes both of the Centre and the provinces amounts to Rs. 165½ crores.

The Finance Minister stated that on a review of the existing taxation policy (as embodied in the last budget of undivided India), he was satisfied that there was justification for the criticism that the level of taxation affected the incentive for saving and investment and in view of the necessity to stimulate investment and increase production it was expedient to offer relief in taxation. The changes proposed in the budget in this respect are detailed below :

Measures of Relief	*Estimated loss of revenue*
(1) Reduction of the Business Profits Tax from 16⅔ per cent to 10 per cent and raising of the abatement to Rs. 2 lakhs or 6 per cent of the capital employed whichever is larger (against the existing Rs. 1 lakh or 6 per cent)	Rs. 1 crore
(2) The raising of the limit of income at which the maximum rate of 10½ annas will be applicable to Rs. 3.5 lakhs for both earned and unearned incomes, instead of Rs. 1.5 and Rs. 1.2 lakhs respectively, with rearrangement of the rate of tax within the slabs	„ 1 crore
(3) Reduction of the tax on undistributed profits of companies from 5 to 4 annas in order to encourage the ploughing back of profits into the business	„ 2 crores

Measures of Relief	*Estimated loss of revenue*
(4) Income-Tax on companies with an income of Rs. 25,000 and below to be reduced to half the usual rates in order to encourage the growth of small companies	Rs. 12 lakhs
(5) Exemption from taxation of donations to charities and to institutions so long as they do not exceed 5 per cent of the net taxable income in the case of companies and 10 per cent in the case of individuals, subject to a maximum of Rs. 2½ lakhs in both cases	,, 75 lakhs
(6) Municipal taxes on house property to be exempted in calculating Income-Tax payable	,, 75 lakhs

In the field of indirect taxation, the Finance Minister proposed the following changes :

	Estimated loss of revenue
(1) The export duty on cloth to be converted into an *ad valorem* duty of 25 per cent, handloom cloth being exempted from the duty and the duty on exports of yarn to be withdrawn	Rs. 4.50 crores
(2) The withdrawal of the excise duty on betelnuts	,, 30 lakhs

In view of these, the estimated overall deficit of Rs. 22.35 crores was expected to increase to Rs. 30.81 crores after allowing for the provincial share of the net loss of revenue. But in view of the prevalence of inflation it was also felt desirable to reduce the gap between revenue and expenditure as far as possible, if not to produce a surplus budget. The following measures were, therefore, proposed :

Under the existing procedure, advance payments of Income-Tax are not credited as revenue but held in deposit till the assessment of the tax is completed. Since these payments are not really refundable deposits, the Finance Minister proposed to credit them to revenues straightaway with effect from the financial year 1948-49. This revised procedure would divert to revenue Rs. 10 crores, reducing the anticipated deficit by a like amount. The remainder of the deficit of Rs. 20.81 crores is to be made up by the following additional taxation :

	Estimated Yield
(1) The raising of the Corporation Tax on foreign companies from 2 to 3 annas with a rebate of one anna to companies declaring and distributing dividends in India.	Rs. 2.00 crores
(2) Export duty of Rs. 80 per ton on oilseeds and Rs. 200 per ton on vegetable oils	,, 2.50 crores
(3) Export duty of Rs. 20 per ton on manganese	,, 80 lakhs
(4) Import duty on motor cars to be raised from 45 to 50 per cent, with a preference of 7½ per cent in favour of the United Kingdom ..	,, 50 lakhs
(5) The import duty on cigars, cigarettes and manufactured tobacco to be slightly raised	,, 12 lakhs
(6) An excise duty on cigarettes amounting to roughly 25 per cent on the ex-factory prices	,, 7.00 crores
(7) Duties on unmanufactured tobacco to be raised from 9 to 12 annas per lb. in some cases and from 3 to 4 annas per lb. in others ..	,, 2.00 crores
(8) Enhancement of the excise duties on tea and coffee from 2 annas to 4 annas per lb.	,, 2.10 crores
(9) The duty on vegetable product to be raised by 50 per cent to Rs. 7-8 per cwt.	,, 40 lakhs
(10) An increase of 50 per cent in the duty on tyres	,, 40 lakhs
(11) An increase in the duty on matches from Rs. 1-12-0 to Rs. 2-8-0 per gross	,, 1.50 crores
(12) Enhancement in the registration fee and surcharge on Trunk Telephone calls	,, 40 lakhs

The total net revenue accruing from the above taxes was estimated at Rs. 19.72 crores, thereby reducing the deficit to Rs. 1.09 crores, which was proposed to be left uncovered.

The following modifications of the taxation proposals suggested in the Select Committee's report on the Finance Bill and presented to the Constituent Assembly (Legislative) on 22nd March, 1948 were passed *in toto* on 30th March, 1948.

		Estimated change in revenue
(1)	Reduction of the additional excise duty on tea and coffee from 2 annas to one anna per lb.	Loss of Rs. 105 lakhs
(2)	Reduction of the excise duty on vegetable ghee from Rs. 7-8 per cwt. to Rs. 7 per cwt.	Loss of Rs. 8 lakhs
(3)	Lowering of the export duty on vegetable oils from Rs. 200 per ton to Rs. 160 per ton in order to encourage the export of oil rather than oilseeds	Loss of Rs. 33 lakhs
(4)	The export duty on manganese to be altered to an *ad valorem* rate of 25 per cent	Loss of Rs. 8 lakhs
(5)	The minimum amount to assess Income-Tax be raised from Rs. 2,500 to Rs. 3,000	Loss of Rs. 50 lakhs
(6)	The clause regarding the exemption of municipal taxes on property in calculating the Income-Tax payable be deleted from the Bill as it should more appropriately be dealt with while considering an amendment to the Income-Tax Act	Increase of Rs. 75 lakhs.
(7)	The exemption from tax of donations to charities be applicable only in the case of donations made on or after 1st April, 1948	Addition of Rs. 75 lakhs.

The financial effect of these modifications is a net curtailment of Rs. 54 lakhs in revenue. If account is taken of the incidental increase in Income-Tax revenue payable to the provinces, the total loss would amount to Rs. 1.04 crores. The deficit of Rs. 1.09 crores in the Finance Bill proper will thus be raised to an overall deficit of Rs. 2.13 crores.

As regards the Government's loan programme during 1948-49, the target has been fixed at Rs. 150 crores, and the scale of borrowing is proposed to be stepped up if circumstances are propitious.

Allowance has also been made for the implementation of the recommendations of the Economy Committee which was appointed to go into the question of the elimination of wasteful expenditure in the Government departments. Though its findings have yet to be published, a lump sum token cut of Rs. 2½ crores has been made under the various heads of Civil expenditure in order to ensure that economy is effected pending the report of the committee. Should the economies suggested exceed this figure steps are to be taken to see that they are realised.

With a view to tapping new revenue resources, the Estate Duty Bill was re-introduced on 22nd March, 1948. The proceeds of this duty will, however, go to the provinces.

RAILWAY BUDGETS:

48. *Accounts*, 1946-47.—Accounts for the year 1946-47 have not yet been finally closed.

49. *Interim Budget Estimates*, 1947-48.—As in the case of the General Budget, the first Railway Budget of the new Dominion of India presented to the Constituent Assembly (Legislative) on 20th November, 1947 also relates to the period from 15th August, 1947 to 31st March, 1948.

The graph facing page 75 shows the financial position of railways since 1938-39. The Table below compares the budget estimates of State-owned railways including worked lines for 1948-49 with the budget and revised estimates for 1947-48 and the pre-war year 1938-39 (Accounts).

TABLE 19.—REVENUE, EXPENDITURE AND RESERVES OF INDIAN RAILWAYS.

(In crores of rupees)

	1938-39* Accounts	1947-48† Budget	1947-48† Revised	1948-49 Budget
I. Receipts and Expenditure				
Gross Traffic Receipts	99.62	1,16.15‡	1,08.00	1,90.00
Total Working Expenses	69.18	1,06.68	1,00.99	1,59.78
(a) Net Traffic Receipts	30.44	9.47	7.01	30.22
(b) Net Miscellaneous Receipts ..	0.23	1.28	1.40	2.15
Net Revenue (a+b)	30.67	10.75	8.41	32.37
Interest Charges	29.30	13.44	13.61	22.53
II. Surplus or Deficit	**1.37**	**—2.69**	**—5.20**	**9.84**
Contributions to General Revenues	1.37	....	....	4.50
Contributions to Railway Reserve Fund	....	....	....	4.50
Contributions to Railway Betterment Fund	....	....	....	0.84
Total Expenditure Charged to Capital	2.33	17.78	16.92	24.64
Total Expenditure Charged to Depreciation Fund	7.08	9.76	8.51	23.43
III. Capital at charge at the end of the year	**7,55.26**	**6,59.00**	**6,77.99**	**7,02.44**
IV. Depreciation Reserve Fund	**19.61 §**	**93.22**	**92.18**	**90.48**
Net accretions during the year ..	5.48	—1.04	—1.70	—12.25
Closing Balance	25.09 §	92.18	90.48	78.23

* Figures relate to undivided India. † The budget covers only 7½ months from 15th August, 1947 to 31st March, 1948. ‡ Including the proposed increases in fares and rates estimated at Rs. 9.15 crores. § 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.

The total traffic receipts for the interim budget period on the basis of the existing rates and fares were estimated at Rs. 108.24 crores, inclusive of net miscellaneous receipts. Goods earnings were placed below expectations mainly owing to the fact that a large proportion of the goods-carrying capacity was absorbed by low freighted coal and foodgrains. On the other hand, passenger earnings were considered likely to be above expectations in spite of the traffic dislocation caused by the communal disturbances in certain parts of India. Military traffic was also expected to be proportionately high due to the large-scale movements of troops for the reconstitution of Armed Forces consequent on the partition.

The total working expenses for the period were placed at Rs. 107.18 crores, the contributory factors for this large estimate being the implementation of the Central Pay Commission's recommendations, the increased cost of grain shop concessions and increase in coal prices, the first two involving an additional outlay of Rs. 22½ crores and the last a sum of Rs. 2 crores. The interest charges in respect of moneys borrowed by railways were placed at Rs. 13.44 crores. In the result, the budget disclosed a prospective deficit of Rs. 12.38 crores, which incidentally is the first of its kind since 1935-36.

As the increases in working expenses were of a permanent nature, it was proposed to increase both the passenger and goods charges with effect from 1st January, 1948 for meeting the deficit. The increase in fares was to be applicable to all classes of accommodation, the incidence of the increase being progressively steeper for higher classes. The new rates, class-wise, in pies per mile were as follows: first, 30; second, 16; inter, 9 (mail) and 7½ (ordinary); third 5 (mail) and 4 (ordinary). A feature of the revised rates was that they were no longer to be on the telescopic basis (decreasing with the length of the journey) but were to be charged at a flat rate. The existing concession to I and II class military passengers of paying half the fare was to be withdrawn.

As regards goods rates, pending detailed investigations on the question of their simplification, only the following adjustments were to be made, namely, the up-grading of certain commodities from a lower to a higher class and the raising of class rate for others on a telescopic basis. There was to be either no increase or only an insignificant increase in respect of foodgrains. As regards coal, it was proposed to withdraw the rebate on the commodity shipped coast-wise, to raise the terminal charges by 50 per cent and to increase the surcharge on coal from 20 to 30 per cent. A higher schedule of rates for iron and steel to the extent of about 20 per cent was also proposed. The above proposals were expected to yield a revenue of Rs. 9.15 crores, and this together with an increase of Rs. 4 lakhs under miscellaneous receipts was expected to reduce the anticipated deficit from Rs. 12.38 crores to Rs. 3.19 crores. In the course of the debate it was decided to reduce the total working expenses by Rs. 50 lakhs, thus reducing the net deficit to Rs. 2.69 crores, which was proposed to be covered by withdrawals from the Railway Reserve Fund. In view of the deficit, the railways were not to make the contribution of Rs. 7.50 crores towards the General Revenues as contemplated in the 1947-48 budget of the undivided India. Likewise there was to be no contribution towards the Railway Betterment Fund which was started in 1946-47 in order to meet the expenditure on amenities to passengers and staff welfare schemes. An expenditure of Rs. 3.84 crores was, however, to be met from the Fund during the budget period at the end of which (i.e. on 31st March, 1948) the balance in it was estimated at Rs. 8.07 crores.

In the capital portion of the budget, provision was made for (1) the construction of three new lines and restoration of lines dismantled during the war, (2) investment in the joint road-rail transport companies which are being formed in some of the provinces and (3) open line works. The net expenditure on constructions and open line works of Rs. 31.38 crores was to be charged as follows: to Capital, Rs. 17.78 crores; to the Depreciation Fund, Rs. 9.76 crores; and to the Betterment Fund, Rs. 3.84 crores.

50. *Revised Estimates*, 1947-48.—The revised estimates for the period 15th August, 1947 to 31st March, 1948 show a great variation from the budget estimates since the assumptions regarding the future trend of traffic and the working of the arrangements agreed to between the two Dominions were falsified and the return to normalcy was slower than was expected. The revised figures disclose a fall of Rs. 8.03 crores in the total receipts mainly due to a fall in both goods and passenger traffic earnings at Rs. 53.38 crores and Rs. 45.28 crores respectively as against the original estimates of Rs. 57.23 crores and Rs. 52.12 crores.

The revised estimate of ordinary working expenses is also lower at Rs. 93.55 crores as against Rs. 99.12 crores in the original estimate, due to the fact that the expenditure budgeted for could not be incurred for various reasons and had to be postponed. Consequently, the net deficit increased from the original estimate of Rs. 2.69 crores to Rs. 5.20 crores, which was to be met by withdrawal from the Reserve Fund, which after meeting the deficit would stand at Rs. 3.80 crores at the end of March, 1948.

51. *Budget Estimates*, 1948-49.—The budget estimates for 1948-49 place total receipts at Rs. 193.15 crores, the bulk of which is accounted for by passenger earnings and goods earnings amounting to Rs. 79.54 crores and Rs. 94.16 crores respectively. As against this, the total expenditure is expected to be Rs. 183.31 crores consisting of ordinary working expenses Rs. 147.15 crores, depreciation Rs. 11.18 crores, payment to worked lines Rs. 1.45 crores, interest charges Rs. 22.53 crores and miscellaneous expenditure Rs. 1.00 crore, leaving a net surplus of Rs. 9.84 crores. Consequently, no increases in fares and freight are proposed.

As regards the disposal of the railway surplus and the extent of the contribution to be made to the General Revenues, a Committee of the House appointed for the purpose recommended the following appropriations: Rs. 4.50 crores to the General Revenues, Rs. 0.84 crore to the Betterment Fund and Rs. 4.50 crores to Railway Reserve. The proposals were accepted by the Government.

In the budget for 1948-49, Rs. 3.69 crores have been provided for the construction of new lines and for the restoration of lines dismantled during the war. Of this, Rs. 2.50 crores are for the construction of a direct railway link between Assam and the rest of India. The net provision for works has been placed at Rs. 53.29 crores of which Rs. 24.64 crores will be met from Capital, Rs. 5.22 crores from the Betterment Fund and Rs. 23.43 crores from the Depreciation Fund.

In regard to the division of capital liabilities as between India and Pakistan, the principle that was agreed to was that so far as commercial lines were concerned India's capital liabilities would be based on the principle of book-value, and not earning capacity. As regards strategic lines, India has agreed to accept 50 per cent of the liability.

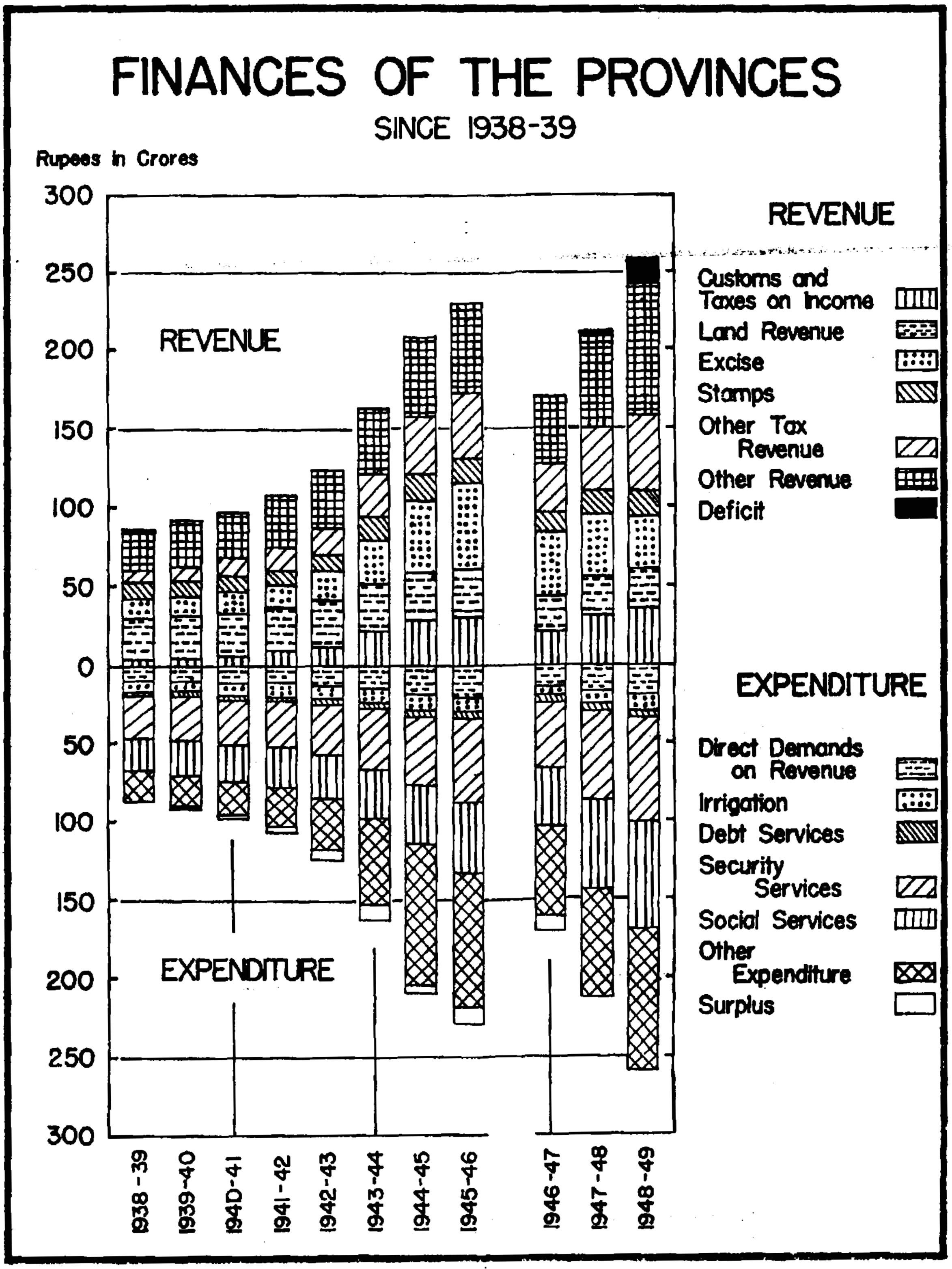
In the course of the budget speech, the Transport Minister promised to place before the House a Bill for setting up a Railway Rates Tribunal with a much wider scope than the present Rates Advisory Committee and with a mandatory and not merely an advisory jurisdiction.

PROVINCIAL GOVERNMENTS:

52. *Provincial Budgets.*—The accompanying diagram depicts the main features of provincial finances since 1938-39, while Statement XIV shows the receipts and expenditure on revenue account of the various provinces for the years 1938-39, 1946-47, 1947-48 and 1948-49. The following Table presents consolidated figures for revenue, expenditure and surpluses or deficits of all the provinces of the Indian Dominion except the East Punjab and West Bengal.

(In lakhs of rupees)

	ACCOUNTS							Revised	Budget
	1939-40	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49
Revenue ..	58,70	70,11	82,40	1,05,90	1,34,14	1,48,86	1,69,78	1,81,84	2,00,45
Expenditure .	57,53	66,74	77,43	1,01,98	1,28,00	1,44,87	1,62,17	1,81,31	2,08,48
Total Surpluses ..	1,17	3,40	4,97	4,47	6,14	4,24	7,61	1,59	1,49
Total Deficits.	..	3	..	55	..	25	..	1,06	9,52
Net Surpluses (+) or Deficits (—) ..	+1,17	+3,37	+4,97	+3,92	+6,14	+3,99	+7,61	+53	—8,03


FINANCES OF THE PROVINCES
SINCE 1938-39
Rupees in Crores
300
250
200
150
100
50
0
50
100
150
200
250
300
REVENUE
EXPENDITURE
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
1947-48
1948-49
REVENUE
Customs and Taxes on Income
Land Revenue
Excise
Stamps
Other Tax Revenue
Other Revenue
Deficit
EXPENDITURE
Direct Demands on Revenue
Irrigation
Debt Services
Security Services
Social Services
Other Expenditure
Surplus

The final accounts of the provinces excluding West Bengal and the East Punjab for the year 1946-47 show total revenue and expenditure at Rs. 169.78 crores and Rs. 162.17 crores respectively as against the revised estimates of Rs. 168.72 crores and Rs. 167.25 crores. Thus, although the revised estimates anticipated a surplus of Rs. 1.47 crores only, the final accounts actually revealed a surplus of Rs. 7.61 crores, principally due to the increase in revenue under Excise and in the provincial share of Income-Tax. The revised estimates of the above provinces for the year 1947-48 place revenue at Rs. 181.84 crores and expenditure at Rs. 181.31 crores, representing an increase of Rs. 7.92 crores and Rs. 5.22 crores respectively over the budget estimates. In the net, the anticipated deficit of Rs. 2.17 crores in the original budget estimates is expected to be replaced by a small surplus of Rs. 0.53 crore. The increase in revenue is due to larger tax collections while the rise in expenditure is accounted for by the increased cost of civil administration and social services.

The combined budget estimates of all the provinces of the Dominion (including the East Punjab and West Bengal) for 1948-49 place total revenue at Rs. 242.77 crores and total expenditure at Rs. 258.27 crores, the prospective deficit being Rs. 15.50 crores. Deficits have been anticipated by six provinces, *viz.*, Bombay, West Bengal, United Provinces, the East Punjab, Assam and Orissa, aggregating Rs. 16.99 crores (the East Punjab accounting for Rs. 6.69 crores and the United Provinces for Rs. 4.70 crores). As against this, two provinces, namely, Bihar and Central Provinces and Berar have budgeted for small surpluses totalling Rs. 1.49 crores which reduce the combined deficit of all provinces to Rs. 15.50 crores. As on the last occasion, the Madras Government have again balanced their budget only by drawing upon the Revenue Reserve Fund to the extent of Rs. 5.62 crores.

As compared with the revised estimates for 1947-48, the combined budget estimates of all the provinces for 1948-49 show an increase of Rs. 35.73 crores under revenue, partly because of the fact that in the case of the East Punjab and West Bengal the budget for 1948-49 covers a full year whereas that for the previous year related only to 7½ months, and partly due to the rise in the provincial quota of Income-Tax consequent on the modification of the Niemeyer Award re-allocating, among the provinces, the share hitherto allowed to the provinces that have been separated from India. An important point to be noted in this connection is the inclusion by provinces under revenue of the grants made by the Central Government towards post-war development and Grow-More-Food campaigns. The policy of prohibition is expected to curtail the income under Excise to the extent of nearly Rs. 9.74 crores, of which Rs. 6.70 crores will be accounted for by Madras alone which is to reach its goal of complete prohibition during the budget year. Bombay's loss under Excise is expected to be Rs. 1.72 crores followed by the United Provinces with a loss of Rs. 0.79 crore, which will be partly recovered by increasing the duties on liquor and drugs in non-prohibition areas. The remaining provinces have decided either to hold the prohibition schemes in abeyance for the time being or reach the goal very slowly.

On the expenditure side of the provincial budgets, the anticipated increase of Rs. 47.19 crores over the last year's revised estimates is again partly due to the fact that in the case of the East Punjab and West Bengal the estimates for 1948-49 relate to a full year and partly for other reasons, those common to almost all the provinces being the increased expenditure on security services necessitated by the communal disturbances consequent on the partition and the larger provision for social services, especially in the United Provinces. Other factors which have gone to swell the expenditure are the revised pay scales of Government servants, subsidies for food, literacy programmes, industrial development and above all the relief and rehabilitation of refugees, the last item being prominent especially in the East Punjab, which will spend about Rs. 7 crores by way of relief and a further sum of Rs. 2.45 crores by way of loans.

In order to cover the deficit between the revenue and expenditure amounting to Rs. 15.50 crores, the Provincial Governments have decided to increase the rates of existing taxes and/or impose fresh taxation. Thus, enhancements are proposed in (1) the sales tax by Bombay, (2) the entertainment tax by Bombay and the East Punjab, (3) the betting tax and the duty on admission ticket to the race course by Bombay, and (4) the duty on intoxicants by the United Provinces and Bihar. New taxes proposed are (1) stamp duty on transactions in the cotton market in Bombay and (2) general sales tax and tax on agricultural income in the United Provinces. The sales and entertainment taxes were enhanced in Madras earlier with effect from January, 1948. In the provinces of Assam, Central Provinces and Berar, Orissa and West Bengal, no fresh taxes are to be levied. As regards borrowing, only the United Provinces Government propose to float a loan of Rs. 2½ crores in the budget year.

Other features revealed in the provincial budgets are (1) the gradual nationalisation of road transport services in Bombay, Madras, Central Provinces and Berar, Assam and the United Provinces, (2) the appointment of committees to go into the working of Government departments in order to suggest economies and (3) the setting up of Industrial Finance Corporations by the Governments of West Bengal and Madras, the latter having set aside Rs. 0.51 crore for the purpose.

53. *Subventions and Payments from the Centre.*—The following Table shows the subventions and other payments made by the Central Government to provinces since 1937-38.

TABLE 20.—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	28.75	1.57	1.70	8.00	**40.02**
1946-47	29.87	2.87	1.70	....	**34.44**
1947-48† (Revised) ..	29.74	1.28	0.44	1.40	**32.86**
1948-49 (Budget) ..	36.41	0.93	0.70	2.25	**40.29**

Note :—Figures up to and including 1946-47 relate to undivided India.

† Figures relate to 7½ months from 15th August, 1947 to 31st March, 1948.

The provincial share of Income-Tax was hitherto regulated by the Government of India (Distribution of Revenues) Order, 1936 as amended from time to time. With the partition of the country, however, the basis of allocation had to be revised in view of the need for distribution, among the remaining provinces of India, the share hitherto allowed to the provinces that have now become part of Pakistan. Accordingly, a new Order, *viz.*, the Government of India (Distribution of Revenues) Order, 1948 was promulgated by the Governor-General on 17th March, 1948 and was given retrospective effect from 15th August, 1947.

According to the Order, the provincial share of the Income-Tax receipts is as before fixed at 50 per cent of the Divisible Pool both for 1947-48 and 1948-49. The allocations to individual provinces will be as follows:

	(Percentages)	
	New	Old
Madras	18	15
Bombay	21	20
United Provinces	19	15
West Bengal	12	20*
Bihar	13	10
Central Provinces and Berar	6	5
Assam	3	2
East Punjab	5	8*
Orissa	3	2

*Undivided provinces of Bengal and the Punjab.

Statement XIII gives details about the payments in respect of each province. It will be observed from the following Table that in the year 1948-49 a sum of Rs. 37.87 crores has been allocated for distribution among the provinces out of the total estimated Divisible Pool of Rs. 80.24 crores.

TABLE 21.—DIVISIBLE POOL OF TAXES ON INCOME AND DISTRIBUTION BETWEEN THE CENTRE AND THE PROVINCES.

(In lakhs of rupees)

	1947-48† Budget	1947-48† Revised	1948-49,* Budget
Total Taxes on Income other than Corporation Tax, excluding Central Surcharge	70,59	69,82	87,25
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces and miscellaneous receipts	3,74	3,72	5,89
Share of cost of collection	75	61	1,12
Balance	66,10	65,49	80,24
Deduct—Amount to be retained by Central Government	36,05	35,75	42,37
Amount payable to provinces	30,05	29,74	37,87

† The figures relate to 7½ months from 15th August, 1947 to 31st March, 1948. * As presented to the Legislature. The amount payable to provinces will be Rs. 36.41 crores if the effects of new taxation proposals are included.

The new Order has also fixed the share of the jute export duty to be assigned to the producing provinces at 20 per cent as against 62½ per cent under the Niemeyer Award, the total sum available for distribution under this head during 1948-49 being Rs. 93 lakhs.

The Order also fixes grants-in-aid to Assam and Orissa for the years 1947-48 and 1948-49 out of the Dominion Revenues. The allocations for the year 1947-48 to the two provinces are Rs. 18.75 lakhs and Rs. 25 lakhs respectively while for the year 1948-49 they are Rs. 30 lakhs and Rs. 40 lakhs respectively.

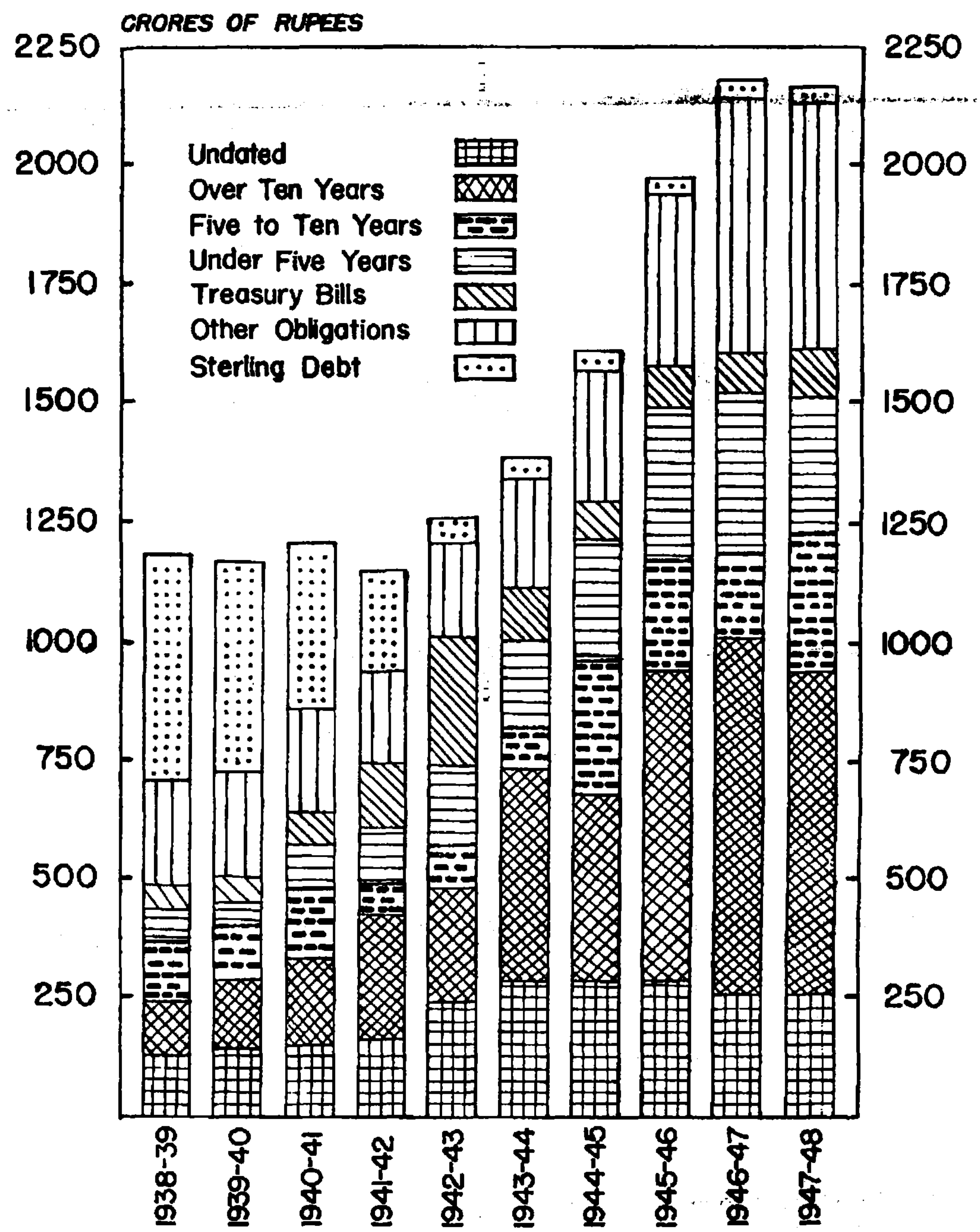
B. PUBLIC DEBT

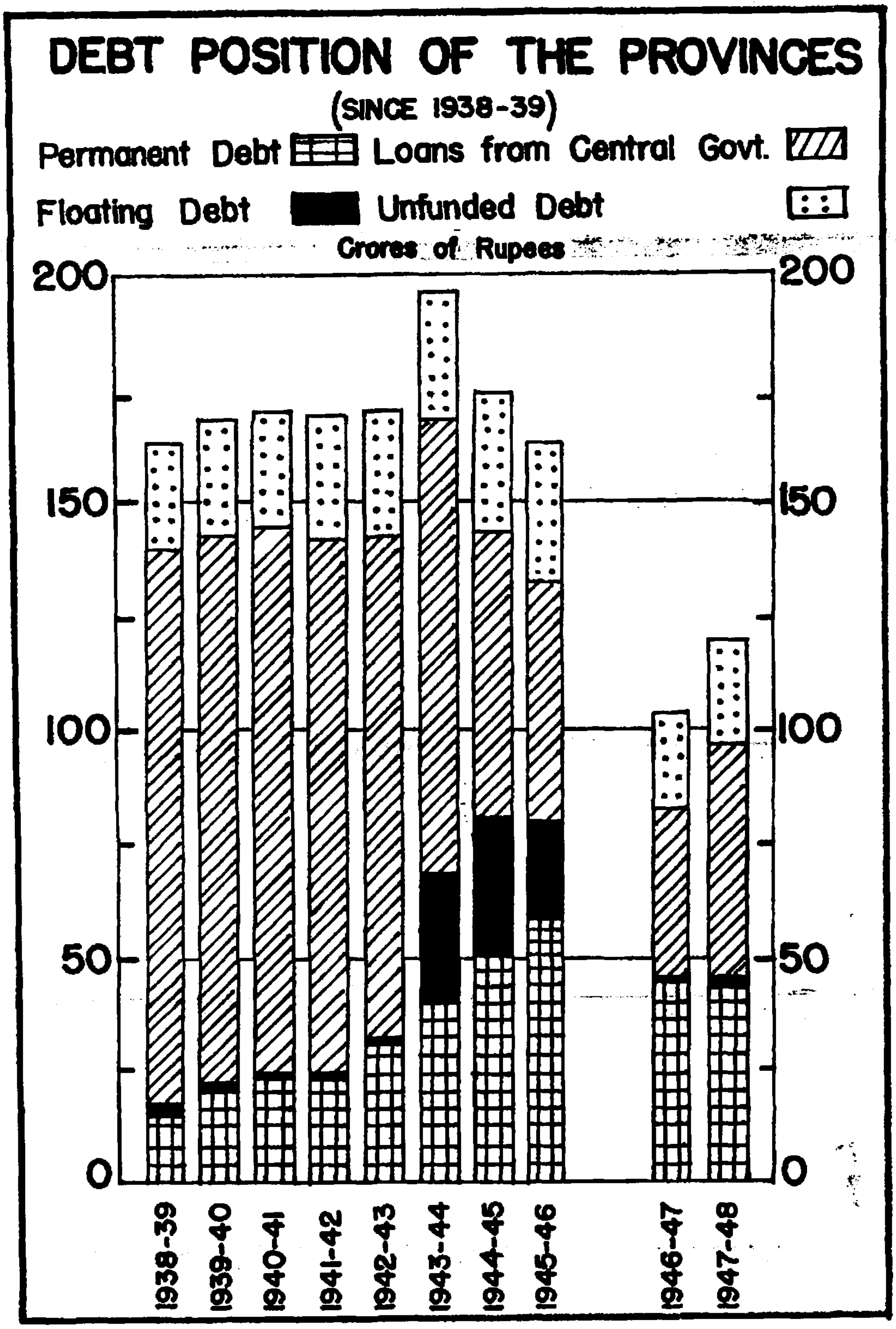
54. *General.*—The debt position of the Central and the Provincial Governments during the war and post-war years is revealed in the Table on page 74 and the diagrams facing pages 88 and 89. Due to a further reduction in expenditure as well as borrowing from the market, the total rupee debt of the Central Government at the end of 1947-48 showed an actual decrease of Rs. 7.03 crores from Rs. 2,142.00 crores at the end of 1946-47 to Rs. 2,134.97 crores at the end of 1947-48, as against an increase of Rs. 205.07 crores in 1946-47 and Rs. 365.53 crores in 1945-46. The borrowings of the Government from the market during the year amounted to approximately Rs. 40 crores and thus fell short of the target of Rs. 150 crores envisaged in the budget for 1947-48. This was due primarily to such non-monetary factors as the unsettled political conditions prior and subsequent to the partition of the country and the recurrence of communal trouble in parts of the country. The target for 1948-49 is fixed at Rs. 150 crores or more if possible. As regards the composition of the rupee debt, there were only slight changes during the year. The percentage proportion of the outstandings of the undated loans, Treasury bills and postal savings to total rupee debt increased respectively from 11.9, 3.6 and 12.5 at the end of 1946-47 to 12.1, 4.6 and 13.1 at the end of 1947-48. The proportion of the dated loans and other obligations, however, showed decline from 59.3 per cent and 12.7 per cent to 58.8 per cent and 11.4 per cent respectively over the same period. The sterling debt revealed a large decline during the year, the total amount outstanding excluding railway annuities declining from Rs. 36.61 crores at the end of March, 1947 to Rs. 30.28 crores at the close of March, 1948.

As regards the provincial debt position, it was noticed that the outstanding total debt of all the provinces in the Dominion of India (*vide* Statement XV) showed a decline of Rs. 37.91 crores from Rs. 157.79 crores at the end of 1946-47 (Accounts) to Rs. 119.88 crores at the end of 1947-48 (Revised). This is primarily due to the fact that the figures for the former year include those of the undivided provinces of Bengal and the Punjab whereas those for 1947-48 relate to the partitioned provinces. No Provincial Government resorted to long-term borrowing during the year; neither did any provincial loan fall due for repayment.

55. *Indo-Pakistan Financial Agreement.*—Early in December, 1947, the Governments of India and Pakistan arrived at a financial agreement in the matter of the allocation of public debt, cash balances, pensions, military stores, Ordnance factories and other fixed assets of undivided India. Pakistan's share of the public debt is made up of the value of assets, physical or financial which lie in Pakistan or are taken over by the Pakistan Government *plus* 17½ per cent of the uncovered debt represented by the excess of liabilities over assets of the undivided Central Government, *less* the liabilities directly assumed by the Government of Pakistan. For purposes of valuation of the assets taken over by the two Dominions, it has been agreed to adopt book values in all cases except strategic railways, the book value of which is to be written down arbitrarily by about 50 per cent. The initial

GROWTH OF THE DEBT OF THE GOVT. OF INDIA SINCE 1938-39





DEBT POSITION OF THE PROVINCES
(SINCE 1938-39)
Permanent Debt
Loans from Central Govt.
Floating Debt
Unfunded Debt
Crores of Rupees
200
150
100
50
0
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
1947-48

responsibility for all the liabilities of the undivided Government at the time of the partition has been assumed by the Government of India, and Pakistan is to pay her share to India in Indian rupees in 50 annual equated instalments for principal and interest combined, commencing from 15th August, 1952. The rate of interest will be the same as the average yield, over a period of two years preceding the date of the partition, on the rupee and sterling securities of the Government of India with an unexpired currency of 15 years or over, rounded to the nearest one-eighth of one per cent. As stated by India's Finance Minister in the course of his budget speech, on a very rough estimate, Pakistan's share of the debt is likely to be of the order of Rs. 300 crores and the rate of interest near about 3 per cent.

The undivided Government of India's cash balances on the eve of the partition were estimated at a little under Rs. 400 crores, inclusive of the securities held in the Cash Balance Investment Account. Of these, Pakistan's share has been agreed upon at Rs. 75 crores.

As for the allocation of sterling assets, under paragraph 4 (3) of Part IV of the Pakistan (Monetary System and Reserve Bank) Order, 1947 as amended in March, 1948 (*vide* para. 84), it has been agreed that out of the sterling assets of the Reserve Bank, Pakistan will receive a share in the proportion of the notes outstanding in Pakistan on 30th June, 1948, subject to adjustments, if any, on account of Pakistan's liability in respect of any of her rupee securities held, or advances made to her, by the Reserve Bank.

As regards pensions, it has been decided that each Dominion will continue to disburse the pensions now in payment in her territory, India continuing to pay the overseas pensions. The value of all pensions, both part earned and in issue, will be capitalised and the liability will be shared in the same ratio as agreed upon for sharing the uncovered debt. Pakistan's share of the military stores has been agreed upon at a third of the stocks held in India and Pakistan on the date of the partition or a third of the maintenance and reserve requirements of the two Dominions calculated on an agreed basis, whichever is less, the balance, if any, falling to India's share. In addition, the Government of India will make available to the Government of Pakistan a sum of Rs. 6 crores—which will, however, be added to Pakistan's debt—by way of assistance to set up Ordnance factories and a few other essential institutions, such as a Security Printing Press. No physical division will take place as regards Ordnance factories of the undivided Government, the Indian Dominion taking full liability for their book value.

(a) Government Balances and Short-term Borrowing

Central Government :

56. *Balances.*—Statement XVI shows the respective balances of the Central and Provincial Governments with the Reserve Bank and at the Government Treasuries at the end of each month during 1946-47 and 1947-48 as well as on the day of the partition. The month-end balances maintained by the undivided Government of India showed a decline from Rs. 422.85 crores in March, 1947 to Rs. 399.65 crores in April and after narrow fluctuations stood at Rs. 371.09 crores on 14th August, 1947. Mainly as a consequence of the transfer of Rs. 20 crores on 20th August, 1947 out of the cash balances of the undivided Central Government to provide an opening balance for the Government of Pakistan, the balances of the Government of the Indian Dominion fell to Rs. 350.04 crores at the end of August after which they rose to Rs. 369.69 crores again in November, but declined continuously thereafter to Rs. 262.86 crores in February, 1948, partly due to a further transfer of Rs. 50 crores to the Government of Pakistan on 19th January, 1948, the closing balance at the end of March, 1948, however,

being Rs. 274.85 crores. The average of the month-end balances of the undivided India during the 4½ months ended 14th August, 1947 stood lower at Rs. 391.61 crores against that of Rs. 469.01 crores for 1946-47, while the average of the balances of the Dominion of India for the 7½ months ended 31st March, 1948 stood at Rs. 324.71 crores.

57. *Treasury Bills.*—Details of transactions in Central Government Treasury bills since 1918-19 are given in Statement XVII. Particulars of weekly and monthly transactions in these bills during 1947-48 are given respectively in Statements XVIII and XIX. The total outstandings of Treasury bills as well as the outstandings with the public were higher for the greater part of the year as compared with last year. The total amount offered, the total amount tendered and the highest and lowest levels of outstanding Treasury bills were all higher in 1947-48 than in the previous year. The percentages of the amount sold to the amount offered as well as tendered were higher in 1947-48, the percentage of applications to amount offered being, however, slightly lower at 129 as against 131 in 1946-47. The weekly offer of Rs. 2 crores with which the year commenced was with some exceptions maintained during the year. Thus, Rs. 4 crores were offered during the last three weeks of June, the last two weeks of September, the first two weeks and the last week of October and again in the first three weeks of November. Rs. 6 crores were offered once during the third week of October, while during the last three weeks of the year the offer was restricted to Rs. 1 crore only. No offers were made during the latter half of July, the whole of August, the fourth week of October, the last week of December and the first week of January. The amount of maturing Treasury bills offered in lieu of cash under the option given to subscribers in 1942-43 aggregated Rs. 4.13 crores as compared with Rs. 5.22 crores in 1946-47, Rs. 26.59 crores in 1945-46, Rs. 20.80 crores in 1944-45 and Rs. 16.50 crores in 1943-44.

The amount of Central Government Treasury bills sold during the year in favour of the Issue Department of the Reserve Bank of India was Rs. 271.33 crores as against Rs. 220.30 crores in the previous year. The requirements of the Provincial Governments in regard to the investment of their surplus funds in the Central Government Treasury bills continued to be met from the holdings of the Issue Department, the amount thus sold being replaced by purchases from the Central Government on tap. During the year, the provinces of Bombay, Madras, Bihar, Orissa, United Provinces, Central Provinces and Berar and Sind (only up to 14th August, 1947) invested in Central Government Treasury bills for an amount of Rs. 184.82 crores, of which Bombay accounted for Rs. 110.25 crores or about 60 per cent, Madras Rs. 21.35 crores, Bihar Rs. 13.61 crores, Orissa Rs. 2.30 crores, United Provinces Rs. 19.00 crores, Central Provinces and Berar Rs. 12.25 crores and Sind (up to 14th August, 1947) Rs. 6.06 crores. The holdings of all the provinces in the Indian Dominion amounted on 31st March, 1948 to Rs. 57.63 crores.

58. *Yield on Treasury Bills.*—Statement XIX shows the average yield per cent per annum on Central Government Treasury bills sold to the public during each month of 1946-47 and 1947-48. The total realisations in respect of Treasury bills during the year aggregated Rs. 84.47 crores as against the total sales of the face value of Rs. 84.56 crores, the corresponding figures for the preceding year being Rs. 51.22 crores and Rs. 51.27 crores respectively. The monthly average yield stood around 0.43 per cent in the first four months of the year and after declining to 0.38 per cent in September rose to 0.50 per cent by November at which level it remained more or less constant till the end of the year. The annual average of the monthly yields showed a slight rise from 0.42 per cent during 1946-47 to 0.45 per cent during 1947-48.

59. *Ways and Means Advances.*—Although their balances with the Reserve Bank continued to decline during the year, there was no need for the Central Government, for the fourth year in succession, to have recourse to the Bank for accommodation as their cash balances were still large.

PROVINCIAL GOVERNMENTS :

60. *Balances and Ways and Means Advances.*—The month-end balances of the Provincial Governments with the Reserve Bank (*vide* Statement XVI) averaged Rs. 15.72 crores during the 4½ months ended 14th August, 1947 as against Rs. 20.61 crores for 1946-47. The balances as on 14th August, 1947 aggregated Rs. 13.07 crores, those of the following six provinces, namely, United Provinces, Assam, Central Provinces and Berar, the Punjab, Bombay and Sind accounting for Rs. 10.57 crores or over 80 per cent of the aggregate. The balances of the Provincial Governments in the Dominion of India stood at Rs. 21.10 crores at the end of March, 1948, of which West Bengal, Bombay, the East Punjab and the United Provinces accounted for Rs. 16.40 crores or 78 per cent. The average of the month-end balances for the 7½ months ended 31st March, 1948 worked out to Rs. 16.55 crores.

During the period from 1st April, 1947 to 14th August, 1947 all but the following three provinces, namely, Bombay, Assam and Sind had recourse to ways and means advances, the total amount of advances during this period being Rs. 13.28 crores. During the post-partition period up to 31st March, 1948, the following provinces of the Dominion of India, namely, Bombay, Madras, the East Punjab, Bihar and Orissa had recourse to those advances for an aggregate amount of Rs. 1.48 crores. At the close of the year there was no ways and means advance outstanding against any province.

61. *Treasury Bills.*—Statement XX (A) shows the yearly Treasury bill transactions of the provinces since 1938-39 (when they commenced borrowing in this form), while Statement XX (B) shows the sale of Treasury bills by the Provincial Governments during 1947-48. Only one province, namely, Bengal, resorted to the short-term market during the year, the total amount of Treasury bills sold by it being Rs. 4 crores as against the combined figure of Rs. 16.50 crores of all provinces during the year 1946-47. There were no outstandings at the end of the year. The average yield on provincial Treasury bills was 0.50 per cent as compared with 0.49 per cent during 1946-47.

(b) LONG-TERM DEBT AND OTHER BORROWING

62. *Government of India Loans.*—During the year 1947-48, the Government's efforts appeared to be concentrated more on the consolidation of the progress so far made in regard to their drive for cheap money initiated two years back, rather than on floating loans at progressively lower rates of interest. Owing to various factors, such as the unsettled political conditions, the partition of the country and the widespread communal disturbances, it was not possible for the Government to reach the original target of Rs. 150 crores for the borrowing programme anticipated in the budget for 1947-48. Only one loan was floated during the year for Rs. 40 crores which represented the total subscription to the Central Government loans during the year as compared with Rs. 112 crores in the previous year.

The Government announced on 3rd November, 1947 the flotation of a new cash-cum-conversion loan for approximately Rs. 40 crores bearing interest at 2¾ per cent and repayable at par on 15th November, 1962. The issue price of the loan was Rs. 100 for every Rs. 100 nominal. The list was opened for subscription on 15th November and closed at 12.15 p.m. on the same day, the total subscriptions including the amount taken up by the Government having amounted to Rs. 40.85 crores, comprising Rs. 20.84 crores by tender of cash and Rs. 20.01 crores by way of conversion of the 3½ per cent Loan 1947-50 (*vide* para. 63). There were no special issues during the year.

63. *Repayment of Loans.*—The 3½ per cent Loan 1947-50 fell due for repayment on 15th November, 1947 in accordance with the notice of redemption given by the Central Government on 12th August, 1947. The holders were given the option of converting their holdings into the new 2¾ per cent Loan 1962 (*vide* para. 62). Of the outstanding balance of Rs. 55.94 crores of the loan as on 14th November, 1947, the total amount redeemed up to 31st March, 1948 was Rs. 53.97 crores including Rs. 20.01 crores tendered for conversion into the 2¾ per cent Loan 1962.

In view of the considerable wartime growth in public debt, the annual appropriation for reduction or avoidance of debt, which was raised from Rs. 3 crores to Rs. 5 crores in 1946-47, has been maintained at that level during 1947-48 and 1948-49.

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

The public debt of India (including the unfunded debt and other obligations) registered a decrease of Rs. 13.36 crores at the end of March, 1948, with the total outstanding declining to Rs. 2,165.25 crores from Rs. 2,178.61 crores at the end of March, 1947. The sterling debt showed a decline of Rs. 6.33 crores from Rs. 36.61 crores at the end of 1946-47 to Rs. 30.28 crores at the end of 1947-48, made up of loans amounting to Rs. 6.22 crores and the unclaimed balances of the non-interest-bearing securities and service funds Rs. 24.06 crores.

According to the Explanatory Memorandum on the Central Government Budget for 1948-49, the total interest-bearing obligations of the Government of India increased by Rs. 976 crores from Rs. 1,206 crores at the end of 1938-39 to Rs. 2,182 crores at the end of 1947-48 (revised). These figures include liabilities in respect of the British War Loan which remains suspended since 1931-32 and for technical reasons the capital portion of the railway annuities which were funded in 1942-43 and against which an equivalent deposit has been made with His Majesty's Government who have undertaken to provide the necessary sterling as the payments fall due. In addition, these liabilities also include the balances in the Depreciation and Reserve Funds of the Railways, Posts and Telegraphs and certain other deposits mainly relating to Excess Profits Tax and Income-Tax. After excluding these liabilities, the total regular interest-bearing debt would amount to Rs. 1,943 crores at the end of 1947-48 (revised) as compared with Rs. 1,158 crores at the end of 1938-39; according to the budget estimates it is expected to rise to Rs. 2,041 crores at the end of 1948-49. As against the total interest-bearing obligations of Rs. 2,182 crores at the end of 1947-48, the assets of the Government of India aggregated Rs. 1,407 crores made up of (1) the capital outlay on railways, Rs. 676 crores, (2) the capital advanced to other commercial departments of the Central Government, provinces and States, etc., Rs. 117 crores, (3) the debt due from Burma, Rs. 48 crores, (4) deposits from His Majesty's Government for redemption of railway annuities, Rs. 20 crores, (5) the debt due from Pakistan, Rs. 300 crores and (6) the cash and securities held on Treasury account, Rs. 246 crores.

65. *Conversion of Government Promissory Notes into Stock Certificates and Subsidiary General Ledger Accounts.*—Conversions of Government Promissory

Notes into Stock Certificates during 1947-48 amounted to Rs. 28.15 crores as compared with Rs. 35.32 crores during 1946-47 and Rs. 42.28 crores during 1945-46, the total amount converted since 1st March, 1942, when the scheme for conversion (without charge) of Promissory Notes into Stock Certificates and *vice versa* came into force being Rs. 382.08 crores. Reconversions of Stock Certificates into Promissory Notes during 1947-48 were much higher at Rs. 53.97 crores as against Rs. 28.15 crores in 1946-47 and Rs. 18.99 crores in 1945-46, the aggregate since 1942 being Rs. 150.86 crores. Institutional investors continued to avail themselves of the facility allowed by the Bank for holding securities in Subsidiary General Ledger Accounts. The distribution of the rupee debt according to the form in which it is held is shown below.

PERCENTAGE TO TOTAL RUPEE DEBT.

As on 31st March	G.P. Notes	Stock Certificates	S.G.L.A/c.	Miscellaneous (i.e., G.P. Notes and Stock Certificates held in London)
1942	53.60	15.40	30.57	0.34
1943	25.60	31.28	42.85	0.27
1944	32.65	28.88	38.27	0.20
1945	37.05	25.95	36.85	0.15
1946	37.70	22.66	39.53	0.11
1947	35.90	22.26	41.80	0.04
1948	33.04	20.94	45.99	0.03

The continued preference of the institutional investors to hold securities in Subsidiary General Ledger Accounts is indicated by the higher percentage of the rupee debt under this account at the end of March, 1948, as compared with last year, while the percentage of holdings in Government Promissory Notes and Stock Certificates is seen to have declined from 35.90 and 22.26 respectively on 31st March, 1947 to 33.04 and 20.94 on 31st March, 1948.

66. ***Enfacement of Government of India Securities in Pakistan.***—The Government of India have decided that no securities of the Government of India should be enfaced or registered for payment of interest at any Treasury or Sub-Treasury in Pakistan, with effect from 1st April, 1948. In respect of securities, which are enfaced for payment of interest at any Pakistan Treasury or Sub-Treasury before that date, interest will continue to be paid in Pakistan and the principal of such securities will also be paid in Pakistan on maturity. The existing facilities for renewal, sub-division, consolidation or transfer from one Treasury to another in Pakistan will also continue. Securities enfaced or registered for payment of interest in Pakistan up to and including 31st March, 1948 may be transferred to India, but no subsequent re-transfer to Pakistan will be allowed.

67. ***Small Savings.***—Statement XXII shows the transactions in Post Office Five-Year Cash Certificates since their inception in 1917-18, Ten-Year Defence Savings Certificates first introduced in June, 1940 and Twelve-Year National Savings Certificates issued from 1st October, 1943 to replace the Ten-Year Defence Savings Certificates. Statement XXIII gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from 1st April, 1941. Particulars of monthly transactions in the various types of small savings are given in Statement XXIV. As was mentioned in last year's Report, the Government of India closed from

1st April, 1947, the Post Office Defence Savings Bank Accounts. According to a notification dated 27th May, 1947, the Government of India also stopped from 15th June, 1947 the issue of Post Office Five-Year Cash Certificates.

With effect from 16th June, 1947, the maximum limit of holding of National Savings Certificates by an individual (including the holding of Post Office Cash Certificates, if any) was raised to Rs. 15,000 and that for two holders jointly (including the holding of Post Office Cash Certificates, if any) to Rs. 30,000. The period of non-encashability of National Savings Certificates issued on or after 16th June, 1947 was fixed at one year from the date of purchase for certificates of Rs. 5 denomination and 18 months for certificates of other denominations. The following Table gives particulars of outstandings of the various forms of small savings since 1940-41.

(In lakhs of rupees)

Outstandings at the end of	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	14th August, 1947*	31st March, 1948*†
Cash Certificates	46,98	39,01	34,57	34,64	35,82	38,76	39,22	37,75	— 3,05
Defence Savings Certificates	2,29	4,35	5,56	6,97	6,42	5,92	5,18	4,79	— 40
National Savings Certificates	..	..	..	3,65	28,19	51,30	70,62	74,95	9,28
Savings Bank Deposits ..	59,51	52,07	52,22	64,18	80,22	115,04	142,35	146,14	7,58
Defence Savings Bank Deposits	..	11	40	8,98	8,53	10,50	10,93	6,03	— 3,16
Total ..	108,78	95,54	92,75	118,42	159,18	221,52	268,30	269,66	10,25

*Preliminary. †Figures for the Dominion of India only, exclusive of her share of the pre-partition outstandings.

The Government of India also decided to allow withdrawals by the refugees from Western Pakistan of their savings bank accounts or holdings of savings certificates on a limited basis in respect of investments made prior to 15th August, 1947. Depositors in savings banks, who could produce their pass books, have been allowed to withdraw 50 per cent of the balance shown as outstanding, up to a maximum of Rs. 1,000. Withdrawals in excess of Rs. 500 are required to be supported by a bond of indemnity, while withdrawals exceeding Rs. 1,000 are ordinarily not allowed. Holders of Post Office Savings Certificates are allowed to encash the certificates up to Rs. 500 on personal identification, while payments in excess of this amount up to Rs. 1,000 are to be made only on the execution of a bond of indemnity.

The yield (tax-free) on Post Office Five-Year Cash Certificates, the Ten-Year Defence Savings Certificates and the Twelve-Year National Savings Certificates remained unchanged respectively at 2½ per cent, 3½ per cent and 3½ per cent compound interest.

68. *Provincial Loans.*—During the year, no loans were floated by any of the Provincial Governments. However, the 3½ per cent United Provinces Encumbered Estates Act Bonds, which have been on tap since 1940 continued to be issued this year also, the nominal value of such bonds issued during the year being Rs. 40.56 lakhs. No Provincial Government loan also fell due for repayment during the year, except that the 3½ per cent United Provinces Encumbered Estates Act Bonds of the nominal value of Rs. 9.55 lakhs were discharged during the year, the balance outstanding at the end of March, 1948 being Rs. 3,15 lakhs.

69. *Repatriation of Sterling Debt.*—The transactions in respect of the repatriation of sterling stocks during the year related, as during the previous year, to the repayment of stocks not surrendered earlier. Table 22 shows the amounts repatriated and cancelled during each year from 1937-38 to 1946-47 and the particulars of the debt cancelled under the various schemes of repatriation during 1947-48.

TABLE 22.—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
1945-46	0.28	0.29	0.37	0.01
1946-47	0.76	0.80	1.06	[0.01
Total ..	323.88	322.01	430.34	273.58
1947-48				
1. First compulsory scheme of 8th February, 1941 (including special arrangements) ..	4.54	5.01	6.69	0.45
2. Second compulsory scheme of 24th December, 1941 (including special arrangements)	0.06	0.06	0.08	..
3. Redemption of 3½ per cent sterling stock 1931 or after..	0.04	0.04	0.05	..
4. Repatriation of railway debenture stocks	0.01	0.01	0.01	..
Total ..	4.65	5.12	6.83	0.45
Grand Total ..	**328.53**	**327.13**	**437.17**	**274.03**

During the year 1947-48, stray lots of the face value of £4.65 million were repatriated at a cost of Rs. 6.83 crores and rupee counterparts of the face value of Rs. 45 lakhs were created. The total amount of sterling debt repatriated since 1937-38 amounted to £328.53 million at a cost of Rs. 437.17 crores.

VI. CAPITAL MARKETS, MONEY AND BANKING

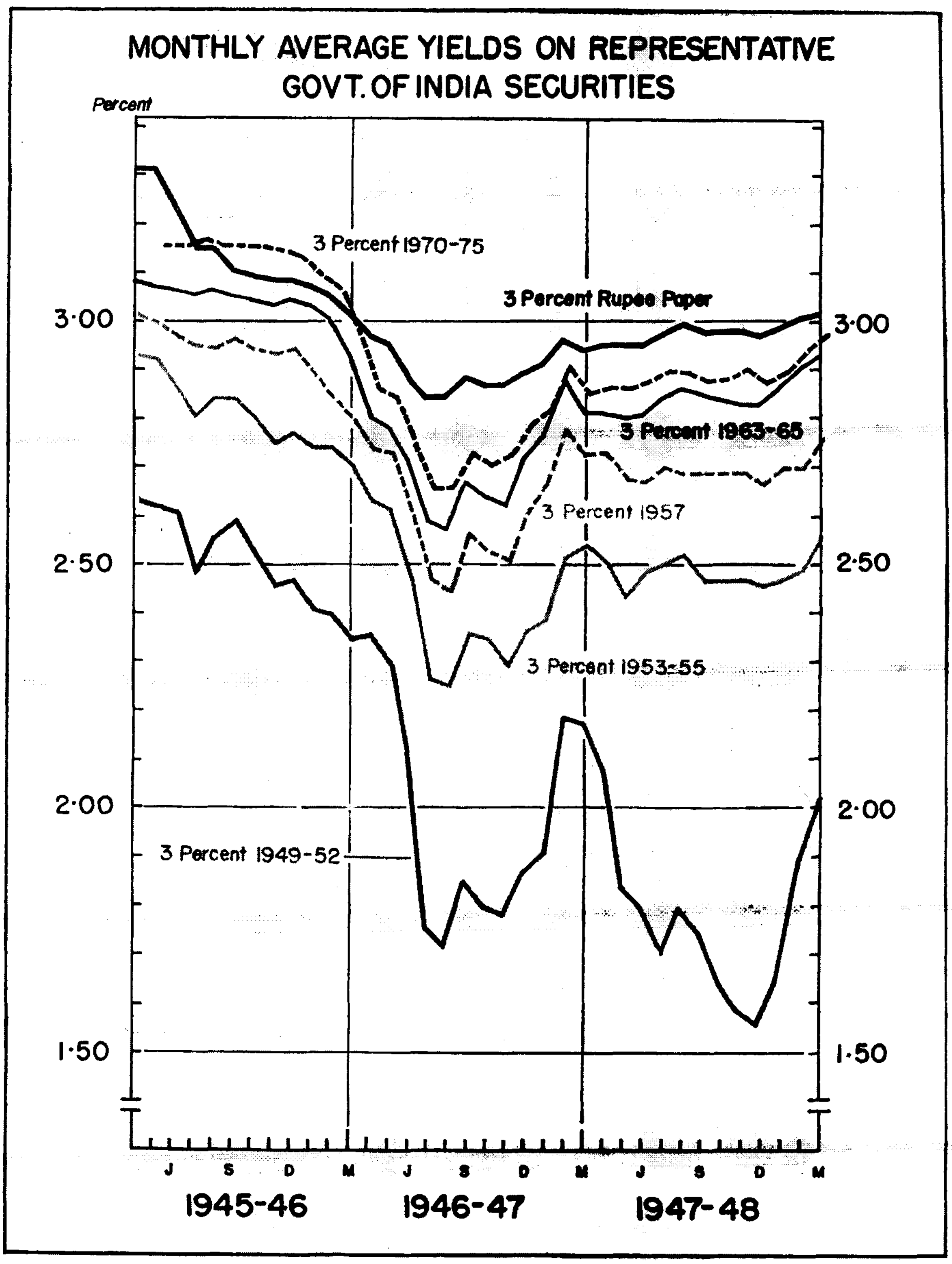
70. *General.*—Developments in the capital and money markets in India during the year under review show unmistakable signs of the general uncertainty on the economic front in the country. The share markets ruled generally easy due in the main to the uncertainty in the political sphere in the first half of the year and a lack of a clear fiscal and industrial policy, especially as regards taxation and nationalisation, during the second half. Prices were, however, maintained in the gilt-edged market, buttressed in some measure by the continuous official support. The general uncertainty is also reflected in the reduced number of applications for the issue of new capital. Conditions in the money market were generally easy during the first seven or eight months but tended to harden subsequently. Deposits of scheduled banks which declined till July resumed their upward tendency, especially on the demand side, indicating a partial reversion towards the wartime pattern. Advances too after tiding over the initial setback imparted by import restrictions, the slump on the stock exchanges and the nervousness consequent on the partition of the country, recorded an appreciable recovery reaching the peak level of Rs. 474.81 crores during March, 1948. The gradual return of confidence noticed in the latter half of the year was considerably helped by the measures undertaken by the Government, such as the promulgation of the Banking Companies (East Punjab and Delhi) Ordinance, the amendment of the Negotiable Instruments Act and the widening of the powers of the Reserve Bank to meet a crisis.

71. *Government Securities Market.*—In contrast to the speculative fervour noticed in 1946-47, the Bombay gilt-edged market ruled generally quiet and steady during 1947-48, despite the abnormal stress and strain to which it was subjected. Now and then the market showed signs of hesitancy and even weakness, due to uncertainties in the political situation, communal disturbances and the general doubts regarding the Government's willingness or ability to maintain cheap money but these did not lead to any severe recession in prices, except towards the end of the year due to the operation of special factors. The comparative stability of the market was in no small measure due to the Reserve Bank's continued support which was on a larger scale than in the previous year, although necessarily of a discriminating nature.

Statement XXVI shows the average monthly and annual yields and the highest and lowest prices during 1947-48 of all the outstanding Government of India securities, while Statement XXVII gives the highest and lowest prices of representative Government of India Rupee securities since 1938-39.

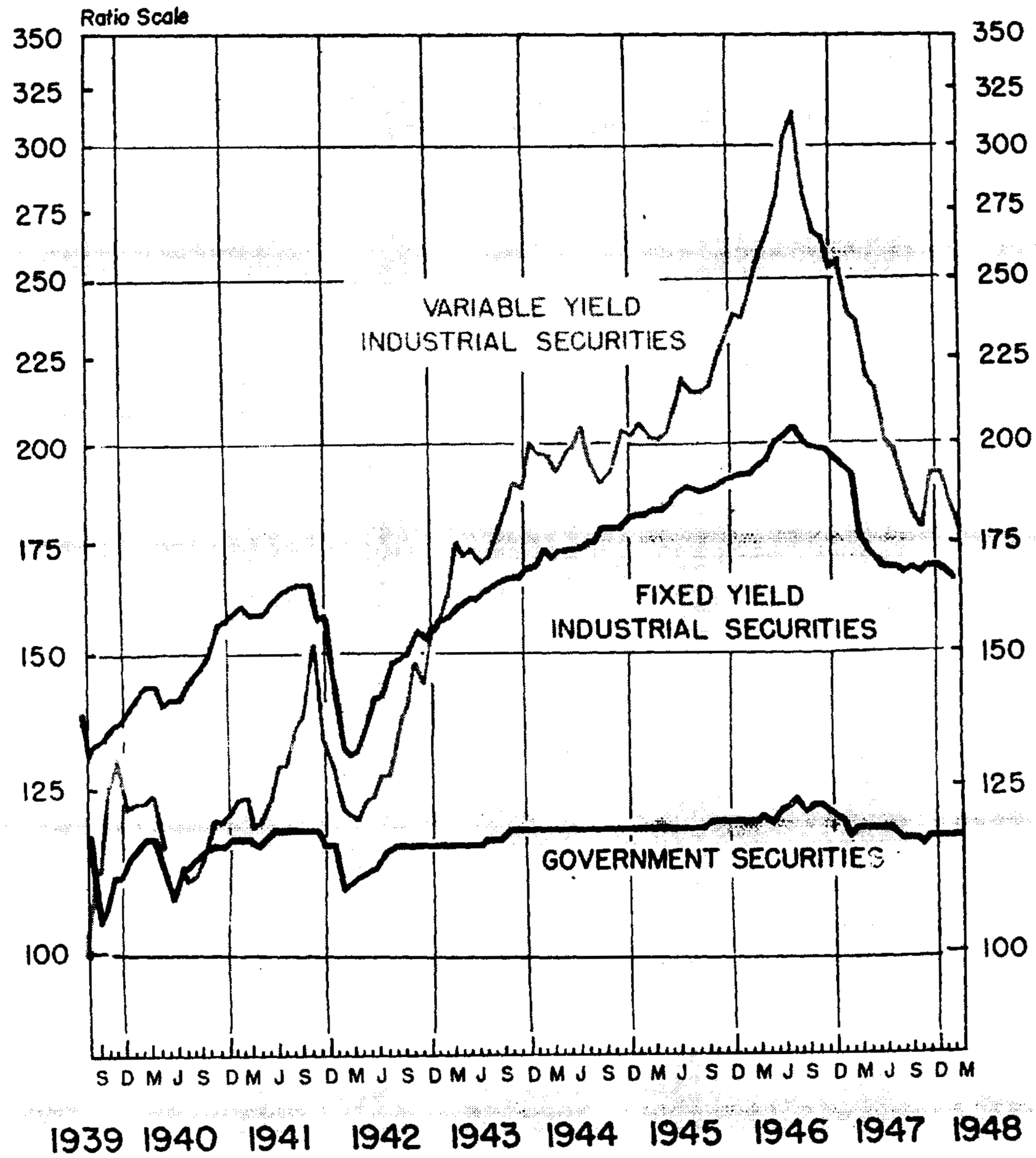
After the decline noticed towards the end of March, 1947, the securities market opened steady in April, and barring temporary recessions in July and November—the uncertainty regarding the financial implications of the partition of the country being the main disturbing factor in July—the steadiness was maintained till the end of the year 1947. The Reserve Bank Governor's emphasis, at the annual general meeting of the Bank, on the need for consolidating the progress already made in the direction of cheap money and the Finance Minister's declaration that he was in agreement with that view, the absence of new measures of taxation in the interim budget of the Central Government for 1947-48 as well as the Finance Minister's statement that the Central Government would not be floating any loan during the remainder of the current financial year, imparted some strength to the market and even a slight improvement in prices came to be noticed from the close of November till about the end of December, in sympathy with the behaviour of the industrial share market. In January, 1948, however, a somewhat quiet tendency appeared to have set in and during February and March it gave way to an easy trend, prices evincing a rather sharp decline towards the close of the financial year, the Economic Adviser's index number of the prices of Government securities moving down from 117.4 in December, 1947 to 116.5 in March, 1948. This was due, it is reported, to absence of confidence among investors generated by such factors as the disturbed international political situation, the prolonged uncertainty regarding the Kashmir and Hyderabad situations, and the reported heavy sales of securities by interests in the Indian States for investment in bullion. In the context of these abnormal conditions, official support has had to be necessarily of a discriminating character following the need to balance between the advantages of rendering support to the market freely and the inherent danger of extending too much support to undesirable transactions. The weakness of the market seemed to have been further accentuated by general doubts (which seemed to find support in what appeared to be a delay in announcing the redemption of the $2\frac{3}{4}$ per cent Loan 1948-52) regarding the ability of the authorities to maintain interest rates stable, rumours being current that the Government contemplated the issue of a $3\frac{1}{2}$ per cent loan.

The closing levels of prices for 1947-48 showed losses over those of the previous year, the decline being more pronounced in the longer-dated issues, particularly the non-terminable scrips, which showed losses of about Rs. 3–8–0. The long and medium-dated loans suffered losses ranging between Rs. 1–5–0 and Rs. 3–0–0. The range of fluctuations of prices, however, was much narrower than


MONTHLY AVERAGE YIELDS ON REPRESENTATIVE GOVT. OF INDIA SECURITIES
Percent
3 Percent 1970-75
3 Percent Rupee Paper
3 Percent 1963-65
3 Percent 1957
3 Percent 1953-55
3 Percent 1949-52
3·00
2·50
2·00
1·50
J S D M J S D M J S D M
1945-46
1946-47
1947-48

INDICES OF SECURITY PRICES

Base:—1927-28 = 100



during the preceding year. If attention is shifted from prices to yields, it will be noticed that the levels of yields at the close of the year as well as their annual average are only a shade higher than those in the previous year (*vide* the graph facing page 96) the extent of the rise being on an average 0.11 per cent, except in the case of the short-dated scrips, the yields on which showed a decline.

72. *Industrial Share Market.*—The industrial share market in India ruled easy, the downward movement of equity prices which set in during September, 1946 continuing unabated during the year 1947-48 also, except for a minor rally during December. Practically throughout the year the sentiment of the market was inclined to be bearish, the contributory factors being uncertainties, which generally crystallized into fears, in the political, financial and economic spheres. Broadly speaking, the political parleys regarding the constitutional set-up of the country, the June Plan of partition, the uncertainty regarding the financial implications of the partition, especially in the sphere of public debt, and the communal disturbances were the principal influences on the market in the first half of the year; in the latter half, the dominant factors were the absence of a clear picture of the Government's economic policy, especially as regards nationalisation of and control over industries, the probability of limitation of dividends and the introduction of profit-sharing, removal of controls over the distribution and prices of commodities, fears regarding stringent regulation of stock exchanges and the disturbing developments in Kashmir and Hyderabad.

Following the general nervousness prevailing since the budget day in February, 1947, the market continued easy during April and May, the trading being marked by hesitancy and caution. After the announcement of the 3rd June Plan, a slightly better feeling was discerned for some time in respect of active securities, the improvement being assisted by expectations regarding an increase in the prices of coarse cloth, cement, and steel. Consequently, the Calcutta Stock Exchange authorities removed on 9th June the minimum prices in respect of some shares and on the 11th in respect of the remaining, the Madras Stock Exchange authorities having removed them earlier on 29th May. However, from the latter half of July the markets again experienced a downward drift which continued almost uninterrupted till late November, the Economic Adviser's general index of prices of industrial securities (1927-28=100) showing a continuous decline from 239.3 in February to 176.5 in November, 1947. There appeared to be a general dearth of buying because of the creeping in again of an atmosphere of hesitancy and even bearishness due, among other things, to the uncertainty regarding the division of the assets and liabilities of the Central Government consequent on the partition of the country, the declaration of lower dividends by several prominent companies as well as the suspense arising from the delay in the announcement of the Government's economic policy. It also appeared as if the market reacted somewhat bearishly to the Reserve Bank Governor's speech at the Bank's annual general meeting on 4th August, stressing the need for holding the price line and consolidating the progress already made in the direction of cheap money. The outburst of communal disturbances in the Punjab in September and October further aggravated the downward trend.

The downward movement was, however, arrested towards the close of November, when the Indian Government's interim budget was presented on the 26th. The absence of any fresh taxes together with the Finance Minister's assurance of encouragement to private enterprise cheered up the market and led to a recovery which persisted till the end of December. The news regarding the agreement on industrial truce at the Tripartite Industries Conference in New Delhi in the middle of December, the reports about the settlement of all outstanding financial issues between India and Pakistan and expectations of the decontrol of essential commodities also helped the market sentiment, the Economic Adviser's general index (1927-28=100) recording a sharp rise from 176.5 in November to 192.4 in December.

Generally quiet conditions characterised trading from January, 1948 onwards, partly under the influence of reports that the Government would prohibit *budla* and abolish blank transfer in order to curb unhealthy speculation on the stock exchanges. The easy tendency persisted till the middle of February occasioned by such factors as the announcement of the nationalisation of the Imperial Bank, the sharp break on Wall Street and the publication of the Programme of the A.I.C.C.'s Economic Sub-Committee recommending, among other things, the limitation of dividends. Labour troubles in several of the textile mills in Coimbatore were responsible for a fall in the prices of textile shares on the Madras market during this period. However, during the latter half of February, the Prime Minister's elucidation of the recommendations of the Economic Sub-Committee of the A.I.C.C., the surplus in the railway budget and the anticipations of a bullish budget generated a brighter sentiment which continued till 28th February, when, during a special session which took place immediately after the introduction of the Central Government's budget proposals for 1948-49, a nervous feeling crept in, prices of most of the leading counters being hammered down substantially, following the news of the retention of the Business Profits Tax at 10 per cent as against the expectation of its complete removal as well as the rumour that the rate of the estate duty, the Bill for which was to be introduced in the Constituent Assembly (Legislative), would be steep. Apprehensions regarding the Government of India's industrial policy, fears of another World War, the sharp break in the gilt-edged market and the actual introduction of the Estate Duty Bill in the Constituent Assembly (Legislative) on 22nd March, were some of the factors which were responsible for a further deterioration of the market in March, particularly in the latter half. In Calcutta, conditions were akin to panic so much so that the Committee of the Calcutta Stock Exchange, by a resolution adopted on 31st March, 1948, decided that all outstanding deliveries should be completed by 7th April and that in regard to transactions after 1st April, 1948 delivery should be made within three days.

The Table on page 99 gives the prices of the leading industrial shares on certain selected dates in the year 1947-48. It will be noticed that the extent of decline in prices has been nearly as heavy as in the previous year. Statement XXV gives the Economic Adviser's index numbers of prices of Indian securities. The index numbers for the closing month of the year are considerably lower than those for the closing month of the previous year, the percentage declines in the case of a few leading groups being as follows: coal 33.0; iron and steel 32.1; jute 32.0; sugar 29.6; paper 26.7; banking 21.1; and cotton 19.9. The general index showed a decline of 25.6 per cent as against a decrease of 4.2 per cent during the previous year. The average index numbers for the year 1947-48 are lower than those in the previous year in respect of all the groups, the decline in the general index being 28.6 per cent.

The graph facing page 97 based on the indices issued by the Economic Adviser depicts the movements since August, 1939 in the prices of Government Securities, Fixed Yield Industrial Securities and Variable Yield Industrial Securities.

73. *The Bombay Forward Contracts Control Act,* 1947.—A notable development in the field of statutory control over forward trading was the enactment in November, 1947 by the Bombay Legislature of the Bombay Forward Contracts Control Act, 1947. Firstly, this measure tightens Government control over forward trading

TABLE 23.—PRICES OF REPRESENTATIVE INDUSTRIAL SHARES ON CERTAIN SELECTED DATES, 1947-48.

Scrip	Closing prices 1946-47	29th May 1947	4th June 1947	6th August 1947	21st August 1947	16th Sept. 1947	20th Nov. 1947	28th Nov. 1947	27th Feb. 1948	28th Feb. 1948	31st March 1948	Highest	Lowest	% *Increase (+) or decrease (—) of (11) over (1)*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	*(14)*
1. Tata Steel Deferred ..	2,270–0	1,817–8	1,907–8	2,020–0	1,965–0	1,595–0	1,692–8	1,877–8	1,930–0	1,750–0	1,542–8	2,255–0	1,517–8	*—32.0*
2. Tata Steel Ordinary ..	415–0	362–0	375–0	395–8	388–0	327–0	349–0	379–0	382–0	350–0	324–0	431–0	320–0	*—21.9*
3. Steel Corporation of Bengal	27–0	23–8	25–4	28–10	29–6	25–0	26–6	28–8	30–9	28–8	24–8	33–4	21–6	*— 9.3*
4. Indian Iron and Steel ..	36–0	28–12	32–2	36–0	36–14	31–14	32–14	34–6	35–6	33–0	28–11	38–3	26–12	*—20.3*
5. Bombay Dyeings, Textiles .	2,270–0†	960–0	1,010–0	1,050–0	1,050–0	961–4	1,035–0	1,090–0	1,160–0	1,075–0	1,035–0	1,257–8	925–0	*— 8.8*
6. Kohinoor ,, ..	728–0	613–0	633–0	579–0	568–0	524–0	547–0	574–0	626–0	585–0	587–0	700–0	516–0	*—19.4*
7. Swadeshi ,, ..	620–0	592–0	608–0	607–0	596–0	537–0	577–0	603–0	663–0	638–0	627–0	693–0	470–0	*+ 1.1*
8. New Great ,, ..	350–0	338–0	343–0	382–0	379–0	345–0	385–0	417–0	414–0	395–0	356–0	465–0	310–0	*+ 1.7*
9. Buckingham ,, ..	375–0	315–0	315–0	330–0	330–0	302–8	316–8	314–0	343–0	343–0	330–0	375–0	299–0	*—12.0*
10. Cambodia ,, ..	31–10†	23–4†	22–12†	23–12†	24–11†	23–10†	23–6†	23–12†	12–10	12–10	11–14	31–10†	11–6	*—24.9*
11. Imperial Bank F.P. ..	2,330–0	2,150–0	2,210–0	2,195–0	2,235–0	2,185–0	2,270–0	2,267–8	2,047–8	2,045–0	2,040–0	2,415–0	2,005–0	*—12.4*
12. Bank of India	238–0	218–0	224–0	231–8	235–8	235–0	240–8	240–8	243–0	243–0	250–0	258–0	208–0	*+ 5.0*
13. Central Bank of India ..	127–0	92–8	95–8	96–0	97–4	84–8	84–4	81–8	88–0	86–8	82–4	107–0	79–4	*—35.2*
14. Bank of Mysore	450–0	340–0	340–0	382–8	382–8	367–8	365–0	363–8	377–8	377–8	340–0	460–0	340–0	*—24.4*
15. Anglo-India, Jute	610–0*	600–0*	600–0*	394–0	415–0	390–0	348–0	346–0	410–0	410–0	332–0	472–0	332–0	*—45.6*
16. Howrah ,, ...	108–0*	106–8*	106–8*	84–5	87–13	85–12	77–10	79–12	92–8	87–12	76–0	98–6	76–0	*—29.6*
17. Kanknarrah ,, ...	730–0	700–0	730–0	560–0	584–0	600–0	531–0	574–0	592–0	557–0	514–0	730–0	509–0	*—29.6*
18. Bengal, Coal	800–0	800–0	800–0	580–0	590–0	545–0	526–0	540–0	567–0	585–0	515–0	800–0	488–0	*—35.6*
19. Burrakur ,, ...	37–2	37–0	37–0	31–8	29–2	27–0	23–8	25–7	27–6	26–8	21–2	37–0	21–2	*—43.1*
20. Equitable ,, ...	62–0*	62–0*	62–0*	51–8	50–8	49–4	44–8	47–4	44–8	46–4	38–4	56–2	38–4	*—38.3*
21. Hasaimara, Tea	124–0	122–0	124–0	104–0	106–0	119–0	117–8	117–8	121–0	121–0	112–8	126–0	98–12	*— 9.3*
22. Patrakola ,, ...	1,875–0*	1,875–0*	1,875–0*	1,875–0*	1,350–0	1,393–0	1,198–0	1,198–0	1,160–0*	1,160–0*	1,160–0*	1,393–0	1,170–0	*—38.1*
23. Carew, Sugar..	21–0	21–0	21–0	18–11	20–2	18–1	15–15	19–2	15–8	15–3	11–4	21–4	12–8	*—46.4*
24. India ,, ...	22–4	18–8	18–8	18–8	18–8	18–0	18–0	18–8	18–0	18–0	17–0	22–4	17–0	*—23.6*
25. Chembra Peak, Plantings ..	10–10	9–6	9–8	10–3	9–14	9–11	9–15	10–0	11–4	11–4	5–7	11–8	5–6	*—48.8*
26. Cochin Malabar ,, ..	12–14	11–0	10–8	9–8	9–8	8–10	9–6	9–6	8–2	8–2	6–12	13–4	6–12	*—47.6*
27. A.C.C.	176–8	167–0	169–8	169–0	164–0	156–12	154–8	162–0	181–0	171–0	170–8	199–0	150–0	*— 3.2*

Note.—The dates given above are selected with a view to indicating the position of security prices just before and after some outstanding days of the year as explained below : (1) Closing prices of 1946-47 ; (2) Pre-announcement of the 3rd June Plan ; (3) Post-announcement of the 3rd June Plan ; (4) Pre-Independence Day prices ; (5) Post-Independence Day prices ; (6) Prices during the Punjab disturbances ; (7) Pre-interim budget day prices ; (8) Post-interim budget day prices ; (9) Pre-budget prices ; (10) Post-budget prices and (11) Closing prices of 1947-48.

† Before the issue of bonus shares. * Nominal quotations.

in cotton and securities, the existing control under the Bombay Cotton Contracts Act, 1932, and the Bombay Securities Contracts Control Act, 1925, having proved ineffective inasmuch as forward trading took place outside the recognised associations and in a manner which was detrimental to genuine trade interests. Secondly, it extends the control to such other goods as the Government may specify. The Act provides for Government recognition of an association for purposes of forward trading in respect of any commodity. The rules and bye-laws of a recognised association have to be approved by the Government and no alterations or additions thereto shall be made without their prior approval. The Government have also the power to add to, vary or rescind any rules or bye-laws of the recognised associations. They can supersede the governing board of any recognised association and appoint such person or persons to exercise its powers and to perform its duties. The Government may also require an association to provide in its rules that the Provincial Government may appoint any person, whether a member of the association or not, to be the president or a member of the governing body of such association. Further, it is provided that forward contracts which are not entered into

(*a*) in accordance with such bye-laws as may be specified,

(*b*) (i) between members of a recognised association,

(ii) through a member of a recognised association, or

(iii) with a member of a recognised association, provided that such member has previously secured the written authority or consent, which shall be in writing, if the bye-laws so provide, of the person entering into or making the contract,

shall be illegal and no claim of any description in respect of such contracts shall be entertained in any civil court, and any person entering into such contracts shall be punishable with imprisonment or fine or both. The significance of (*b*) (iii) is that it permits what are known as principal's contracts.

Care has been taken to define precisely forward and ready delivery contracts. A forward contract is defined as "a contract for the delivery of goods at a future date and which is not a ready delivery contract." A ready delivery contract is defined as "a contract which provides for delivery and payment of price either immediately or within such number of days not exceeding seven after the date of contract, and under such conditions as the Provincial Government may specify in this behalf in respect of any particular goods." It is declared that options, or such kinds of options in such goods, and in the whole of the Province of Bombay or such part thereof as may be specified, are illegal. It is also provided that the organizing, managing or becoming a member of a non-recognised association, for purposes of forward trading, is a penal offence.

74. *Control of Capital Issues.*—Control continued to be exercised over the issue of capital during the year under the Capital Issues (Continuance of Control) Act, 1947 (*vide* para. 69 of the Report for 1946-47). Statement XXVIII gives detailed statistics about the working of the control during the year as also the progressive figures since the inception of the control on 17th May, 1943. Figures up to 14th August, 1947 relate to undivided India while those after that date relate only to the Dominion of India. It is observed that comparatively speaking, there has been a sharp decline in the volume of capital issues during the year. Whereas during the 18 months ended 31st March, 1947, 1,614 applications were received for an issue of Rs. 483.91 crores, during the year ended 31st March, 1948, only 541 applications were received for an issue of capital amounting to Rs. 193.10 crores. This decline was probably due, among other things, to the uncertain political

situation in the country and the continued weakness of the stock market. Of the total applications, 497 for a sum of Rs. 167.95 crores related to provinces (including those in Pakistan up to 14th August), and only 44, for a sum of Rs. 25.15 crores, to States. Consent was given to 426 companies for an issue of Rs. 162.99 crores, representing respectively 78.74 per cent and 84.41 per cent of the number of applications received and the amount applied for. Out of these, 393 companies involving Rs. 141.89 crores related to provinces and the rest to States. It appears that the rigour of control as reflected in the proportion of consents to applications has been relaxed somewhat, compared to early post-war period, there being some increase in the percentage of consents both as regards the number of applications and their amount (*vide* Table 24). The average amount of capital sanctioned in respect of a company is higher at Rs. 38.26 lakhs as compared with Rs. 32.06 lakhs during the previous 18 months. It may be noted that the average amount sanctioned for Non-Industrial issues is proportionately greater than that for Industrial issues.

As in the previous 18 months, 'initial' issues predominate in respect of the amount sanctioned, these accounting for 62.05 per cent of the total amount consented, while in respect of the number of companies 'further' issues are more important, being 56.57 per cent of the total. As regards the distribution of consents between Industrial and Non-Industrial issues the former continue to pre-dominate as hitherto, accounting for 65.49 per cent of the total number of companies and 56.75 per cent of the amount sanctioned. As between Immediate and Long-range schemes, Immediate issues form 87.56 per cent of the total number of consents and 62.45 per cent of the total amount sanctioned; the trend noticed in the first 18 months of the post-war period of a decline in the importance of Immediate as against Long-range issues appears to have been reversed.

From the weekly statements issued by the Office of the Controller of Capital Issues it is observed that of the total consents during the year, 61 (comprising 32 textile companies, 7 tea companies, 4 sugar companies, 4 jute companies, 1 electric and 13 miscellaneous companies), are for issue of bonus shares involving a sum of Rs. 9.94 crores.

TABLE 24.—CONTROL OF CAPITAL ISSUES.

(A) PERCENTAGE DISTRIBUTION GROUP-WISE.

(IMMEDIATE AND LONG-RANGE SCHEMES COMBINED)

CLASSIFICATION	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947		From 1-4-1947 to 31-3-1948	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
I. Industrial	46.67	61.26	60.25	59.18	65.49	56.75
II. Agricultural	7.21	5.42	6.58	3.16	5.40	1.70
III. Financial	13.45	19.50	16.54	11.58	15.26	19.09
IV. Trade and Transport.	25.11	10.57	11.23	21.07	10.33	21.02
V. Other Services ..	7.56	3.25	5.40	5.01	3.52	1.44
VI. Total Non-Industrial.	53.33	38.74	39.75	40.82	34.51	43.25
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL..	100.00	100.00	100.00	100.00	100.00	100.00

(B) CONSENTS AS PERCENTAGES OF APPLICATIONS.

(IMMEDIATE AND LONG-RANGE SCHEMES COMBINED)

Classification	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947		From 1-4-1947 to 31-3-1948	
	Consents		Consents		Consents	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
I. Industrial	87.60	82.44	85.00	82.55	90.00	86.36
II. Agricultural ..	82.98	69.65	83.87	56.01	95.83	97.64
III. Financial	57.26	41.00	42.15	53.88	47.10	74.36
IV. Trade and Transport.	88.04	77.03	89.86	90.39	81.48	87.94
V. Other Services ..	82.42	66.41	94.12	95.96	100.00	100.00
VI. Total Non-Industrial.	76.32	52.66	60.85	73.33	63.64	81.98
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL..	81.20	67.65	73.42	78.52	78.74	84.41

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

Classification	From 17-5-1943 to 30-9-1945		From 1-10-1945 to 31-3-1947		From 1-4-1947 to 31-3-1948	
	Consents		Consents		Consents	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
I. INDUSTRIAL:						
Immediate ..	87.77	48.53	56.72	34.67	85.66	62.62
Long-Range ..	12.23	51.47	43.28	65.33	14.34	37.38
II. AGRICULTURAL:						
Immediate ..	99.63	98.94	91.03	77.62	95.65	82.73
Long-Range ..	0.37	1.06	8.97	22.38	4.35	17.27
III. FINANCIAL:						
Immediate ..	98.82	96.95	90.31	71.49	95.38	93.09
Long-Range ..	1.18	3.05	9.69	28.51	4.62	6.91
IV. TRADE AND TRANSPORT:						
Immediate ..	98.63	69.24	82.71	41.38	81.82	30.24
Long-Range ..	1.37	30.76	17.29	58.62	18.18	69.76
V. OTHER SERVICES:						
Immediate ..	96.15	74.03	71.88	48.48	93.33	95.73
Long-Range ..	3.85	25.97	28.12	51.52	6.67	4.27
VI. TOTAL NON-INDUSTRIAL:						
Immediate ..	98.46	87.75	85.77	53.59	91.16	62.23
Long-Range ..	1.54	12.25	14.23	46.41	8.84	37.77
VII. GRAND TOTAL—INDUSTRIAL AND NON-INDUSTRIAL:						
Immediate ..	93.47	63.72	68.27	42.40	87.56	62.45
Long-Range ..	6.53	36.28	31.73	57.60	12.44	37.55

75. *Money Rates and Conditions.*—Statement XXIX shows the various money rates in India since 1935-36 as well as those prevailing on the first day of each month of the year under report. The Bank rate of the Reserve Bank of India and the Hundi rate of the Imperial Bank of India remained unchanged at 3 per cent throughout the year. Money conditions which were generally easy in the first half of the year tended to harden as the busy season progressed. Nevertheless the inter-bank call money rate quoted by the larger scheduled banks remained nominally steady at ½ per cent both in Bombay and Calcutta. The three months' deposit rate which was quoted by the larger scheduled banks in Bombay at ¾-1 per cent at the end of last year remained unchanged till 9th August, 1947, when it eased to ½-¾ per cent continuing at that level till 27th February, 1948. From 28th February, however, it spurted up to 1-1¼ per cent and remained unaltered at that level till the end of the year. The six months' fixed deposit rate, on the other hand, which was quoted at 1-1¼ per cent at the end of last year remained steady till 16th May, 1947, when it improved to 1-1½ per cent and remained at that level till 8th August. Between 9th August and 28th November, it was quoted lower at ¾-1 per cent but again recovered to 1-1¼ per cent on 29th November and further to 1¼-1½ per cent on 6th February, remaining unaltered at that level till the end of the year. The twelve months' rate continued to be quoted at its previous closing level of 1½-1¾ per cent till 5th February, 1948, when it improved to 1¾-2 per cent at which level it stood at the close of the year.

76. *Inter-Dominion Banking Arrangements.*—(A) Under the Pakistan (Monetary System and Reserve Bank) Order, 1947 as amended in March, 1948, the Reserve Bank of India will manage the currency of Pakistan, function as bankers to the Central and Provincial Governments of Pakistan and also manage their public debt including the issue of new loans till 30th June, 1948. The Bank is to have the sole right to issue Bank notes in Pakistan till that date. In addition, the Bank is required to sell or buy till 30th June, 1948 at its office in Karachi foreign exchange at such rates of exchange and on such conditions as the Government of Pakistan, in consultation with the Government of India, may determine from time to time.

The Government of Pakistan is empowered to declare any bank carrying on business in Pakistan as Pakistan scheduled bank if it fulfils certain conditions and is not a scheduled bank within the meaning of the Reserve Bank of India Act. The Reserve Bank is to have up to 30th June, 1948 the same control over the Pakistan scheduled banks as it has over the Indian scheduled banks. The Reserve Bank can also require any Pakistan Provincial Co-operative Bank with which it has transactions under Section 17 of the Reserve Bank of India Act to furnish the prescribed weekly returns. The Banking Companies (Restriction of Branches) Act, 1946, and the Banking Companies (Inspection) Ordinance, 1946, are also to apply to the whole of Pakistan till 30th June, 1948. Further, the Reserve Bank is also to provide till 30th June, 1948, remittance facilities at par between its offices in Pakistan and such office or offices in India as may be prescribed by the Bank in such amounts and at such rates of commission as may be approved by the two Dominion Governments. Provision has also been made under the above Order for the distribution of assets (*vide* para. 84) and the allocation of profits of the Reserve Bank between the two Dominions.

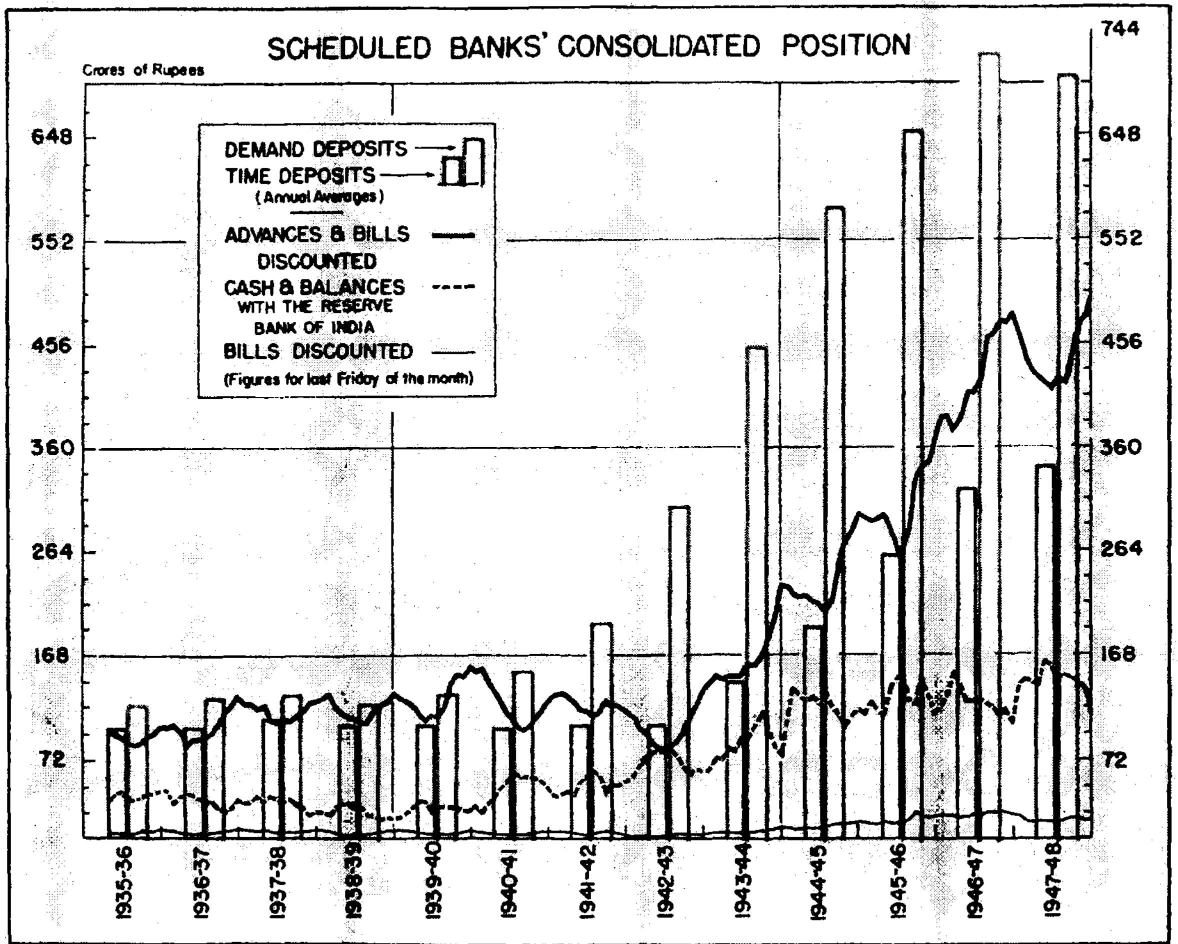
(B) According to a *Press communique* issued by the Government of India on 22nd January, 1948, arrangements were made, after discussions between the representatives of the Governments of India, Pakistan, the West and East Punjab, and the Reserve Bank and other banks, for facilitating resumption of business by banks which had closed their offices owing to disturbances or to paucity of staff. Under the arrangements, the West Punjab Government agreed to make all the necessary arrangements for the protection and housing of the non-Muslim staff of banks in Lahore. Banks were allowed to remove, after giving due notice to their local constituents, their business to other centres if such a step was necessary due to staff and other difficulties, on receiving the necessary permission for removing valuables, records, etc., from the Custodian of Evacuee Property. In order to avoid inconvenience and distress to the evacuee depositors, both the Dominions agreed not to place any restrictions on transfer of accounts or remittance of funds by banks in connection with such transfers. However, in the case of accounts of companies which continue to function in Pakistan, prior permission of the Pakistan Government was necessary. To facilitate such transfer of accounts, it was suggested that every bank should nominate one branch in India and one branch in Pakistan to whom constituents may apply for such transfers. Banks were also advised to register claims to their own property or to the property of their debtors pledged, hypothecated, assigned or otherwise charged as security for loans advanced by them, as early as possible with the Custodian of Evacuee Property. The West Punjab Government also agreed to give facilities to banks in making a survey of their financial position. The Reserve Bank staff at Lahore would also assist the banks in such surveys.

77. *Consolidated Position of Scheduled Banks.*—Statement XXX shows the weekly consolidated position of the working of the scheduled banks in India and Pakistan during the year under review, while Statement XXXI gives their annual statistics since 1937-38 and their monthly statistics during the year 1947-48. Statement XXXII gives the indices in respect of all the items of assets and liabilities included in Statement XXXI. See also the accompanying diagram.

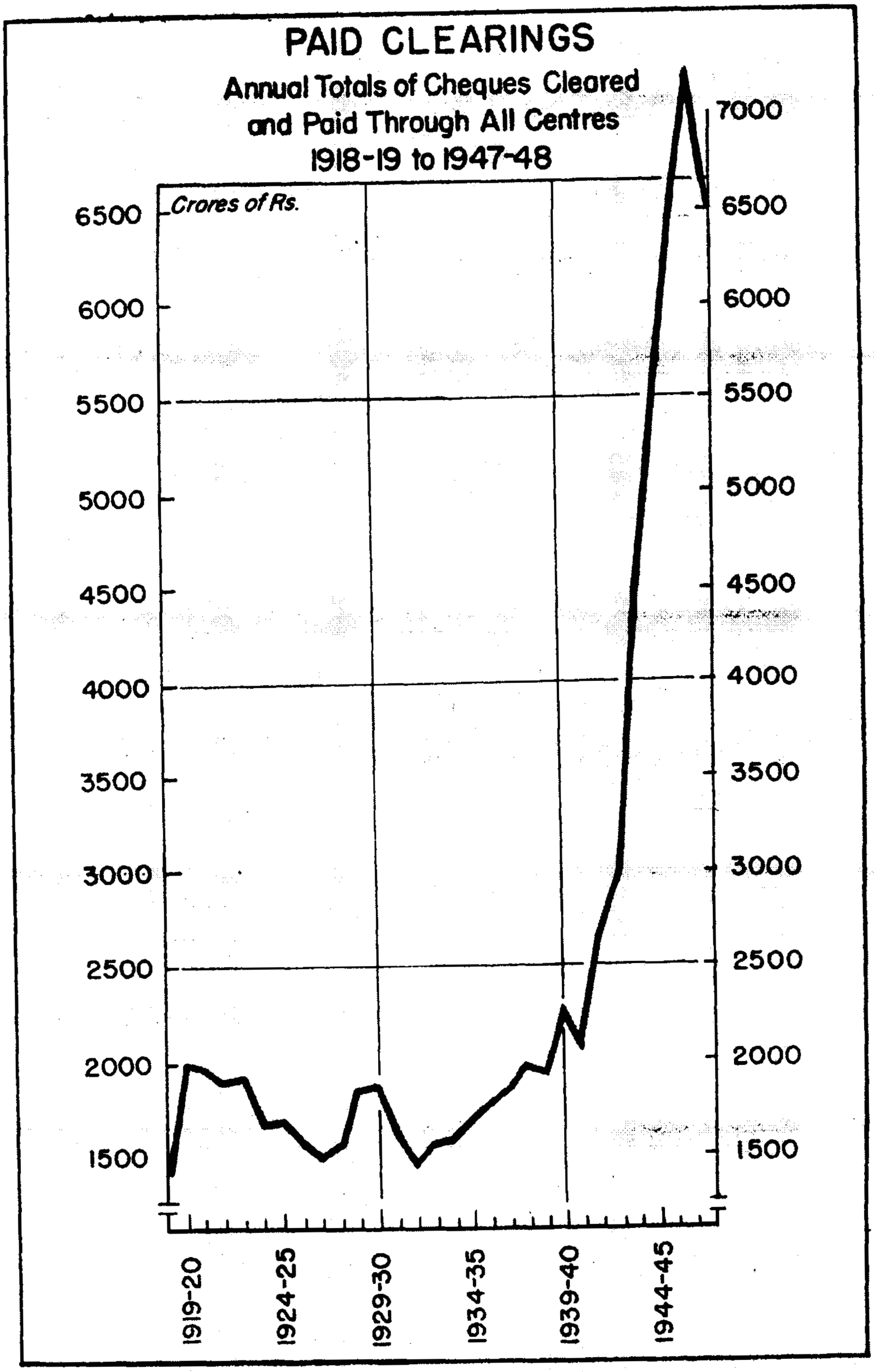
During the year under report, the following six banks namely, the Presidency Industrial Bank Ltd., Poona City, the Hyderabad State Bank Ltd., Hyderabad (Dn.), the Bank of Poona Ltd., Poona, the Travancore Forward Bank Ltd., Kottayam, the Mercantile Bank of Hyderabad Ltd., Hyderabad (Dn.), and the Vysya Bank Ltd., Bangalore City, were included in the Second Schedule to the Reserve Bank of India Act, while the Associated Banking Corporation of India Ltd., Bombay, was excluded from the Second Schedule and the United Sind-Punjab Bank Ltd., was amalgamated with the United Commercial Bank Ltd., Calcutta. As a result, the total number of scheduled banks increased from 97 at the end of 1946-47 to 101 at the end of 1947-48.

Referring to the consolidated position of scheduled banks, on the liabilities side, the decline in demand liabilities noticed since November, 1946 was arrested in June, 1947 and they recorded a continuous rise which practically wiped out the earlier fall. This rise indicates a reversal of the last year's trend and may have been caused by the reimposition of stricter import restrictions and greater preference for liquidity on the part of depositors under the disturbed conditions in the country. Time liabilities showed an uncertain trend and fluctuated within narrow limits. In March, 1948, the demand and time liabilities averaged Rs. 751.42 crores and Rs. 340.23 crores respectively as against Rs. 690.49 crores and Rs. 346·86 crores in March 1947. The range of variation between the minimum and maximum of demand and time liabilities during the year 1947-48 was Rs. 83.65 crores and Rs. 11.14 crores respectively as against Rs. 61.29 crores and Rs. 45.87 crores during the year 1946-47. The total of demand and time liabilities remained in excess of Rs. 1,000 crores throughout the year under review, the lowest level reached being Rs. 1,011.90 crores on 4th July, 1947 and the highest at Rs. 1,093.52 crores on 19th March, 1948.

On the assets side, cash fluctuated between the minimum of Rs. 37.98 crores in May, 1947 and the maximum of Rs. 40.98 crores in August while balances with the Reserve Bank fluctuated between the maximum of Rs. 116.38 crores in September, 1947 and the minimum of Rs. 83.10 crores in March, 1948 and



SCHEDULED BANKS' CONSOLIDATED POSITION
Crores of Rupees
DEMAND DEPOSITS
TIME DEPOSITS
(Annual Averages)
ADVANCES & BILLS DISCOUNTED
CASH & BALANCES WITH THE RESERVE BANK OF INDIA
BILLS DISCOUNTED
(Figures for last Friday of the month)
744
648
552
456
360
264
168
72
1935-36
1936-37
1937-38
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
1947-48



PAID CLEARINGS

Annual Totals of Cheques Cleared and Paid Through All Centres

1918-19 to 1947-48

remained considerably in excess of the statutory minimum, the excess varying between the maximum of Rs. 74.50 crores in September, 1947 and the minimum of Rs. 38.72 crores in March, 1948. The banks showed a pronounced tendency to keep their position highly liquid, particularly till the end of September, but with the gradual return of normal conditions and the advent of the busy season demand, they allowed their cash and balances with the Reserve Bank to decline except in December presumably due to annual closing. The percentage of cash and balances with the Reserve Bank to total liabilities fluctuated between the maximum of 14.99 for September, 1947 and the minimum of 11.28 for March, 1948. For the major part of the year the ratio was around 13—14. Advances declined during the first half-year from Rs. 453.13 crores in April, 1947 to Rs. 402.38 crores in September, 1947, largely because of the onset of the slack season, import restrictions, and slump on the stock exchanges; with the coming of the busy season, however, and as a result of the adoption of the policy of gradual decontrol by the Government, advances went up rapidly, reaching the highest level of Rs. 474.81 crores in March, 1948, compared with the last year's maximum of Rs. 466.06 crores reached in February, 1947. Bills discounted which stood at Rs. 20.11 crores in April, 1947 and at Rs. 17.76 crores in March, 1948 fluctuated widely during the year. The ratio of advances and bills discounted to total liabilities fell continuously from 45.98 in April to 39.51 by November but improved thereafter to reach 45.12 in March.

Since the partition of India, figures for scheduled banks' business in India and Pakistan have been shown separately in Statement XXX. While the demand liabilities in the Dominion of Pakistan showed almost a continuous increase from Rs. 64.58 crores in September, 1947 to Rs. 81.04 crores in March, 1948, the time liabilities showed a downward tendency and declined from Rs. 39.25 crores in August, 1947 to Rs. 20.86 crores by March, 1948. Cash in Pakistan, after declining from Rs. 5.15 crores in August, 1947 to Rs. 4.35 crores in October, 1947, recovered partially to Rs. 4.62 crores in November and fluctuated thereafter between Rs. 4.30 crores in January, 1948 and Rs. 3.87 crores in March, 1948. Advances too declined from Rs. 43.50 crores in August, 1947 to Rs. 37.04 crores in November but later recovered and stood at Rs. 39.89 crores in February, 1948 though in March they declined again slightly. Like advances, bills discounted in Pakistan also fell from Rs. 1.29 crores in August to Rs. 0.94 crore by November, and after improving to Rs. 1.06 crores in December, again continued to decline, closing for the year at Rs. 0.89 crore.

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

TABLE 25.—DEMAND AND TIME LIABILITIES AND CASH BALANCES OF NON-SCHEDULED BANKS*

(Rupees in lakhs)

Year	No. of banks submitting returns	Total Demand and Time Liabilities	Demand Liabilities	*Percentage of 4 to 3*	Time Liabilities	*Percentage of 6 to 3*	Cash Balances	*Percentage of 8 to 3*
1	2	3	4	5	6	7	8	9
1939	669	15,96	4,87	*30.5*	11,09	*69.5*	1,10	*6.9*
1940	604	16,74	5,26	*31.4*	11,48	*68.6*	1,30	*7.8*
1941	601	19,54	7,06	*36.2*	12,47	*63.8*	1,64	*8.4*
1942	534	24,64	11,06	*44.9*	13,59	*55.1*	2,63	*10.7*
1943	530	34,79	17,52	*50.4*	17,27	*49.6*	4,88	*14.0*
1944	613	53,13	24,84	*46.8*	28,29	*53.2*	6,04	*11.4*
1945	632	73,64	33,92	*46.1*	39,71	*53.9*	9,24	*12.6*
1946	659	78,44	32,79	*41.8*	45,65	*58.2*	6,59	*8.4*
1947†§ ..	439	47,83	20,13	*42.1*	27,70	*57.9*	3,44	*7.2*

* As on last Friday.

† Excluding banks having their registered offices in Pakistan.

§ Provisional.

Although the figures for 1947 which do not include figures for banks in Pakistan are not comparable with those for the earlier years, the declining trend in the proportion of demand to total liabilities noticed since 1943 seems to have been checked during the year under report due to the anxiety of the depositors to keep their funds liquid on account of the uncertain communal and political situation in many parts of the country. The ratio of cash to total deposits has, however, fallen further to 7.2 and is now nearer the pre-war ratio of 6.9.

79. *Clearing House Statistics.*—Statement XXXIII and the graph facing page 105 show the amount of cheques cleared through the more important clearing houses in India and Pakistan since 1918-19. Contrary to the trend noticed since 1940-41, the total amount of cheques cleared showed a steep fall during the year from Rs. 7,221.38 crores in 1946-47 to Rs. 6,480.14 crores in 1947-48. The heaviest fall in total clearings was registered at Bombay which alone accounted for a drop of over Rs. 400 crores, followed by Calcutta, Lahore, Kanpur, Madras and Delhi. This fall in clearing was apparently the result of the widespread dislocation of trade and banking consequent on the partition of the country as also of the slump on the stock exchanges. No official clearings were reported at Lahore in September and October due to the disturbed state of the city. Although the situation improved since November the centre failed to reach the level of its pre-partition clearings, the total clearings in March, 1948 being only Rs. 3,25 lakhs compared to Rs. 7,70 lakhs in July, 1947 and Rs. 9,05 lakhs in March, 1947. The only centre which showed increased activity during the year was Karachi, where business was only slightly affected between September and November due to the exodus of non-Muslim population. This centre, however, recovered soon and sizable increases were registered in total clearings during January and February, 1948, Karachi now being the only leading town in Western Pakistan with adequate banking and commercial facilities.

With the pre-war year 1938-39 as the base, the index numbers of the amount of cheques cleared (*vide* the Table on page 107) during the last three years are 323, 355 and 315.

During the year under review, clearing houses were opened at Poona and New Delhi (August, 1947) thus bringing the total number of clearing houses under the management of the Imperial Bank of India to twenty-one. Clearing houses at Lyallpur and Rawalpindi have been closed temporarily since 3rd September, 1947 and 20th October, 1947 respectively due to unsettled conditions there. Figures for the Bangalore clearing house which was established in October, 1944 and which is being managed by the Bank of Mysore became available during the year and have been included in Statement XXXIII. Statement XXXIV shows the monthly figures of the number and amount of cheques cleared during 1947-48 including those of the clearing houses managed by the Imperial Bank of India and the one managed by the Bank of Mysore. Although there was an increase in the number of cheques cleared as in the past year, the amount showed a great decline.

The accompanying Table gives the ratio of clearings to scheduled banks' demand liabilities since 1938-39. The velocity of circulation of deposit money declined during the year on account of the steep fall in total clearings for reasons already explained.

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	529	6,120	323	*9.3*
1946-47	..	725.5	586	6,717	355	*9.3*
1947-48	..	706.7	571	5,961	315	*8.4*

* In crores of rupees. † Excluding " Other Centres." (*vide* Statement XXXIII).

80. *Internal Remittances.*—Statement XXXV (A) shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to Centres. Statement XXXV (B) gives transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on its own account. Statement XXXV (C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and the 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 the Treasury agencies together, for each of the half-years ended September, 1946, March, 1947 and September, 1947.

(A) During the year under review, the total telegraphic transfers issued fell by Rs. 9.91 crores, although this represents a decline of only 1.2 per cent compared to a fall of 23.9 per cent during 1946-47. Telegraphic transfers paid declined by 1.1 per cent as against a rise of 14.5 per cent noticed last year. Telegraphic transfers issued and paid at the offices of the Reserve Bank of India during 1947-48 stood at Rs. 823.59 crores and Rs. 1,160.56 crores respectively as against Rs. 833.50 crores and Rs. 1,173.78 crores in the previous year. (B) The total remittances through the Imperial Bank of India increased by 4.1 per cent, largely due to the rise in remittances within the Bombay and Madras circles though there has been a fall in remittances from the Madras circle to the Bombay and Bengal circles. (C) The total remittances through the Reserve Bank of India, the Imperial Bank of India and the Treasury agencies during the half-year ended 30th September, 1947 on account of the general public showed a slight increase as in the former year, while those on account of co-operative banks and societies showed an increase as compared with the corresponding period of 1946-47. Remittances on account of the Government and the aggregate number of transactions showed a decline during the half-year ended 30th September, 1947, although during the preceding half-year they had recorded an increase. The amount of remittances by telegraphic transfers during the half-year ended 30th September, 1947 showed a decline as compared with the previous half-year while the amount of remittances by drafts and mail transfers was lower than during the latter half of 1946-47 and the corresponding period of the previous year. The total amount of remittances during the first half of 1947-48 stood lower at Rs. 710.57 crores as compared with Rs. 768.91 crores during the previous half-year and Rs. 721.61 crores during the corresponding period of 1946-47. Of the total remittances during the first half of 1947-48, the percentage shares of the scheduled banks, general public, the Government, and co-operative banks and societies were 69.2, 15.6, 4.7 and 3.1 respectively.

The new scheme of remittance facilities is being satisfactorily availed of by the scheduled banks and the co-operative banks. The intra-provincial Government drafts still continue to be largely used for financing purchases of foodgrains.

81. *Encashment of Foreign Circle Notes.*—Statement XXXVI shows the encashment of foreign circle notes in 1947-48. The total encashments during the year rose from Rs. 104.48 crores in 1946-47 to Rs. 116.97 crores in 1947-48 due to large increase in Bombay and Karachi centres and was probably the result of large-scale movements of population and their funds before and after the partition of the country.

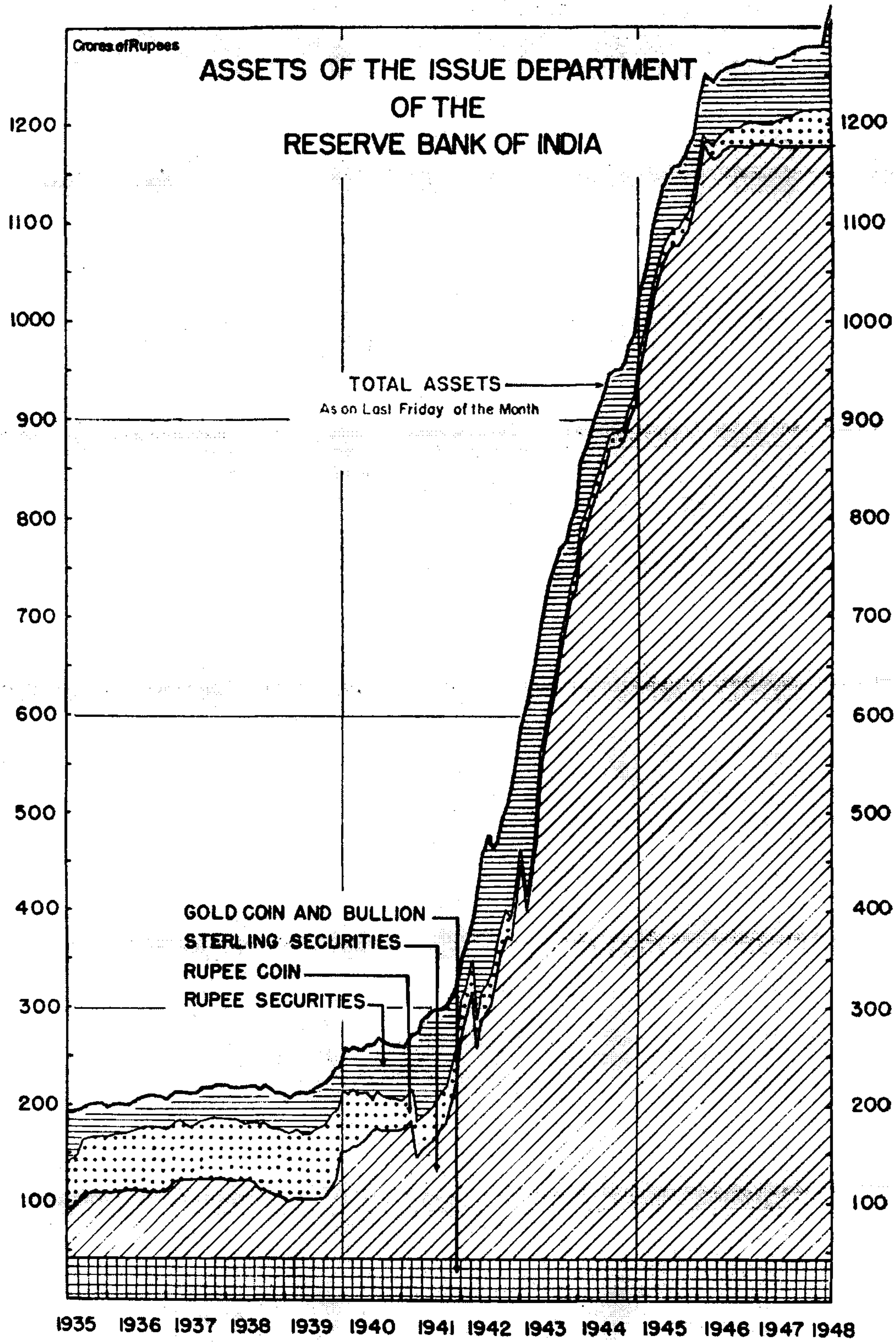
82. *Reserve Bank of India : Banking Department.*—Statement XXXIX shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year along with their annual averages from 1935-36 to 1947-48. Statement XXXVII gives weekly (Friday) figures for 1947-48.

During the year 1947-48, the average deposits of banks with the Reserve Bank of India amounted to Rs. 102.47 crores, recording an increase of Rs. 17.43 crores over the average for the previous year. Both the minimum and maximum deposits were higher this year at Rs. 77.10 crores on 4th April, 1947 and Rs. 123.88 crores on 29th August, 1947 respectively as against Rs. 68.01 crores on 7th February, 1946 and Rs. 111.96 crores on 5th July, 1946. From Rs. 77.10 crores at the beginning of the year the deposits rose to Rs. 111.22 crores by 6th June but thereafter until 20th February fluctuated widely between Rs. 89.28 crores and Rs. 123.88 crores. From 20th February, however, they showed a distinctly downward tendency and declined to Rs. 78.90 crores by 26th March, 1948.

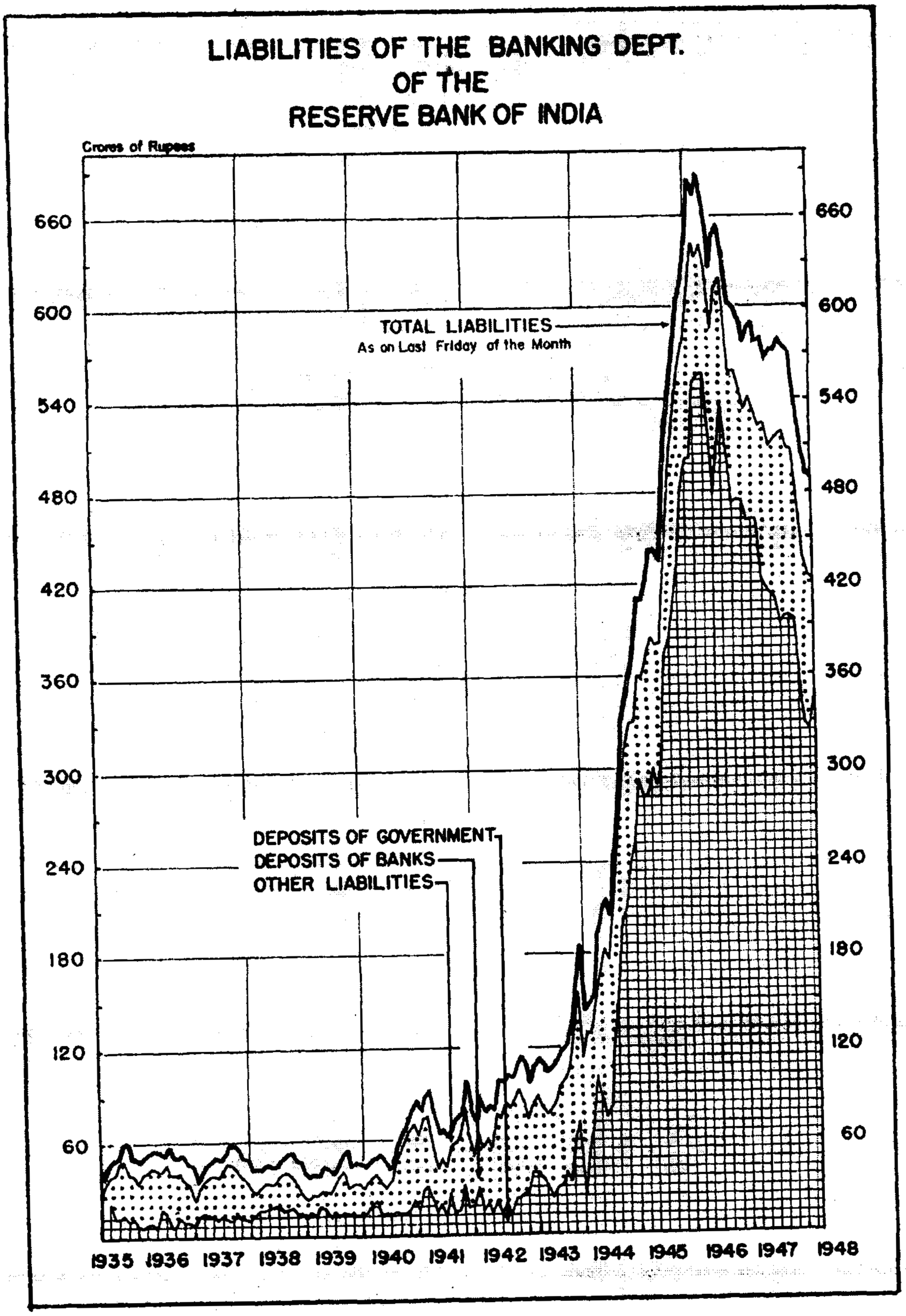
The deposits of the undivided Central Government fluctuated between Rs. 406.57 crores and Rs. 376.67 crores and those of the Provincial Governments between Rs. 29.62 crores and Rs. 10.98 crores before 14th August, 1947. From Rs. 361.02 crores on 22nd August the deposits of the Government of India declined to Rs. 357.28 crores on the 29th but recovered to Rs. 369.22 crores by the end of September, remaining more or less steady during the next two months. Thereafter they showed almost a continuous downward trend and stood at Rs. 267.47 crores on 26th March. This decline is partly accounted for by the payment made to the Government of Pakistan in settlement of their claims to the balance of the undivided Central Government. The deposits of the Government of Pakistan which stood at Rs. 19.82 crores on 22nd August, 1947 fell continuously, reaching a low of Rs. 1.40 crores on 26th December, 1947. Then, after improving to Rs. 8.15 crores on 9th January and again declining to Rs. 6.53 crores on the 16th, they jumped up to Rs. 45.84 crores consequent on the transfer by India of Pakistan's share of the cash balances of the undivided Central Government. By 20th February, however, they again declined to Rs. 39.22 crores improving thereafter to close at Rs. 52.56 crores for the year.

The deposits of the Provincial Governments showed uncertain trends. Before the partition, they fluctuated between Rs. 10.98 crores and Rs. 29.62 crores. The same uncertain trend continued thereafter, the deposits of the Provincial Governments in India moving between Rs. 24.41 crores and Rs. 7.82 crores and those in Pakistan between Rs. 5.51 crores and Rs. 0.08 crore.

On the assets side, the average cash balances during the year were Rs. 47.24 crores as against Rs. 32.85 crores during the previous year, while the average balances held abroad including cash and short-term investments in sterling securities showed a decline from Rs. 528.83 crores in 1946-47 to Rs. 406.95 crores, on



Crores of Rupees
ASSETS OF THE ISSUE DEPARTMENT OF THE RESERVE BANK OF INDIA
TOTAL ASSETS
As on Last Friday of the Month
GOLD COIN AND BULLION
STERLING SECURITIES
RUPEE COIN
RUPEE SECURITIES
100
200
300
400
500
600
700
800
900
1000
1100
1200
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948



LIABILITIES OF THE BANKING DEPT.
OF THE
RESERVE BANK OF INDIA
Crores of Rupees
660
600
540
480
420
360
300
240
180
120
60
TOTAL LIABILITIES
As on Last Friday of the Month
DEPOSITS OF GOVERNMENT
DEPOSITS OF BANKS
OTHER LIABILITIES
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948

account of the deficit in the country's balance of payments. The reversal in the trend of accumulation of these balances noticed last year continued till September, 1947 when it came to a halt due presumably to import restrictions; they remained steady around Rs. 388 crores during October and November and after declining in the subsequent two months, again showed marked rise in February and March.

The average of loans and advances to Governments increased from Rs. 5 lakhs in 1946-47 to Rs. 1.57 crores in 1947-48, the highest figures being Rs. 10 crores during the second and third weeks of January, 1948. The average of investments rose from Rs. 31.70 crores in 1946-47 to Rs. 31.53 crores while the average of other loans and advances declined from Rs. 82 lakhs in 1946-47 to Rs. 21 lakhs during the year under review, the highest being Rs. 64 lakhs on 31st October, 1947. The average of bills purchased and discounted stood at Rs. 2.62 crores as against Rs. 2.33 crores in the previous year, the highest amount being Rs. 7.00 crores on 22nd August, 1947 as compared with Rs. 11.32 crores on 26th April, 1946.

83. *Reserve Bank of India: Issue Department.*—Statement XL shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935; Statement XXXVIII gives weekly (Friday) figures in respect of those for 1947-48 and Statement XLI shows the circulation of India notes as on the last Friday of each month since April, 1942.

Notes in circulation declined continuously during the first half of the year recording a fall of over Rs. 68 crores between April and September but thereafter they sharply increased with the result that as against a rise of Rs. 23.26 crores or 1.91 per cent noticed last year in the notes in circulation, this year they increased by Rs. 62.33 crores or by 5.02 per cent. The total notes issued stood at the end of the year under review at Rs. 1,319.49 crores as against Rs. 1,258.08 crores at the end of 1946-47 showing an increase of Rs. 61.41 crores or 4.88 per cent. Thus there has again been a marked rise in the percentage increase in the notes in circulation and total notes issued this year in contrast to a moderate rise noticed last year. The increase seems to have been occasioned by the higher price level, the widening of the free sector of trade and by the large refugee and capital expenditure of the Government.

On the assets side, gold coin and bullion remained unchanged at Rs. 44.42 crores, their percentage to total notes issued declining from 3.53 at the end of last year to 3.37 by March, 1948. The valuation of 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. 111-12-0 on 31st March, 1948. The Bank's holding of sterling securities remained unchanged at Rs. 1,135.32 crores throughout the year. The percentage of sterling securities to total notes issued and the percentage of gold and sterling securities to total notes issued declined from 90.24 and 93.77 respectively at the end of 1946-47 to 86.04 and 89.41 at the end of 1947-48.

Rupee securities which had stood at Rs. 57.84 crores at the end of last year remained steady till the end of January, 1948 but were marked up during the last two months and stood at Rs. 102.84 crores at the end of the year. The rupee coins held (including Government of India one rupee notes) were, however, higher on an average and after fluctuating between Rs. 20.17 crores on 4th April, 1947 and Rs. 37.01 crores on 28th November, 1947 stood at Rs. 36.91 crores at the end of March, 1948.

The graphs facing pages 108 and 109 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 figures in the Table below bring out the direction and extent of the changes in the principal items of liabilities and assets of the Bank on the combined basis. Two graphs showing the combined assets and liabilities of the Bank are also given facing pages 110 and 111.

TABLE 26.—VARIATIONS IN CERTAIN ITEMS OF ASSETS AND LIABILITIES OF THE RESERVE BANK OF INDIA.

(In crores of rupees)

End of month : change over previous date

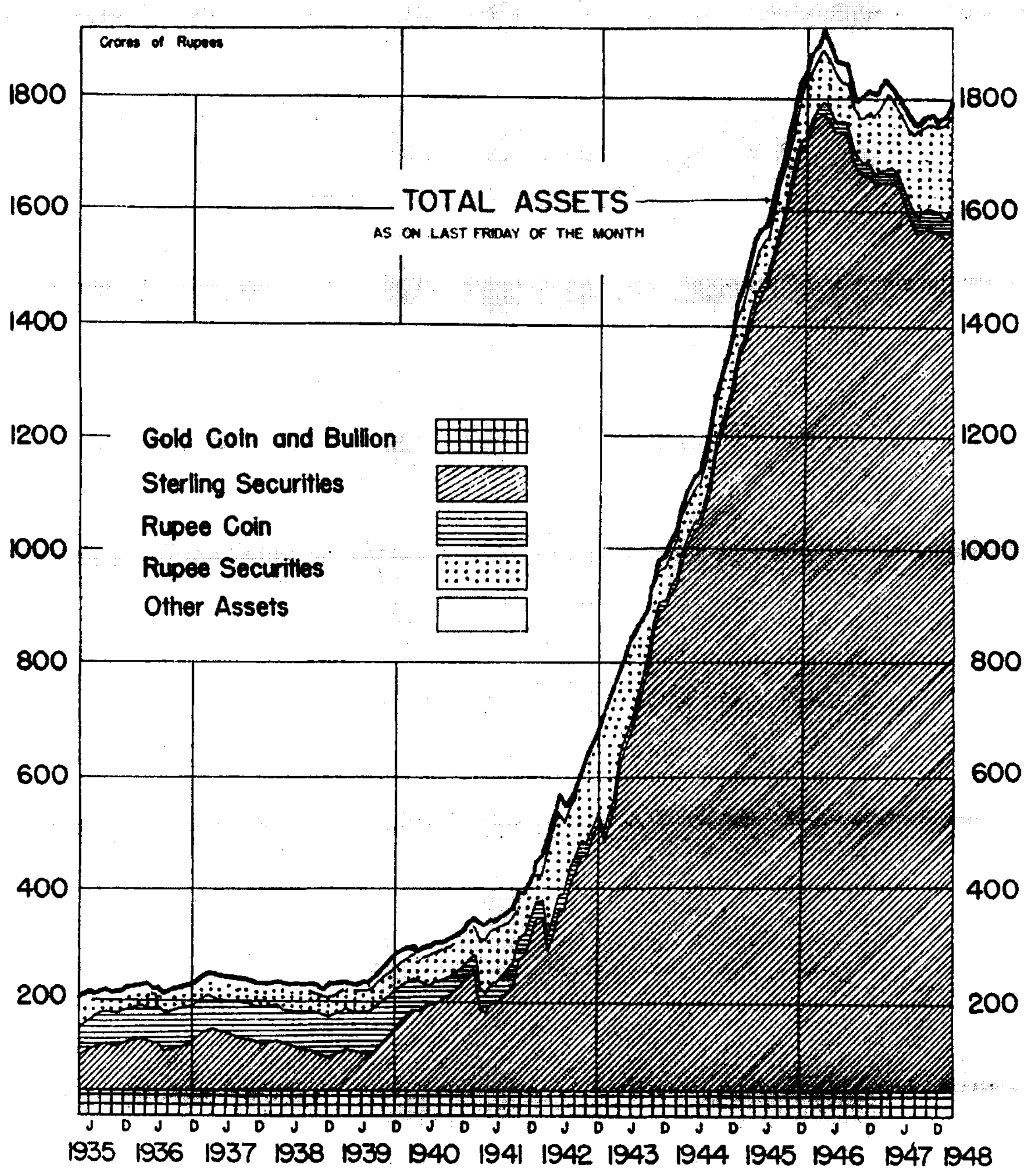
	March 1940*	March 1941	March 1942	March 1943	March 1944	March 1945	March 1946	March 1947	March 1948
Note Circulation :									
Increase over previous date	+ 60	+ 19	+ 152	+ 234	+ 239	+ 202	+ 134	+ 23	+ 62
Progressive increase .	..	+ 79	+ 231	+ 465	+ 704	+ 906	+1,040	+1,063	+1,125
Deposits :									
Increase over previous date	— 2	+ 23	..	+ 24	+ 79	+ 226	+ 251	— 81	— 105
Progressive increase .	..	+ 21	+ 21	+ 45	+ 124	+ 350	+ 601	+ 520	+ 415
Total Sterling Assets :									
Increase over previous date	+ 75	+ 3	+ 104	+ 261	+ 437	+ 417	+ 361	— 112	— 85
Progressive increase .	..	+ 78	+ 182	+ 443	+ 880	+1,297	+1,658	+1,546	+1,461
Total Rupee Coin :									
Increase over previous date	— 20	— 21	— 7	— 13	— 2	+ 2	+ 2	+ 5	+ 16
Progressive increase .	..	— 41	— 48	— 61	— 63	— 61	— 59	— 54	— 38
Total Rupee Securities :									
Increase over previous date	+ 2	+ 49	+ 53	+ 32	— 113	+ 9	+ 12	+ 36	+ 51
Progressive increase .	..	+ 51	+ 104	+ 136	+ 23	+ 32	+ 44	+ 80	+ 131

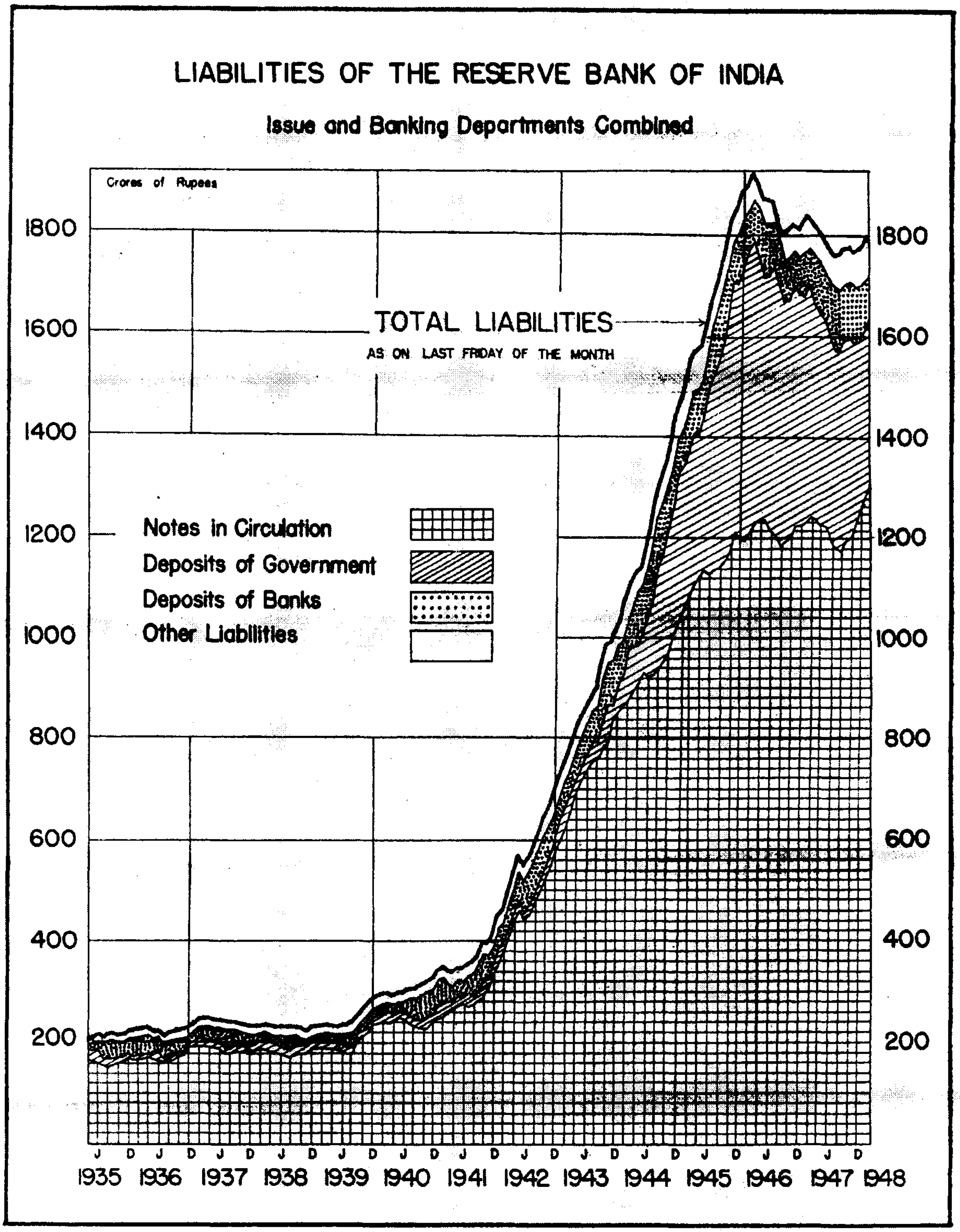
* Change as compared with August, 1939.

84. *Division of the Assets of the Reserve Bank of India.*—Under the provisions of the Pakistan (Monetary System and Reserve Bank) Order, 1947, as amended in March, 1948, Pakistan's share of the assets of the Issue Department of the Reserve Bank will be equal to the total liability in respect of the Pakistan notes outstanding on 30th June, 1948 and India notes which may be legal tender in Pakistan on that date or in respect of which the rights of encashment in Pakistan exist on that date and which the Government of Pakistan may accept at par until 30th June, 1949, subject to adjustment on account of Pakistan's liability in respect of Pakistan rupee securities and the advances, if any, taken by the Government of Pakistan from the Reserve Bank. The various classes of assets of the Issue Department will be transferred in the proportion in which they may be held by the Issue Department on 30th June, 1948. In determining Pakistan's share of sterling and Government of India securities, the amount of sterling securities held in the Issue Department of the Bank on 30th June will be deemed to be reduced and the amount of the Government of India securities will be deemed to be increased by the amount by which sterling held in the Banking Department of the Bank on that day falls short of the aggregate of the following items : (i) the amounts payable in sterling to the Government of the United Kingdom in pursuance of the final settlement

ASSETS OF THE RESERVE BANK OF INDIA

Issue and Banking Departments Combined




LIABILITIES OF THE RESERVE BANK OF INDIA
Issue and Banking Departments Combined
Crores of Rupees
TOTAL LIABILITIES
AS ON LAST FRIDAY OF THE MONTH
Notes in Circulation
Deposits of Government
Deposits of Banks
Other Liabilities
1800
1600
1400
1200
1000
800
600
400
200
J D J D J D J D J D J D J D J D J D J D J D J D J D
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948

of the sterling balances, (ii) the amounts payable in sterling to the Government of Pakistan and Provincial Governments in Pakistan in respect of the balances standing at their credit on 30th June, 1948 and (iii) the amount of the balance at the credit of the Bank's Account No. 1 with the Bank of England. The consequent increase in each kind of the Government of India securities will bear the same proportion to the total increase as the amount of that kind of securities held in the Issue Department of the Bank on 30th June, 1948 bears to the total Government of India securities held on that day.

Suitable provisions have also been made in the Order for the distribution of the Reserve Fund of the Bank and the balances standing to the credit of the Government of Pakistan and any Provincial Government in Pakistan with the Bank on 30th June, 1948.

85. *Banking Legislation.*--(A) The report of the Select Committee on the Banking Companies Bill, 1946, presented to the Central Legislative Assembly on 17th February, 1947, was intended to be taken up for disposal in the form in which it emerged from the Select Committee, the changes necessary consequent on the passing of the Indian Independence Act, 1947 being moved as separate amendments. As, however, the number of amendments was fairly large the Government considered that the passage of the Bill would be facilitated if a fresh Bill incorporating all the changes was introduced and referred to a Select Committee. Accordingly the old Bill was withdrawn from the Constituent Assembly (Legislative) on 30th January, 1948, and the revised Banking Companies Bill, 1948 was introduced on 22nd March, 1948. The main features of the new Bill are as follows :

(i) A comprehensive definition of ' banking ' so as to bring within the scope of the legislation all institutions which receive deposits, repayable on demand or otherwise, for lending or investment ;

(ii) Prohibiting non-banking companies from accepting deposits repayable on demand ;

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

(iv) Prescription of minimum capital standards ;

(v) Limiting the payment of dividends ;

(vi) Inclusion in the scope of the legislation of banks incorporated or registered outside the provinces of India ;

(vii) Introduction of a comprehensive system of licensing of banks and their branches ;

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

(ix) Inspection of the books and accounts of a bank by the Reserve Bank ;

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

(xi) Provision for bringing the Reserve Bank into closer touch with banking companies ;

(xii) Provision of an expeditious procedure for liquidation ;

(xiii) Bringing the Imperial Bank of India within the purview of some of the provisions of the Bill ;

(xiv) Widening the powers of the Reserve Bank so as to enable it to come to the aid of banking companies in times of emergency ;

(xv) Provision for the extension of the Act to acceding States.

(B) Pending the enactment of the Banking Companies Bill, the Government of India, mainly with a view to enabling the Reserve Bank to assist such banks as might find themselves in difficulties because of the conditions created by the partition, promulgated on 20th September, 1947 an Ordinance amending Section 18 (3) of the Reserve Bank of India Act empowering the Reserve Bank to grant emergency advances to scheduled and non-scheduled banks against such security as it may consider sufficient. As, however, the Reserve Bank had no occasion to grant such advances under the Ordinance, it was allowed to lapse on 20th March, 1948.

(C) As banks were experiencing considerable difficulty in dealing with bills drawn on firms and companies situated in the Punjab and other disturbed areas, the Government of India amended on 27th December, 1947, by an Ordinance, the Negotiable Instruments Act, 1881 inserting therein a new Section giving power to the banks to treat bills as dishonoured when presentment was rendered impossible due to riots or other disturbances. Similarly, under the same Ordinance a Section was inserted in the Indian Limitation Act, 1908 whereby any suit which could not be instituted on or after 1st August, 1947 or could not be instituted after the coming into force of the said Ordinance within the period of limitation on account of the prevalence of riots or other disturbances, could be admitted after the period of limitation prescribed therefor, on the plaintiff satisfying the Court that he was unable to institute the suit within such period owing to disturbances. The Ordinance was allowed to lapse on 27th June, 1948, as the conditions which had necessitated its promulgation ceased to exist.

The Government of Pakistan also issued a parallel Ordinance on 13th February, 1948 which will remain in force up to 13th August, 1948.

(D) After the partition, a few middle-sized and small banks in the East Punjab and Delhi found it difficult to make arrangements immediately for meeting the claims of their depositors as most of their assets were in the West Punjab while their liabilities had been transferred to their branches in India. Moreover, access to their records and assets in the West Punjab had also been rendered difficult. With a view to assisting such banks in tiding over their difficulties and generally avoiding damage to the banking structure and distress to the depositors, the Government of India promulgated, on 27th September, 1947, the Banking Companies (East Punjab and Delhi) Ordinance, 1947 empowering the Government to make an order staying for a period of three months the commencement or continuance of all actions and proceedings against a banking company which applied for it and whose registered office was situated in the East Punjab or Delhi. During such a period of moratorium, the bank concerned was to make payments to its depositors not exceeding in any particular month 10 per cent of the total of the current and deposit accounts at each branch in India or Rs. 250 whichever was less. It was also to make similar payments to depositors who could satisfy the bank regarding their deposits in branches outside India. The bank was, however, not to accept deposits nor dispose of any of its assets except for payments to the extent permitted under the Ordinance and the bank's normal running expenses. The Central Government was empowered to advance sums to such a bank to effect these payments to its depositors. The scope of the Ordinance was extended by another amendment on 13th December, 1947 providing for payment up to 30 per cent of the amount of the draft or Rs. 750 whichever was less. The Government of Pakistan also promulgated on 22nd October, 1947 the Banking Companies (Pakistan) Ordinance, 1947 on the lines of the above Ordinance, but without any provision for Government assistance. The Ordinances lapsed on 27th March, 1948 and 22nd April, 1948 respectively.

86. *Nationalisation of the Reserve Bank of India and the Imperial Bank of India.*—It will be recalled that following a non-official resolution tabled on 18th February, 1947 in the Central Legislative Assembly proposing the nationalisation of the Reserve Bank, the then Finance Member announced in his budget speech on 28th February, 1947 the Government's decision to nationalise the Bank (*vide* Report for 1946-47, page 113). Subsequently, in reply to a question by Mr. Mohanlal Saksena on this subject, the Finance Minister further stated in the Constituent Assembly (Legislative) on 4th February, 1948 that the Government proposed to take steps to nationalise the Reserve Bank as soon as possible after 30th September, 1948 when the Bank would cease to be a common banker to India and Pakistan. He added that the Government intended to acquire the shares of the Reserve Bank at the average monthly market value of its shares during the period March, 1947 and February, 1948 calculated on the basis of the opening quotations for each month in exchange for 3 per cent long-dated Government stock of equivalent value of appropriate maturity.

As regards the Imperial Bank of India, while the Government accepted the policy of its nationalisation, since it had branches outside India they were considering carefully the various technical questions connected with such a step. Compensation would be paid to the shareholders on similar basis as applied in the case of the Reserve Bank, the period for which the value of the shares was to be taken into account for determining their average value would, however, be decided later. An assurance was given that the interests of the Government and the shareholders would be safeguarded.

The Finance Minister stated categorically that the Government did not intend to nationalise other commercial banks.

VII. CURRENCY

A. CIRCULATION AND ABSORPTION

87. *Joint Monetary Arrangements with Pakistan.*—Following the decision to partition India into two Dominions from 15th August, 1947, the Governor-General issued on 14th August an order called the Pakistan (Monetary System and Reserve Bank) Order, 1947, with a view to maintaining a unified monetary system for the two Dominions of India and Pakistan, pending the establishment by the Government of Pakistan of machinery to regulate currency and banking. The Order embodies, among other things, certain provisions relating to currency and coinage which were to be in force until 30th September, 1948, but which by a subsequent amendment will be effective up to only 30th June, 1948.

In terms of the original Order, the Bank was to have the sole right to issue Bank notes in Pakistan up to 30th September, 1948. It was further authorised to issue after 31st March, 1948 distinctive Bank notes inscribed with the words "Government of Pakistan". In respect of these inscribed notes (issued from 1st April, 1948), which are legal tender in Pakistan only, the Government of India are not deemed to be liable to pay their value, while the Bank's liability was to cease after 30th September, 1948. India rupee coin and India subsidiary coin are to continue to be legal tender in Pakistan for such period or periods, not expiring, in the case of any coins, sooner than one year from the introduction of corresponding Pakistan coins, as the Government of Pakistan may determine. The Government of India one rupee notes issued in July, 1940 (which under the Ordinance of 24th July, 1940 are to be deemed to be included in the expression "Rupee

Coin" for all the purposes of the Reserve Bank of India Act) are, however, to cease to be legal tender in Pakistan after 30th September, 1948 together with other Bank notes. Before 1st October, 1948, no Pakistan coins were to be issued of a denomination different from that of India coin in circulation at the commencement of this Order. If any Pakistan coins were issued (these have been issued since 1st April, 1948), the Bank shall not, after 31st March, 1948, issue India coins in Pakistan except to the extent that Pakistan coins are not available in sufficient quantities for the purposes of circulation. The Order also provides for the division of currency and coinage profits between the Governments of India and Pakistan during the continuance of the joint monetary arrangements and for the division of assets of the Bank (*vide* para. 84) between the two Dominions on the termination of these arrangements.

Following certain decisions arrived at as a result of discussions held in March, 1948 between the Bank and the representatives of the Governments of the two Dominions, the Order of August, 1947 was amended by the Pakistan Monetary System and Reserve Bank (Amendment) Order, 1948 issued jointly by the Governors-General of India and of Pakistan on 31st March, 1948. The amendment provides that the Bank will continue as the currency authority in Pakistan up to 30th June, 1948 only and not 30th September, 1948 as laid down in the original Order. India notes will, however, continue to be legal tender in Pakistan up to 30th September, 1948.

In terms of para. 5 (2) of Part II of the Pakistan (Monetary System and Reserve Bank) Order, 1947, Bank notes of the current pattern inscribed with the words "Government of Pakistan" in English and Urdu were put into circulation in Pakistan from 1st April, 1948. The Government of Pakistan one rupee notes, inscribed with the words "Government of Pakistan" in English and Urdu in the current pattern of Government of India one rupee notes, and Pakistan coins of distinctive designs but of the same denominations as India coins were also put into circulation as from that date. These notes and coins are, however, not legal tender in India.

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

The wartime upward trend in money supply, which had continued in the first post-war year was, in a process of adjustment to peacetime conditions, arrested during the year 1946-47, when the total money supply (excluding small coin) tended to decline, receding to Rs. 2,567 crores in March, 1947 as compared with an all-time peak of Rs. 2,652 crores in April, 1946. During the first half of the year under review, the money supply showed a further sharp recession of Rs. 119 crores touching a low of Rs. 2,448 crores by August, 1947. From September, 1947, however, this trend appears to have been reversed, money supply again

TABLE 27.—TOTAL MONEY SUPPLY IN INDIA AND PAKISTAN.

(In crores of rupees)

	March 1942‡	March 1943	March 1944	March 1945	March 1946	March 1947	March 1948	April 1947	May 1947	June 1947	July 1947	August 1947	Sept. 1947	Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	March 1948
1 Notes in Circulation	382	644	882	1,085	1,219	1,242	1,304	1,240	1,227	1,222	1,194	1,181	1,174	1,193	1,200	1,225	1,262	1,287	1,304
2. Demand deposits of banks (scheduled and non-scheduled)*	232	387	543	624	735	711	762	709	698	701	711	724	729	753	[illegible]58	750	770	764	762
3. Deposits with the Reserve Bank of India (excluding deposits of Burma Government)	63	87	167	392	643	562	457	551	550	534	550	554	558	549	[illegible]2	508	474	463	457
4. Cash reserves of banks (scheduled and non-scheduled)* ..	54	65	78	120	120	116	121	143	151	149	149	172	167	157	1[illegible]4	151	152	143	121
5. Money Supply excluding rupee coin and small coin (1+2+3—4)	628	1,053	1,514	1,981	2,477	2,399	2,402	2,357	2,324	2,308	2,306	2,287	2,294	2,338	2,341	2,332	2,354	2,371	2,402
6. Circulation of rupee coin ..	..	124†	137	147	166	168	155	168	167	166	163	161	158	154	156	155	156	156	155
7. Total Money Supply (excluding small coin) (5+6)	..	1,177	1,651	2,128	2,643	2,567	2,557	2,525	2,491	2,474	2,460	2,448	2,452	2,492	2,[illegible]97	2,487	2,510	2,527	2,557
8. Government deposits with the Reserve Bank of India (excluding deposits of Burma Government) ..	19	36	101	283	556	462	344	424	417	412	410	393	399	400	[illegible]07	364	329	326	344
9. Cash balances with the public (excluding small coin) (7-8) .	..	1,141	1,550	1,845	2,087	2,105	2,213	2,101	2,074	2,062	2,050	2,055	2,053	2,092	2,100	2,123	2,181	2,201	2,213
10. Increase in Money Supply (excluding rupee coin and small coin)	191	430	461	467	496	—78	3	—42	—33	—16	—2	—19	7	44	[illegible]3	—9	22	17	31
11. *Percentage rate of increase* ..	*44.2*	*69.0*	*43.8*	*30.8*	*25.0*	*—3.1*	0.1	*—1.8*	*—1.4*	*—0.7*	*—0.1*	*—0.8*	*0.3*	*1.9*	[illegible].1	*—0.4*	*0.9*	*0.7*	*1.3*
12. Increase in circulation of rupee coin	7	45	26	10	18	2	—12	0.3	—1.2	—1.1	—3.0	—1.9	—2.3	—4.9	[illegible]	—1.7	1.0	..	—0.3
13. Increase in circulation of small coin	5	12	18	19	10	6	4	0.7	0.7	0.4	0.2	0.8	—0.1	0.2	0.1	0.3	0.3	0.3	..
14. Increase in Total Money Supply (10+12+13)	203	487	505	496	524	—70	—5	—41.0	—33.5	—16.7	—4.8	—20.1	4.6	39.8	[illegible]9	—10.4	23.8	17.8	30.7
15. Increase in Government deposits with the Reserve Bank of India	1	17	65	182	278	—94	—118	—38	—7	—5	—2	—17	6	1	[illegible]	—33	—35	—3	18
16. Increase in cash balances with the public (14—15)	202	470	440	314	251	24	113	—3.0	—26.5	—11.7	—2.8	—3.1	—1.4	38.3	8.[illegible]	22.6	58.3	20.3	12.7

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

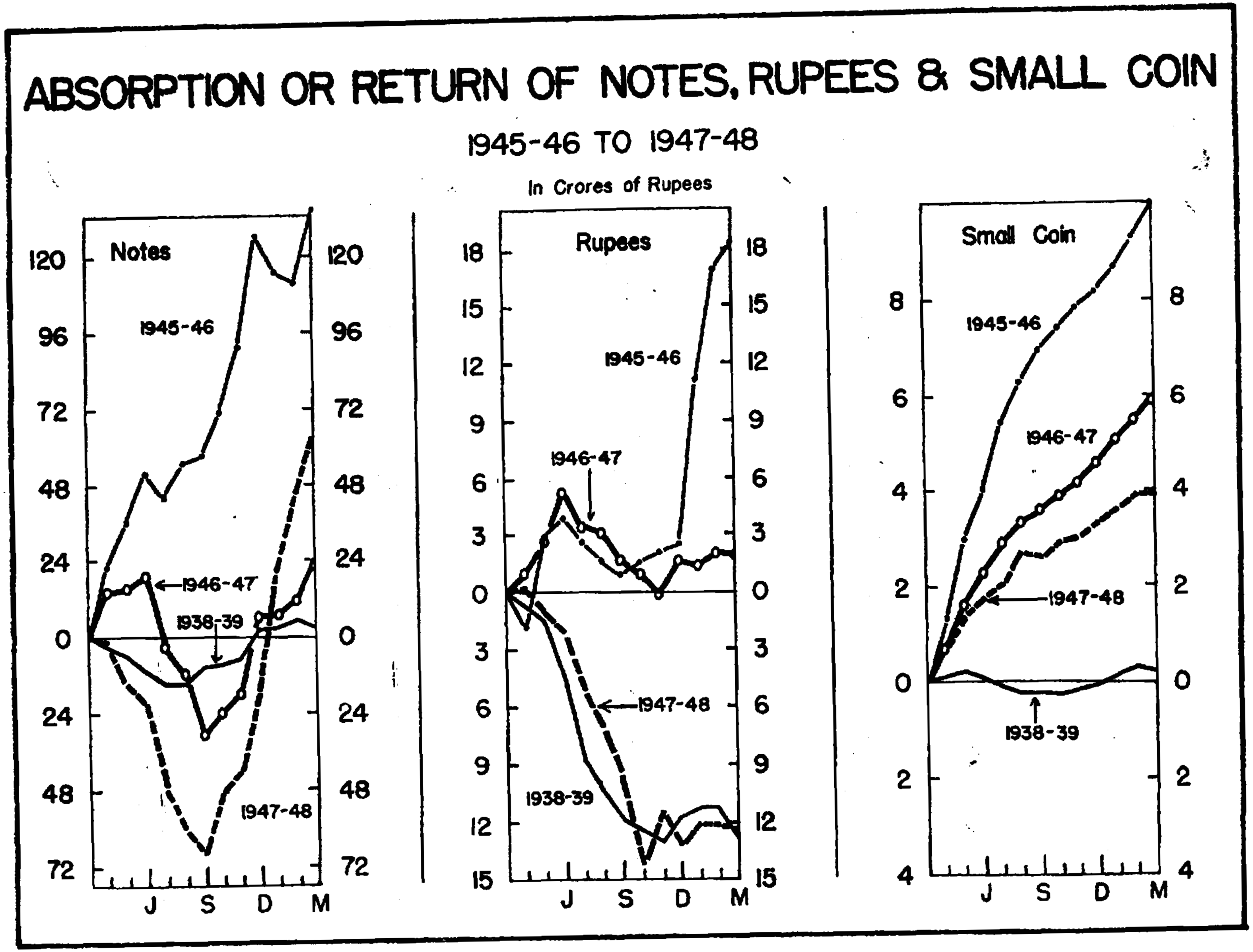
showing a rise of Rs. 109 crores by the end of March, 1948. On the whole, money supply showed a net fall of only Rs. 10 crores. The cash balances with the public, on the other hand, showed a steep rise of Rs. 108 crores from Rs. 2,105 crores at the end of March, 1947 to Rs. 2,213 crores at the end of the year under review, mainly reflecting a sharp decline in Government deposits with the Reserve Bank of India from Rs. 462 crores to Rs. 344 crores. This fall is partly due to the heavy Governmental outlays on refugee relief, defence and food subsidies as well as on capital account. The continued rise in the cash balances of the public, also presumably occasioned by the gradual widening of the free sector of internal trade following decontrol, indicates the persistence of inflationary conditions, attributable mainly to the lag in agricultural as well as industrial production and is reflected in a continued rise during the year in the general price level and living costs.

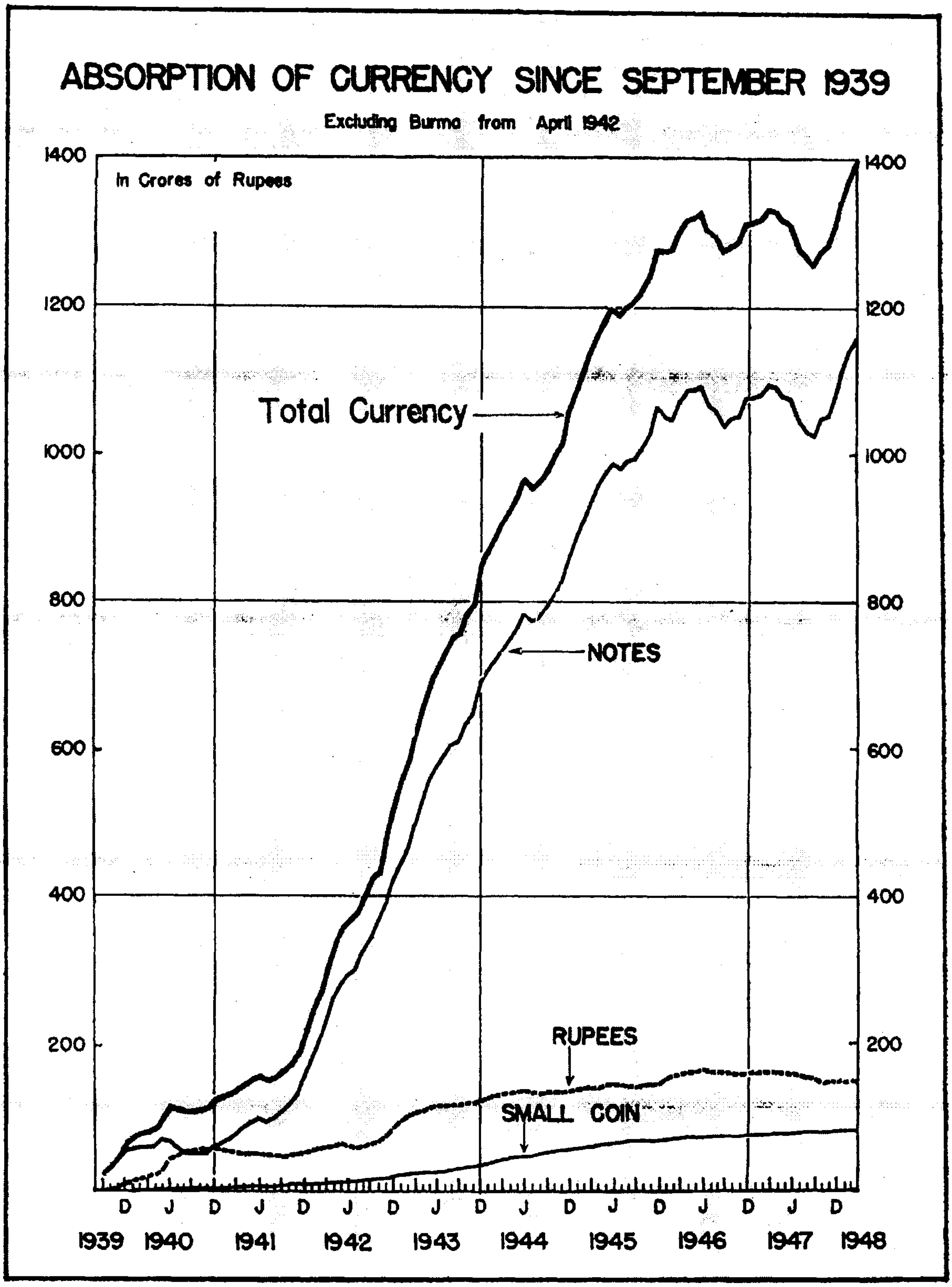
89. *Total Absorption of Currency in India and Pakistan.*—Statement XLII gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XLIII gives similar figures on a monthly basis for 1947-48 and 1946-47. The declining tendency in the currency absorption noticed from 1943-44 was arrested during the year under review, the total currency absorption being higher at Rs. 53.97 crores as compared with Rs. 31.11 crores in 1946-47.

The graph facing page 116 shows absorption or return during the years 1945-46 to 1947-48 separately for (i) notes, (ii) rupees and (iii) small coin. The linear diagram facing page 117 shows the progressive absorption of notes, rupees and small coin since September, 1939, while the bar diagram facing page 118 depicts the absorption or return, month by month, of notes, rupees and small coin separately.

90. *Circulation and Absorption of Notes in India and Pakistan.*—Statement XLIV shows the year-end figures and annual averages of the total Bank notes issued and in circulation (excluding Government of India one rupee notes issued in July, 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 in 1943-44 was replaced by a rising tendency during the year under review, notes in circulation registering an increase of Rs. 62.33 crores to Rs. 1,304.36 crores at the end of 1947-48 as against Rs. 23.26 crores in 1946-47, Rs. 133.89 crores in 1945-46, Rs. 202.39 crores in 1944-45 and Rs. 238.91 crores in 1943-44. The annual rate of expansion which had declined from 12 per cent in 1945-46 to 2 per cent in 1946-47 moved up to 5 per cent in 1947-48. The average circulation for the year, however, showed only a small increase of Rs. 4.86 crores from Rs. 1,222.96 crores during 1946-47 to Rs. 1,227.82 crores.

There was a net return of notes of Rs. 68.44 crores during the first six months of the year and a net absorption of Rs. 130.77 crores during the last six months, which normally coincide respectively with the slack and busy periods of the year. The average monthly absorption during 1947-48 increased from Rs. 1.94 crores in 1946-47 to Rs. 5.19 crores. During the first half of the year, note circulation showed an average decline of Rs. 11.41 crores per month as compared with a monthly average decline of Rs. 5.15 crores for the corresponding period of 1946-47. The second half of the year, however, witnessed an average rise in note circulation at Rs. 21.80 crores per month as against the monthly average rate of increase of Rs. 9.03 crores for the second half of the year 1946-47. It will thus


ABSORPTION OR RETURN OF NOTES, RUPEES & SMALL COIN
1945-46 TO 1947-48
In Crores of Rupees
Notes
Rupees
Small Coin
1945-46
1946-47
1947-48
1938-39
J
S
D
M


ABSORPTION OF CURRENCY SINCE SEPTEMBER 1939
Excluding Burma from April 1942
In Crores of Rupees
Total Currency
NOTES
RUPEES
SMALL COIN
1400
1200
1000
800
600
400
200
D J D J D J D J D J D J D J D
1939 1940 1941 1942 1943 1944 1945 1946 1947 1948

be seen that the fluctuations in note circulation, which constitutes the main component of the total money supply, were largely seasonal during the year 1947-48. Even during the preceding year, there was evidence of the reappearance of the normal pre-war trends of the seasonal ebb and flow of currency, which seem to have become more pronounced during the year under review. The absorption during the busy season of 1947-48 was, however, larger than what would appear to be warranted by the impact of the seasonal demand, owing partly to the large issues of notes resulting from Governmental deficit financing, particularly after the partition and partly to the policy of progressive decontrol adopted by the Government of India. A further contributory factor was the unsettled banking conditions in parts of the country following the partition, which also necessitated extensive use of cash.

91. *Circulation and Absorption of Rupees in India and Pakistan.*—With the cessation of the legal tender character of the standard rupee coin with effect from 1st November, 1943, the Government of India one rupee notes (issued from July, 1940), quaternary silver rupees (issued from December, 1940 up to the end of May, 1946) and nickel rupees (issued from June, 1947) constitute the total amount of rupee coin in circulation. The aggregate amount of these, which had stood at Rs. 137.33 crores at the end of 1943-44 rose steadily to Rs. 167.67 crores at the end of 1946-47. During the year under review, however, rupee circulation showed a decline of Rs. 12.34 crores to Rs. 155.33 crores at the end of March, 1948.

Since the year 1942-43, which experienced the highest wartime absorption of Rs. 44.93 crores of rupee coin, the demand for this form of currency had shown a decline, except in the year 1945-46, when the deceleration in the rate of absorption was temporarily interrupted. In 1946-47, there was a steep fall in the demand for rupee coin, the absorption amounting to Rs. 1.94 crores as compared with Rs. 18.35 crores in 1945-46. During the year under review, a net return of Rs. 12.34 crores was witnessed, indicating a probable reversal in the wartime trend as witnessed during the years following World War I. There was a return of rupee coin from May to October, 1947 and again during December, 1947 and March, 1948 totalling Rs. 16.42 crores as compared with a return of Rs. 5.75 crores during the period July to November, 1946 and in the months of January and March, 1947. During the months of April and November, 1947 and January and February, 1948, there was an absorption of Rs. 4.08 crores compared with an absorption of Rs. 7.69 crores during the period April to June, 1946 and in the months of December, 1946 and February, 1947.

During the year, the Bank received from the Government of India, one rupee notes and coin to the extent of Rs. 5 crores, under Section 36 (2) of the Reserve Bank of India Act, against equivalent credit to the Government.

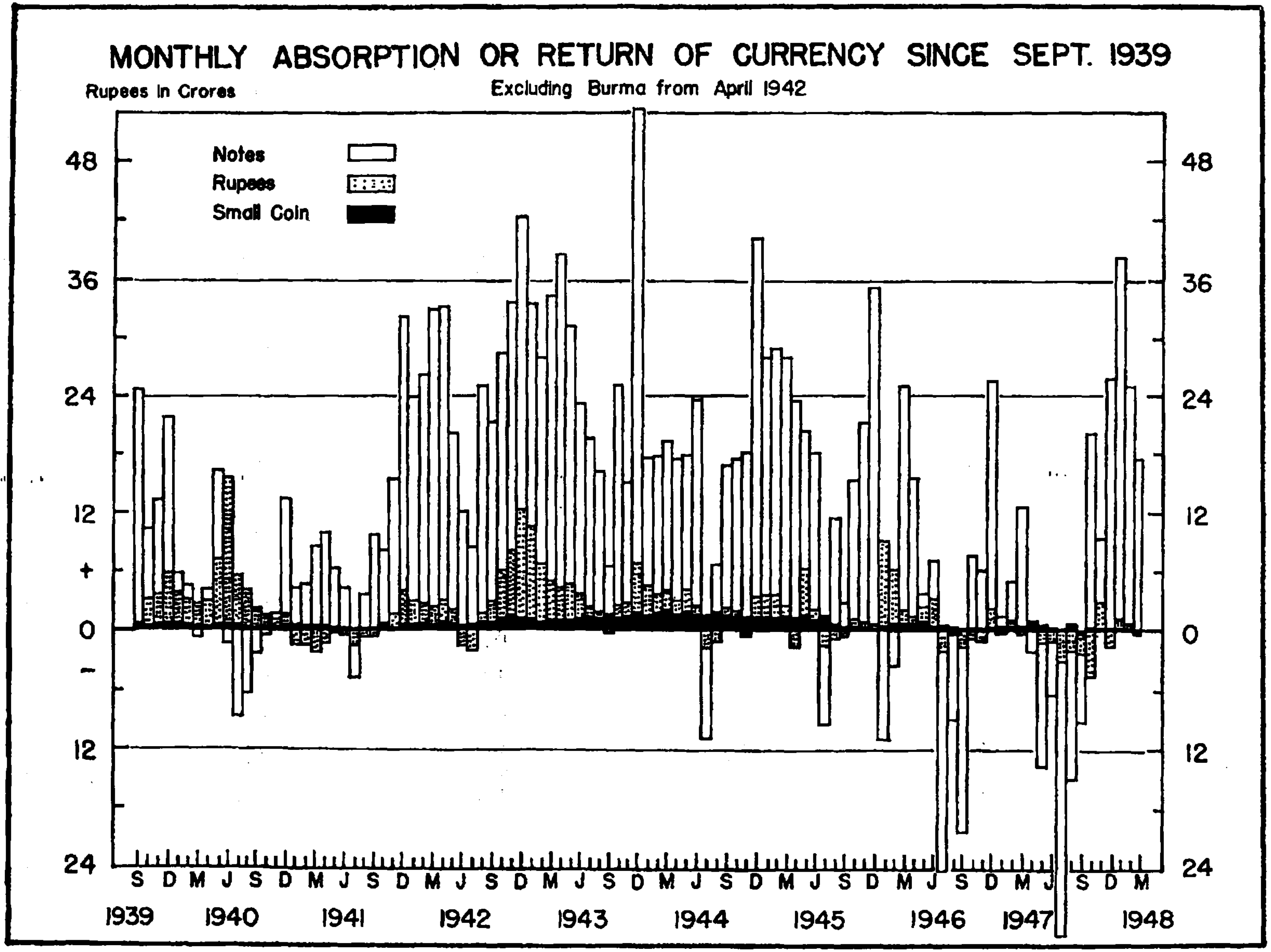
92. *Absorption of Small Coin in India and Pakistan.*—Statement XLV shows the annual absorption of small coin for each of the years 1919-20 to 1947-48 and average annual absorption for the two preceding quinquenniums. Statement XLIII shows the absorption, month by month, during the two years 1946-47 and 1947-48. The data in respect of 1947-48 are on a pre-partition basis, giving combined figures for both India and Pakistan. The absorption of small coin was lower at Rs. 3.98 crores compared with Rs. 5.91 crores in 1946-47 and the record figure of Rs. 19.20 crores in 1944-45, indicating the continuance of the declining trend in the rate of absorption noticed since that year. The monthly absorption ranged between Rs. 79 lakhs in August, 1947 and Rs. 4 lakhs in March, 1948. There was, however, a return of Rs. 11 lakhs during September, 1947, which marks a break

for the first time since August, 1939 in the continuous absorption of small coin witnessed during the war and the post-war years.

93. *Seasonal Movements of Currency.*—Statement XLVI and the bar diagram facing page 119 show the periods of absorption and return of currency since 1920-21. They indicate a fairly regular seasonality in the absorption and return of currency. The "busy" season when currency is absorbed begins usually in August, September or October—mostly in September—and ends after December, January or February, thus having an average duration of five or six months. The "slack" season of return of currency usually begins in January, February or March and extends up to July, August or September, the average duration being six or seven months. In the pre-war years, there was a fair amount of regularity in the periodicity of the busy and the slack seasons. The wartime and the immediate post-war monetary expansion distorted this even movement. The period of absorption that began in September, 1939 did not stop, as usual, in the first quarter of 1940, but continued until the end of June, 1940, there being a return of currency from July to September. Again the next period of absorption beginning in October, 1940 extended over June, 1941 followed by a return of currency only during July, 1941. There was continued absorption during the entire period from August, 1941 to June, 1944, a period during which wartime monetary expansion reached its peak. Again there was a return of currency only during July, 1944. The period of absorption once more extended from August, 1944 to June, 1945, a return of currency taking place again in July, 1945. The next period of absorption which began in August, 1945 ended after December, 1945, there being a return of currency during January, 1946. There was an absorption of currency during February to June, 1946, a period which is otherwise covered by the slack season. The return of currency began once again in July, 1946 and ended after September, 1946, there being an absorption of currency from October, 1946 to March, 1947. During the year under review, there was a return of currency during the period April to September, 1947 and an absorption of currency during October to March, 1948.

It will be seen that the tide of currency expansion during the war, resulting from steadily growing Governmental outlays had submerged the seasonal ebb and flow of currency. However, the month of July appeared to mark the bottom of the slack season, and despite the rising wartime trend in currency circulation, the seasonal fall in the demand for currency, reaching its maximum in July asserted itself in 1941, 1944 and 1945 when returns of currency were noticed in that month. With the end of the war, although the tempo of currency expansion slackened appreciably, seasonality did not immediately reappear and currency absorption was noticed in the slack months of February to June, 1946. The return of currency from July to September, 1946 and the absorption in the busy season months of October, 1946 to March, 1947 marked the beginnings of a process of return to normal conditions and the reappearance of currency trends in conformity with the normal seasonal pattern. These trends seem to have asserted themselves more fully during the year 1947-48, when a return of currency was witnessed in the months of April to September, 1947 and an absorption during October, 1947 to March, 1948, which periods coincide with the slack and busy seasons of the year.

94. *Note Circulation and Demand Deposits.*—Table 28 gives comparative figures of the changes in note circulation and scheduled banks' demand deposits since 1943-44, on a half-yearly basis.



MONTHLY ABSORPTION OR RETURN OF CURRENCY SINCE SEPT. 1939
Rupees in Crores
Excluding Burma from April 1942
Notes
Rupees
Small Coin
48
36
24
12
+
0
-
12
24
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
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948

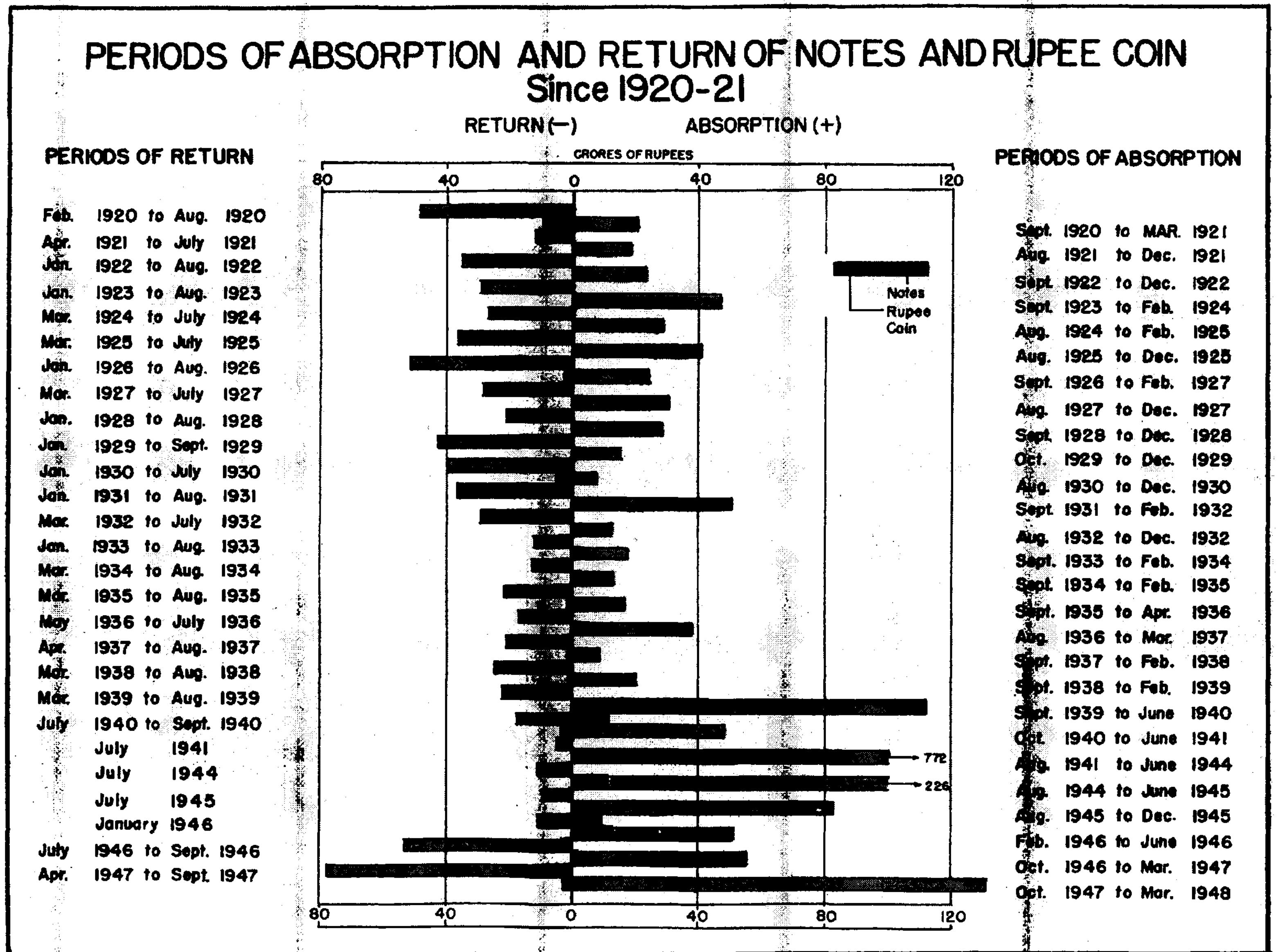

PERIODS OF ABSORPTION AND RETURN OF NOTES AND RUPEE COIN
Since 1920-21
RETURN (−)
ABSORPTION (+)
CRORES OF RUPEES
PERIODS OF RETURN
PERIODS OF ABSORPTION
80
40
0
40
80
120
Notes
Rupee Coin
772
226
Feb. 1920 to Aug. 1920
Apr. 1921 to July 1921
Jan. 1922 to Aug. 1922
Jan. 1923 to Aug. 1923
Mar. 1924 to July 1924
Mar. 1925 to July 1925
Jan. 1926 to Aug. 1926
Mar. 1927 to July 1927
Jan. 1928 to Aug. 1928
Jan. 1929 to Sept. 1929
Jan. 1930 to July 1930
Jan. 1931 to Aug. 1931
Mar. 1932 to July 1932
Jan. 1933 to Aug. 1933
Mar. 1934 to Aug. 1934
Mar. 1935 to Aug. 1935
May 1936 to July 1936
Apr. 1937 to Aug. 1937
Mar. 1938 to Aug. 1938
Mar. 1939 to Aug. 1939
July 1940 to Sept. 1940
July 1941
July 1944
July 1945
January 1946
July 1946 to Sept. 1946
Apr. 1947 to Sept. 1947
Sept. 1920 to Mar. 1921
Aug. 1921 to Dec. 1921
Sept. 1922 to Dec. 1922
Sept. 1923 to Feb. 1924
Aug. 1924 to Feb. 1925
Aug. 1925 to Dec. 1925
Sept. 1926 to Feb. 1927
Aug. 1927 to Dec. 1927
Sept. 1928 to Dec. 1928
Oct. 1929 to Dec. 1929
Aug. 1930 to Dec. 1930
Sept. 1931 to Feb. 1932
Aug. 1932 to Dec. 1932
Sept. 1933 to Feb. 1934
Sept. 1934 to Feb. 1935
Sept. 1935 to Apr. 1936
Aug. 1936 to Mar. 1937
Sept. 1937 to Feb. 1938
Sept. 1938 to Feb. 1939
Sept. 1939 to June 1940
Oct. 1940 to June 1941
Aug. 1941 to June 1944
Aug. 1944 to June 1945
Aug. 1945 to Dec. 1945
Feb. 1946 to June 1946
Oct. 1946 to Mar. 1947
Oct. 1947 to Mar. 1948

TABLE 28.—CHANGES IN NOTE CIRCULATION AND DEMAND DEPOSITS OF SCHEDULED BANKS*.

(In crores of rupees)

	1943-44		1944-45		1945-46		1946-47		1947-48	
	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	704	882	941	1,085	1,142	1,219	1,188	1,242	1,174	1,304
2. Increase/Decrease during the period ..	118	118	59	144	57	77	—31	54	—68	130
3. *Percentage increase/decrease*	*17*	*15*	*7*	*15*	*5*	*7*	*—3*	*5*	*—5*	*11*
4. Demand Deposits at the end of period	460	524	588	597	645	701	748	681	699	749
5. Increase/Decrease during the period ..	90	64	64	9	48	56	47	—67	18	50
6. *Percentage increase/decrease*	*24*	*14*	*12*	*2*	*8*	*9*	*7*	*—9*	*3*	*7*

* Includes figures for Pakistan.

It may be noted that underlying the general upward trend in monetary circulation during the war years, there was a relatively greater increase in demand deposits than in note circulation during the first half of the year which corresponds to the slack season in trade and *vice versa* in the second half which corresponds to the busy season. During the war, notes in circulation increased by about five and a half times, while demand deposits rose by over four times. The period of the highest rate of wartime expansion in note circulation, *viz.*, 44 per cent was in the busy season of 1941-42, while the period of the biggest absolute increase was between October, 1942 and March, 1943. There was an appreciable recession in the annual rate of increase in note circulation in the period following April, 1943, due largely to the anti-inflationary measures of the Government of India, consisting of vigorous loan and taxation programmes and official sales of bullion.

Since the end of the war, which witnessed the re-emergence of seasonal trends, notes in circulation have shown a reduction of 3 per cent in the slack season of 1946-47 and of 5 per cent in the slack season of the year under review. In the busy season, however, the rate of increase in note circulation, which had shown a deceleration from 15 per cent in 1944-45 to 5 per cent in 1946-47, showed an increase to 11 per cent in 1947-48, owing mainly to the large issues of notes following the partition.

The period of the highest relative and absolute rates of expansion in demand deposits was during the slack season of 1942-43. From April, 1943 there was a sharp decline in the rate of expansion of demand deposits until March, 1945, but thereafter it showed moderate increases in the period between April, 1945 and September, 1946. Over the period 1943-44 to 1947-48, the pace of increase in deposits in the slack season declined from 24 per cent to 3 per cent. In the busy season, the rate of expansion was comparatively low, fluctuating between 14 per cent and 2 per cent until 1946-47. During the busy season of 1946-47, there was actually a decline of 9 per cent, while in the busy season of this year, deposits have risen by 7 per cent ; this rise in deposits is accounted for partly by the expansion of credit by banks and partly by Governmental disbursements.

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 was more or less of the same order, *viz.*, 87 per cent in note circulation and 89 per cent in deposits. In the post-war years also, apart from seasonal fluctuations, notes in circulation and demand deposits have moved up, the rate of increase in both being 7 per cent.

95. *Circulation of Notes and Coin by Denominations.*—Statement XLVII shows the circulation of notes by denominations for the years ended 31st March, 1914 and 1921-35, and for the years ended 31st December, 1935-47. The denominational pattern of note circulation underwent a considerable change following the promulgation in January, 1946, of the High Denomination Bank Notes (Demonetisation) Ordinance 1946, under which notes of the denominations of Rs. 500 and above ceased to be legal tender. The amounts of notes of these denominations outstanding on 31st December, 1947 were Rs. 3 lakhs in the case of Rs. 500 denomination, Rs. 1,12 lakhs of Rs. 1,000 denomination and Rs. 21 lakhs of Rs. 10,000 denomination as against Rs. 26 lakhs, Rs. 113,37 lakhs and Rs. 18,46 lakhs respectively on 31st December, 1945. Of the current denominations in circulation, Rs. 100 notes recorded the highest increase of Rs. 51,40 lakhs as against Rs. 12,30 lakhs only in the Rs. 10 denomination, while Rs. 5 notes registered a decline of Rs. 1,99 lakhs. The circulation of Rs. 100 denomination which had fallen from Rs. 495,84 lakhs at the end of 1945 to Rs. 488,71 lakhs at the end of 1946 mainly on public apprehensions of the possible demonetisation of this denomination, rose to Rs. 540,11 lakhs at the end of 1947. The large issues of Rs. 100 notes are attributable in part to the exodus of funds almost entirely in bank notes of this denomination accompanying the mass migrations after the partition. The proportionate share of Rs. 100 notes in the total circulation also increased from 38.8 per cent of the gross circulation of all notes except Rs. 10,000 at the end of 1946 to 40.7 per cent at the end of 1947 as against the highest proportion of 41.2 per cent on 31st December, 1945. There were rumours in certain areas in the East Punjab that notes of Rs. 100 denomination of the Lahore and Karachi circles will not be accepted in India after 31st March, 1948, as a result of which there was a heavy rush for exchanging these notes into Rs. 100 notes of the other circles. The rush, however, subsided when the Reserve Bank issued a *press communique* on 8th December, 1947 contradicting these rumours and stating that the Bank had no intention of discontinuing payment in India on any India note issued by the Offices of the Bank in Pakistan. The circulation of Rs. 10 denomination also increased from Rs. 545,40 lakhs to Rs. 557,70 lakhs, its share in the gross circulation, however, falling from 43.3 per cent to 42.0 per cent at the end of 1947; the denomination nevertheless continues to be proportionately the largest in circulation. The circulation of Rs. 5 notes, on the other hand, showed both an absolute and a relative decline, the circulation falling from Rs. 197,09 lakhs to Rs. 195,10 lakhs and the proportion from 15.7 to 14.7 per cent, while the Rs. 2 denomination showed a rise from Rs. 25,42 lakhs to Rs. 33,09 lakhs, its proportional share also rising from 2 per cent at the end of 1946 to 2.5 per cent at the end of 1947. As between the Government of India one rupee notes (not shown in the Statement as these are treated as "rupee coin") and notes of Rs. 2 denomination, the public, however, showed a marked preference for the former. Statement XLV shows the absorption of small coin by denominations since 1909-10. The steep fall in the absorption of all denominations of small coin noticed last year continued also during the year under review, the decline being most marked in the case of four anna coins.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

96. *Establishment of Issue Offices and Branches.*—Consequent on the partition of India into two Dominions, it was administratively inconvenient for the Lahore Circle of Issue, the jurisdiction of which extended over areas partly in India and partly in Pakistan, to continue to function as constituted before the

partition. Moreover, it was decided to transfer the Lahore Office to the Government of Pakistan on the termination of the joint monetary arrangements. It was, therefore, necessary to rearrange the jurisdiction of the Lahore Office so as to divest it of its responsibilities in respect of resource operations in the East Punjab and Delhi. With this view, a full-fledged Issue Department was established at Delhi on 1st December, 1947, with its jurisdiction covering the East Punjab and Delhi.

At the request of the Government of Pakistan, arrangements were also made to open a branch of the Issue Department at Dacca. Besides attending to the resource operations relating to chests situated in Eastern Pakistan from 1st April, 1948, the Dacca branch also attended to banking functions, such as providing remittance facilities, management of public debt for the Central and Provincial Governments in Pakistan and administration of exchange control. Government business, however, continues to be conducted by the local branch of the Imperial Bank of India.

97. *Changes in the Form of Notes.*—Bank notes of the denomination of Rs. 5 with a new design were issued by the Bank during the year under review. The notes, which have a security thread and are printed in green and overprinted with a rainbow tint, were first issued from Bombay on 15th October, 1947. There was no other change in respect of any denomination or pattern of note during the year under review.

98. *Encashment of Burma Notes.*—During 1947-48, the facilities for encashment of Burma currency notes (i.e. old Burma notes, British Military Administration notes and Burma Currency Board notes) continued to be provided in India at the following centres.

(a) Offices of the Reserve Bank of India at Calcutta, Bombay, Madras and Karachi.

(b) Offices of the Imperial Bank of India at Chittagong, Vizagapatam, Cochin, Tuticorin and Negapatam.

In addition, encashments were also allowed at the Treasuries at Imphal, Aijal, Port Blair and the Sub-Treasury at Margherita.

Provision of unlimited encashment facilities was, however, considered to be no longer necessary and since July, 1947 encashment has been restricted to Rs. 100 in the case of adult tenderers and Rs. 50 in the case of minors under 12 years.

The total amount of Burma notes (i.e. old Burma notes, British Military Administration notes and Burma Currency Board notes) encashed in India during the year 1947-48 amounted to Rs. 1,02,99,895 as against Rs. 8,40,67,535 (including those encashed at Rangoon) during 1946-47, the total value of those notes tendered since 5th January, 1942, when encashment facilities were first provided in India aggregating Rs. 26,21,71,015.

99. *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 1947-48 amounted to Rs. 1,10,080 compared with Rs. 1,77,490 in the previous year. Notes amounting to Rs. 24,820 which had been previously written off under this Section were presented for payment and were paid by the Banking Department of the Bank during the year. The following Table gives the value of notes written off and refunded over the past three years :—

	1945-46*	1946-47	1947-48†
Value of Notes written off at the end of the year	1,40,150	1,77,490	1,10,080
Value of Notes refunded during the year ..	6,710	1,62,200	24,820

* Including Rangoon. † Provisional.

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

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes.	347	591	66,250	25,100*
Half notes	1,551	3,706	3,66,150	39,700
Mutilated notes:				
Registered (Denominations of Rs. 20 to Rs. 100)	7,045	15,032	14,71,500	11,99,000
Unregistered (Denominations of Re. 1 to Rs. 10) ..	59,648	3,81,428	22,91,451½	21,28,499
Government of India one rupee notes	36,730	4,25,936	4,26,566	4,12,314

* Represents amount paid during 1947-48 in respect of claims admitted in previous years.

In view of the communal disturbances which followed in the wake of the partition and the breakdown in communications between the West and East Punjab, considerable hardship was being experienced by holders of Lahore circle defective notes in India in tendering their claims at Lahore. With a view to affording the necessary facilities for the public in India, the Reserve Bank of India (Note Refund) Rules were amended in December, 1947 authorising, in addition to the Currency Officer, Reserve Bank of India, Lahore, the Currency Officer, Reserve Bank of India, Delhi to entertain and dispose of claims in respect of Lahore circle notes.

101. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year showed an increase and stood at 13,657 compared with 9,861 in 1946-47 and the record figure of 23,792 (including Rangoon) in 1945-46. The distribution of note forgeries according to denominations for the last three years is given below:—

Year	Re. 1 Government of India Notes	Rs. 2	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1947-48	1,574	159	1,667	10,238	..	19	..	..
1946-47	1,537	250	831	7,229	..	13	..	1
1945-46*	12,306	584	494	10,389	..	17	1	1

* Including Rangoon.

As during last year, the largest number of forgeries was in respect of Rs. 10 notes at 10,238 or 75.0 per cent of the total. Of these, forgeries received in the Calcutta and Madras Offices numbered 5,389 and 1,908 respectively or 52.6 per cent and 18.6 per cent. Forgeries in respect of the Government of India one rupee notes aggregated 1,574 or 11.5 per cent of the total, as compared with 15.6 per cent in 1946-47 and 51.7 per cent in 1945-46. The number of forged notes of all denominations detected amounted to 7,263 in Calcutta, 2,427 in Madras and 1,892 in Kanpur. 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
1947-48 ..	34	58	92	16	19	57
1946-47 ..	41	39	80	13	10	57
1945-46* ..	39	36	75	18	18	39

* Including Rangoon.

102. *Coinage.*—Statement XLVIII gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. India rupee coin minted during 1947 amounted to Rs. 10.26 crores against Rs. 3.49 crores in 1946 and Rs. 22.59 crores in 1945. The following Table shows the total mintage of India rupee coin and the various denominations of India small coin during 1947-48 at the Bombay, Calcutta and Lahore Mints.

TABLE 29.—MINTAGE OF INDIA RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint Rs.	a.	Calcutta Mint Rs.	a.	Lahore Mint Rs.	a.	Total Rs.	a.
Nickel Rupees ..	7,32,28,000	0	....		4,19,11,000	0	11,51,39,000	0
,, Half Rupees .	1,88,62,000	0	....		....		1,88,62,000	0
,, Quarter Rupees ..	1,73,66,000	0	....		6,71,000	0	1,80,37,000	0
,, two annas ..	27,01,000	0	42,96,500	0	1,46,875	0	71,44,375	0
,, one anna ..	19,37,250	0	27,43,250	0	10,36,937	8	57,17,437	8
,, half anna ..	8,29,500	0	10,71,234	1	4,44,156	4	23,44,890	5
Single Pice	6,22,100	0	12,09,682	8	3,01,484	6	21,33,166	14
Total ..	**11,55,45,850**	**0**	**93,20,566**	**9**	**4,45,11,453**	**2**	**16,93,77,869**	**11**

The Table below shows the mintage of Pakistan coins during 1947-48 at the Calcutta and Bombay mints (which are Indian Government Mints) and the Lahore Mint (which is the Pakistan Mint).

TABLE 30.—MINTAGE OF PAKISTAN RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint Rs.	a.	Calcutta Mint Rs.	a.	Lahore Mint Rs.	a.	Total Rs.	a.
Nickel Rupees ..	1,00,04,000	0	....		92,00,000	0	1,92,04,000	0
,, Half Rupees .	14,36,000	0	8,99,500	0	22,00,000	0	45,35,500	0
,, Quarter Rupees ..	16,80,000	0	....		8,50,000	0	25,30,000	0
,, two annas ..	9,79,000	0	....		2,75,500	0	12,54,500	0
,, one anna ..	8,08,000	0	....		2,35,250	0	10,43,250	0
,, half anna ..	32,003	2	....		....		32,003	2
Single Pice	6,301	9	....		....		6,301	9
Total ..	**1,49,45,304**	**11**	**8,99,500**	**0**	**1,27,60,750**	**0**	**2,86,05,554**	**11**

In the last year's Report, mention was made of the enactment in April, 1947 by the Government of India of the Indian Coinage (Amendment) Act, 1947. Under the authority thus taken, the Government issued on 24th May, 1947 two notifications, authorising the minting of rupee coin of pure nickel and prescribing its (standard) weight, dimensions, design, etc. The new coins, which were first issued from the Offices of the Bank on 2nd June, 1947, are similar in design to the pure nickel half and quarter rupees, bearing on the obverse the King's effigy with the words "George VI King Emperor" and on the reverse a tiger, the word "India," the year of issue and the denomination in English, Urdu and Devanagri Scripts. The edge of the coin is milled with a serrated or upright milling. In the centre of the milled edge, there is a shallow groove with a design inside in two sections, separated by blank spaces, the design inside the groove consisting of a chain of beads in relief. These coins are of the same weight as the quaternary rupee coin (*viz.*, 180 grains troy), though slightly of a smaller diameter of 1.1 inches.

The issue of quaternary (silver) rupee coin was discontinued from the end of May, 1946. The mintage of India nickel rupees during the year 1947-48 amounted to Rs. 11,51,39,000. Pakistan nickel rupee coin began to be minted in January 1948, the total mintage amounting to Rs. 1,92,04,000 up to the end of the year under review.

As regards small coin, nickel-brass coins, which were issued during the war, ceased to be issued from January, 1946, when cupro-nickel coins were first introduced. A notification issued by the Central Government in May, 1946 directed that half and quarter rupee coins of the same size and weight as the quaternary coins shall be minted in pure nickel. Pure nickel coins of the denominations of four annas and eight annas were issued towards the end of May, 1946.

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

(In lakhs of rupees)

	1945-46	1946-47	1947-48
William IV 1835	....	....	....
Queen Victoria 1840	0.01	0.01	....
Standard Silver Rupees	13.39	2.88	0.51
Other uncurrent coin	0.12	0.18	0.80
Defective Quaternary Rupees	0.21	0.17	15.82
Total	**13.73**	**3.24**	**17.13**

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.

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

		Rs.	a.	p.
Uncurrent Coin	Cupro-nickel* eight anna	3,256	0	0
	Bronze double pice	630	6	6
Badly worn and defaced nickel copper and brass coin	Cupro-nickel -/4/-	3,01,736	12	0
	Nickel-brass and Cupro-nickel Coin			
	-/2/- pieces	31,33,325	6	0
	-/1/- "	26,35,594	5	0
	-/½/ "	6,23,201	9	0
	Copper and Bronze Coin			
	Single pice	9,852	3	9
	Half pice	20	6	11
	Pie pieces	350	13	11
	Total	**67,08,057**	**15**	**1**

* Include worn out pure nickel coins.

105. *Counterfeit Coin.*—The following Table gives the number of counterfeit coin by denominations cut at Treasuries and railway stations during the three years 1945-46 to 1947-48.

	1947-48		1946-47		1945-46	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	9,159	79	7,846	....	8,056	....
Half Rupees	13,361	1,856	9,323	366	9,293	10
Quarter Rupees	12,052	4,220	10,783	3,787	9,795	3,170
Eighth Rupees	301	76,774	81	69,621	142	40,530
One Anna	....	7,536	....	8,795	....	4,509
Half Anna	....	55	....	91	....	3
Total	**34,873**	**90,520**	**28,033**	**82,660**	**27,286**	**48,222**

STATEMENTS

STATEMENT I

INDEX NUMBERS OF WHOLESALE PRICES (SENSITIVE SERIES) IN INDIA BY GROUPS OF ARTICLES AND COST OF LIVING IN BOMBAY SINCE 1939-40

(Average of weekly figures)

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

(*Reference paragraph* 21)

Year and Month			Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	Chief Articles of Export†	General Index	Cost of Living§ (Bombay)
1939-40‡	..	..	127.5	118.8	124.2	131.5	130.5	125.6	106
1940-41	..	..	108.6	121.5	113.4	119.8	114.1	114.8	109
1941-42	..	..	124.2	146.9	132.5	154.5	137.3	137.0	122
1942-43	..	..	166.2	165.9	166.0	190.4	161.7	171.0	166
1943-44	..	..	268.7	185.0	232.5	251.7	236.4	236.5	228
1944-45	..	..	265.4	206.0	240.5	258.3	243.9	244.2	225
1945-46	..	..	272.6	210.0	246.2	240.0	248.9	244.9	222
1946-47	..	..	313.8*	235.3	280.0	259.1	296.8	275.4	252
1947-48	..	..	356.9*	254.0	312.6	287.8	....	307.0	268
April	1945	..	267.9	208.5	243.1	239.6	246.8	242.3	215
May	,,	..	258.3	208.7	237.8	239.0	241.8	238.1	219
June	,,	..	256.2	208.7	236.6	240.7	239.6	237.4	224
July	,,	..	268.3	212.0	244.8	242.8	248.6	244.4	229
August	,,	..	268.0	210.8	244.1	243.5	248.4	244.1	231
September	,,	..	264.2	210.8	241.9	242.9	246.2	242.2	229
October	,,	..	268.7	210.8	244.5	242.9	248.0	244.1	230
November	,,	..	271.1	210.8	245.9	236.0	246.4	243.6	230
December	,,	..	278.5*	211.7	250.3	235.8	240.1	247.1	230
January	1946	..	285.4*	211.2	253.9*	237.3	253.5*	250.2*	230
February	,,	..	291.5*	210.3	256.7*	239.2	257.4*	252.8*	231
March	,,	..	295.7*	206.3	257.1*	240.2	261.0*	253.3*	235
April	,,	..	294.3*	206.1	256.3*	240.6	262.8*	252.7*	236
May	,,	..	299.3*	207.4	259.6*	239.2	266.7*	255.0*	237
June	,,	..	302.8*	226.4	270.5*	240.0	279.9*	263.5*	247
July	,,	..	303.8*	245.7	275.7	250.5	289.5	270.1	256
August	,,	..	303.5*	240.7	277.3	250.2	291.2	271.3	254
September	,,	..	302.2*	243.2	277.7	248.6	289.0	271.1	257
October	,,	..	321.7*	239.8	286.9	262.9	303.2	281.5	251
November	,,	..	336.0*	237.3	293.6	275.6	313.4	289.6	250
December	,,	..	326.0*	235.8	287.5	277.8	310.7	285.4	266
January	1947	..	314.6*	243.0	284.5	279.9	313.4	283.5	254
February	,,	..	324.8*	248.8	291.1	277.0	322.6	289.2	250
March	,,	..	335.8*	247.1	298.1	274.3	327.4	292.7	256
April	,,	..	338.2*	246.2	298.9	269.5	....	292.2	257
May	,,	..	333.7*	243.4	295.2	271.6	....	289.9	258
June	,,	..	340.8*	234.6	294.7	276.8	....	290.5	265
July	,,	..	350.3*	238.9	301.8	278.6	....	296.6	261
August	,,	..	351.8*	241.1	303.7	284.3	....	299.3	270
September	,,	..	346.6*	242.6	301.6	285.1	....	298.0	285
October	,,	..	347.0*	244.2	302.8	281.9	....	298.2	282
November	,,	..	340.7*	247.1	300.7	283.1	....	296.7	273
December	,,	..	363.2*	259.9	317.9	289.6	....	311.6	271
January	1948	..	386.4*	279.6	340.6	308.5	....	333.4	258
February	,,	..	388.8*	294.1	348.7	317.8	....	341.8	263
March	,,	..	402.4*	287.4	353.0	311.5	....	343.6	270

§ Monthly indices : *Base*—August 1939 = 100 ; Annual figures are averages of monthly indices ; *Source* : " Bombay Labour Gazette". * Estimated. † Discontinued from April, 1947. ‡ Seven months ended March, 1940.

STATEMENT II

INDEX NUMBERS OF WHOLESALE PRICES (GENERAL PURPOSE SERIES) IN INDIA BY GROUPS OF ARTICLES

(Average of weekly figures)

(*Base* : Year ended August, 1939=100; *Source* : Economic Adviser to the Government of India)

(*Reference paragraph* 21)

Month		Food Articles	Industrial Raw Materials	Semi-Manufactured Articles	Manufactured Articles	Miscellaneous	**General Index**
April	1946	257.5	282.2	....	....	....	....
May	,, ...	255.4	288.9	....	....	....	....
June	,, ...	258.4	299.7	....	....	....	....
July	,, ...	261.3	296.1	....	....	....	....
August	,, ...	265.7	297.0	239.3†	....	....	....
September	,, ...	266.9	292.9	239.2	....	....	....
October	,, ...	268.5	303.5	239.7	....	....	....
November	,, ...	275.8	354.0	241.8	....	....	....
December	,, ...	277.1	348.5	242.4	....	....	....
January	1947	290.6	343.3	241.2	272.0	491.5	**290.5**
February	,, ...	290.1	352.1	242.2	272.7	497.4	**292.2**
March	,, ...	286.2	362.9	248.9	270.9	489.8	**293.2**
April	,, ...	279.9	356.2	249.7	270.1	467.6	**289.6**
May	,, ...	278.6	352.6	249.0	271.6	453.2	**288.5**
June	,, ...	287.4	361.5	250.7	273.5	474.0	**294.2**
July	, ...	291.5	371.0	256.0	274.9	449.8	**297.7**
August	,, ...	297.8	366.5	258.3	280.2	456.6	**301.4**
September	,, ...	296.2	371.6	258.1	282.6	457.8	**302.4**
October	,, ...	295.3	376.6	256.8	283.5	468.2	**303.2**
November	,, ...	294.8	377.9	252.5	283.2	460.8	**302.0**
December	,, ...	321.1	394.7	259.9	284.0	454.2	**314.2**
January	1948	347.7	403.9	272.9	292.9	455.7	**329.2**
February	,, ...	348.5	404.8	293.9	321.3	429.5	**342.3**
March	,, ...	347.1	397.7	285.8	324.5	448.7	**340.7**

† Last week.

STATE

BALANCE OF TRADE IN MERCHANDISE

(Reference

		1946						
		Imports	*Import Price Indices*‡	Exports	*Export Price Indices*‡	Re-exports	Total Exports	Balance of Trade
January	.. (Private) ..	21,02	*145*	24,10	*133*	80	24,90	+ 3,88
,,	.. (Government) ..	2,55		10		..	11	— 2,44
February	.. (Private) ..	16,98	*172*	19,90	*132*	1,55	21,45	+ 4,47
,,	.. (Government) ..	6,35		3		..	3	— 6,32
March	.. (Private) ..	23,93	*150*	26,01	*142*	5,36	31,37	+ 7,45
,,	.. (Government) ..	9,98		19		2	21	— 9,77
April	.. (Private) ..	15,96	*159*	19,63	*135*	1,86	21,49	+ 5,53
,,	.. (Government) ..	5,75		1		..	1	— 5,73
May	.. (Private) ..	20,43	*152*	25,70	*140*	5,25	30,95	+ 10,52
,,	.. (Government) ..	1,34		10		1	10	— 1,24
June	.. (Private) ..	16,51	*153*	21,77	*147*	3,59	25,36	+ 8,85
,,	.. (Government) ..	3,97		2		1	3	— 3,94
July	.. (Private) ..	21,75	*174*	22,16	*149*	1,59	23,75	+ 2,00
,,	.. (Government) ..	4,60		12		3	15	— 4,45
August	.. (Private) ..	19,07	*200*	19,85	*156*	1,38	21,23	+ 2,16
,,	.. (Government) ..	3,60		2		..	2	— 3,58
September	.. (Private) ..	26,39	*172*	18,76	*147*	1,25	20,01	— 6,38
,,	.. (Government) ..	2,52		..		..	..	— 2,51
October	.. (Private) ..	25,75	*178*	24,65	*152*	1,35	26,01	+ 26
,,	.. (Government) ..	4,11		13		..	13	— 3,98
November	.. (Private) ..	27,26	*165*	23,94	*149*	1,37	25,31	— 1,96
,,	.. (Government) ..	4,03		1		..	1	— 4,02
December	.. (Private) ..	29,80	*182*	32,09	*161*	94	33,03	+ 3,23
,,	.. (Government) ..	2,74		6		..	6	— 2,68
Total	.. **(Private)** ..	**2,64,85**		**2,78,56**		**26,29**	**3,04,85**	**+ 40,00**
,,	.. **(Government)** ..	**51,53**		**80**		**7**	**86**	**— 50,67**

† Provisional figures. ‡ *Base* : 1927-28=100. * Exclusive of figures relating to the port of

MENT III

(India and Pakistan)†

paragraph 22)

(In lakhs of rupees)

		1947						
		Imports	*Import Price Indices*‡	Exports	*Export Price Indices*‡	Re-exports*	Total Exports	**Balance of Trade**
January ..	(Private) ..	25,65	*196*	34,86	*173*	1,52	36,38	+ **10,73**
,, ..	(Government) ..	7,67		6		..	7	— **7,61**
February ..	(Private) ..	28,21	*190*	24,26	*189*	87	25,14	— **3,07**
,, ..	(Government) ..	3,77		36		..	36	— **3,42**
March ..	(Private) ..	29,93	*193*	29,77	*178*	64	30,41	+ **48**
,, ..	(Government) ..	3,71		27		..	27	— **3,45**
April ..	(Private) ..	32,49	*222*	25,14	*188*	55	25,69	— **6,79**
,, ..	(Government) ..	3,55		13		..	13	— **3,41**
May ..	(Private) ..	37,19	*216*	35,64	*183*	41	36,05	— **1,14**
,, ..	(Government) ..	4,71		8		2	11	— **4,61**
June ..	(Private) ..	35,04	*178*	34,81	*206*	37	35,18	+ **14**
,, ..	(Government) ..	3,45		25		..	25	— **3,20**
July ..	(Private) ..	39,33	*192*	28,17	*199*	35	28,52	— **10,81**
,, ..	(Government) ..	4,24		16		..	16	— **4,07**
August ..	(Private) ..	36,71		34,10		1,18	35,29	— **1,41**
,, ..	(Godernment) ..	2,52		2		..	2	— **2,50**
September ..	(Private) ..	34,51		38,10		78	38,88	+ **4,37**
,, ..	(Government) ..	4,27		..		..	..	— **4,26**
October ..	(Private) ..	31,43		35,84		1,07	36,90	+ **5,47**
,, ..	(Government) ..	3,99§		1,35§		10,60§	11,95	+ **7,95**
November ..	(Private) ..	31,35		36,47		98	37,45	+ **6,11**
,, ..	(Government) ..	2,62§		2,24§		..	2,24	— **38**
December ..	(Private) ..	31,75		41,53		3,07	44,60	+ **12,85**
,, ..	(Government) ..	4,21§		73§		1§	74	— **3,47**
Total ..	**(Private)** ..	**3,93,60**		**3,98,69**		**11,79**	**4,10,48**	+ **16,88**
,, ..	**(Government)** ..	**48,72**		**5,67**		**10,63**	**16,30**	— **32,42**

Chittagong since 15th August, 1947. § Exclusive of figures relating to the port of Karachi.

STATEMENT IV

HIGHEST, LOWEST AND AVERAGE (MONTHLY) SPOT PRICES OF BAR GOLD AND SOVEREIGNS IN BOMBAY, 1947-48

(Reference paragraph 29)

1947-48	Gold (per fine tola) Highest	Gold (per fine tola) Lowest	Gold (per fine tola) Average†	Sovereigns Highest	Sovereigns Lowest	Sovereigns Average†	Average estimated stocks of gold during each month in Bombay‡
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	(Tolas)
April	111 0 0* (28)	102 8 0* (7)	105 14 1	71 0 0 (29)	68 0 0 (7 & 8)	69 3 7	61,250
May	113 4 0* (31)	107 8 0* (1, 2 & 6)	109 10 4	72 4 0 (30 & 31)	69 12 0 (2)	71 1 0	52,000
June	117 12 0 (20)	111 0 0 (5)	113 12 1	74 12 0 (28)	72 0 0 (4 & 5)	73 4 0	40,000
July	114 2 0 (10)	106 8 0 (22)	110 14 0	74 8 0 (10)	72 0 0 (21 & 22)	73 3 11	68,750
August	112 10 0 (22)	108 2 0 (8)	110 3 1	74 4 0 (23, 26 & 27)	72 4 0 (5 & 8)	73 3 11	72,000
September	112 0 0 (2)	108 10 0 (5 & 6)	110 4 4	74 6 0 (2)	71 14 0 (30)	73 9 10	50,000
October	109 8 0 (1)	95 14 0 (14)	102 8 10	72 0 0 (1)	64 0 0 (13)	67 12 6	82,000
November	108 3 0 (29)	102 6 0 (1)	105 0 10	70 10 0 (26)	68 4 0 (1)	69 8 1	1,11,250
December	107 14 0 (16)	103 4 0 (22)	105 8 3	69 8 0 (1)	67 12 0 (22 & 31)	68 7 4	1,20,000
January	107 8 0 (14)	104 6 0 (2 & 3)	106 0 9	68 14 0 (14)	67 8 0 (1)	68 5 9	76,000
February	107 12 0 (28)	103 12 0 (9)	106 2 2	69 10 0 (24)	68 0 0 (7)	68 11 8	50,000
March	112 2 0 (29)	107 1 0 (1)	110 3 5	72 4 0 (29 & 31)	69 4 0 (1)	70 14 8	51,250

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

Figures within brackets refer to dates of quotations. † Average of closing quotations for working days. ‡ Average of week-end stocks.
* Unofficial.

STATEMENT V

Highest, Lowest and Average (Annual) Spot Prices of Gold and Silver in Bombay since 1926-27 with Import Duties

(*Reference paragraph* 29)

Year	Gold (per fine tola) Highest	Gold Lowest	Gold Average‡	Gold *Import duty*	Silver (per 100 tolas gross) Highest	Silver Lowest	Silver Average‡	Silver *Import duty*
	Rs. a. p.	Rs. a. p.	Rs. a. p.	*Rs. a. p.*	Rs. a. p.	Rs. a. p.	Rs. a. p.	*Rs. a. p.*
1926–27	21 11 6	21 4 6	21 7 8	*Nil*	72 0 0	56 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	*25 0 0(a)*	159 6 0	118 0 0	135 1 11	{ *8 7 0** *18 12 0(a)*
1946–47	111 0 0	84 4 0	101 1 2	{ *25 0 0* *12 8 0(b)*	195 0 0	127 0 0(c)	162 4 10	{ *18 12 0* *9 6 0(b)*
1947–48	117 12 0	95 14 0	108 0 4	*12 8 0*	183 13 0(c)	142 8 0	166 12 6	*9 6 0*

‡ Average of closing quotations for working days.
(*a*) Effective from 1st March, 1946.
(*b*) Effective from 12th August, 1946.
* Including surcharge of 20 per cent.
(*c*) Unofficial.

STATEMENT VI

Spot Prices (Weekly) of Gold and Silver and Estimated Stocks in Bombay, 1947-48

(Reference paragraph 29)

Friday 1947-48		Silver: Spot (Per 100 tolas gross) Rs.	a.	p.	Silver: Estimated Stocks (In bars of 2,800 tolas)	Gold: Spot (Per fine tola) Rs.	a.	p.	Gold: Estimated Stocks (Tolas)
April	4	162	8	0	6,000	103	10	0	75,000
,,	11	164	10	0	6,000	105	2	0	60,000
,,	18	169	0	0	6,000	106	0	0	50,000
,,	25	177	0	0	7,000	109	4	0	60,000
May	2	172	0	0	7,000	108	0	0	50,000
,,	9	170	0	0	8,000	109	2	0	50,000
,,	16	161	8	0	9,000	109	0	0	60,000
,,	23	168	12	0	9,000	110	8	0	50,000
,,	30*	169	4	0	10,000	110	14	0	50,000
June	6	168	8	0	8,000	112	2	0	50,000
,,	13	171	0	0	8,000	112	10	0	25,000
,,	20	179	8	0	8,000	116	8	0	50,000
,,	27	174	0	0	7,000	115	0	0	35,000
July	4	168	8	0	700	110	12	0	75,000
,,	11	170	4	0	4,000	113	8	0	50,000
,,	18	170	12	0	2,000	110	0	0	75,000
,,	25	172	14	0	8,000	108	7	0	75,000
August	1*	176	12	0	10,000	108	12	0	1,00,000
,,	8	177	8	0	10,000	108	12	0	70,000
,,	15*	175	0	0	5,000	109	0	0	75,000
,,	22	175	8	0	4,000	112	7	0	60,000
,,	29	174	11	0	7,000	110	2	0	55,000
September	5	169	15	0	2,000	109	10	0	60,000
,,	12	167	12	0	4,000	110	12	0	45,000
,,	19	168	0	0	7,000	110	9	0	50,000
,,	26	166	14	0	5,000	109	11	6	45,000
October	3	165	4	0	7,000	108	7	0	1,00,000
,,	10	161	10	0	5,000	102	11	0	1,00,000
,,	17	156	2	0	6,000	101	12	0	1,00,000
,,	24	154	8	0	10,000	101	4	0	50,000
,,	31	157	0	0	9,000	102	10	0	60,000
November	7	157	8	0	9,000	103	2	0	1,20,000
,,	14	157	8	0	8,000	103	10	0	1,00,000
,,	21	160	12	0	8,000	105	14	0	1,00,000
,,	28	165	10	0	9,000	108	2	0	1,25,000
December	5	166	2	0	10,000	105	14	0	1,35,000
,,	12	169	3	0	10,000	106	5	0	1,25,000
,,	19	171	2	0	6,000	104	15	0	1,20,000
,,	26	169	0	0	5,000	105	2	0	1,00,000
January	2	170	15	0	2,000	105	0	0	1,00,000
,,	9	169	0	0	3,000	106	0	0	1,00,000
,,	16	169	2	0	6,000	106	12	0	50,000
,,	23	171	4	0	2,000	105	12	0	80,000
,,	30	169	8	0	3,000	106	0	0	50,000
February	6	159	0	0	4,000	105	12	0	50,000
,,	13	148	8	0	8,000	105	14	0	50,000
,,	20	151	0	0	8,000	106	6	0	50,000
,,	27	151	12	0	10,000	106	8	0	50,000
March	5	159	10	0	10,000	109	4	0	35,000
,,	12	162	10	0	12,000	110	0	0	50,000
,,	19	164	0	0	12,000	110	0	0	50,000
,,	26	167	6	0	5,000	110	13	0	70,000

* Market closed; preceding working day's quotations given.

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STATEMENT VII

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY (MONTHLY), 1947-48

(*Reference paragraph* 31)

1947-48	Price in London* (Per fine ounce) Highest, Lowest, Average† — Spot d.		Price in London* — Forward d.		Market price in New York** (Per fine ounce) Highest, Lowest, Average† — Spot Cents.		Price in Bombay (Per 100 tolas gross) Spot — Highest Rs. a. p.	Spot — Lowest Rs. a. p.	Spot — Average† Rs. a. p.	Average estimated stocks during each month in Bombay‡ (in bars of 2,800 tolas)
April	46 45 45-13/16	H L A	45¾ 44¾ 45⅝	H L A	76 73¾ 75⅜	H L A	183 13 0§ (28)	160 12 0§ (7)	168 12 7	6,250
May	44¾ 43 44⅛	H L A	44⅜ 43 44-1/16	H L A	73¾ 70¾ 72⅛	H L A	175 0 0§ (3)	161 4 0§ (17)	168 0 2	8,600
June	43 37 41-5/16	H L A	43 37 41-5/16	H L A	70⅞ 59¾ 66-13/16	H L A	180 10 0 (20)	166 0 0 (5)	172 8 7	7,750
July	39¾ 37 38-13/16	H L A	39¾ 37 38-13/16	H L A	64¾ 61½ 63-9/16	H L A	178 12 0 (30)	167 12 0 (4)	171 11 11	3,675
August	42½ 37 40	H L A	42½ 37 40	H L A	69¾ 61¾ 65⅞	H L A	180 0 0 (7)	173 8 0 (2)	175 15 7	7,200
September	43¼ 41¾ 42⅝	H L A	42⅞ 41⅜ 42⅜	H L A	71⅜ 68¾ 70⅜	H L A	179 0 0 (1)	163 8 0 (30)	168 11 3	4,500
October	44⅞ 43¼ 43⅝	H L A	44⅜ 42¾ 43	H L A	74⅛ 71⅜ 71⅝	H L A	165 14 0 (3)	153 0 0 (14)	158 6 6	7,400
November	45⅛ 45 45	H L A	44⅞ 44⅝ 44¾	H L A	74⅝		166 0 0 (26)	156 0 0 (1)	159 13 3	8,500
December	45		44¾		74⅝		173 6 0 (17)	162 12 0 (1)	168 8 0	7,750
January	45		44¾		74⅝		172 0 0 (26)	165 0 0 (29)	169 11 2	3,200
February	45		45 44¾ 44-13/16	H L A	74⅝		167 0 0 (5)	142 8 0 (9)	151 2 6	7,500
March	45		45		74⅝		173 0 0 (29)	154 0 0 (1)	163 15 11	9,750

Figures within brackets refer to dates of quotations. †Average of closing quotations for working days. ‡Average of week-end stocks. *London Treasury's price of silver for essential purposes: Spot 45*d*. per fine ounce from 6th November, 1947. **Price of foreign silver in New York: 74⅝ cents per fine ounce from November, 1947. §Unofficial. H = Highest. L = Lowest. A = Average.

Quantity and Value of Imports§ and Exports of

(Reference

	IMPORTS					
	Gold Bullion		Sovereigns and other British gold coin		TOTAL	
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
Average for 1900-01 to 1904-05	(a)	**5,72,18,318**	(a)	**9,34,97,221**	**2,496,571**	**15,07,15,539**
Average for 1905-06 to 1909-10	(a)	**9,65,96,452**	(a)	**7,83,64,043**	**2,845,107**	**17,49,60,495**
Average for 1910-11 to 1914-15	**2,115,569**	**13,49,74,877**	**2,786,453**	**16,42,39,395**	**4,902,022**	**29,92,14,272**
Average for 1915-16 to 1919-20	**2,423,885**	**14,94,65,235**	**796,983**	**4,70,19,473**	**3,220,868**	**19,64,84,708**
Average for 1920-21 to 1924-25	**4,344,849**	**28,54,42,004**	**1,183,850**	**7,90,80,246**	**5,528,699**	**36,45,22,250**
Average for 1925-26 to 1929-30	**2,426,556**	**13,84,17,212**	**1,394,720**	**7,82,14,107**	**3,821,276**	**21,66,31,319**
1930-31	1,099,230	6,31,40,997	1,230,396	6,93,11,456	2,329,626	13,24,52,453
1931-32	235,609	1,53,60,459	214,441	1,26,34,905	450,050	2,79,95,364
1932-33	119,742	91,13,200	52,670	40,68,191	172,412	1,31,81,391
1933-34	105,507	85,60,464	29,394	24,33,821	134,901	1,09,94,285
1934-35	62,015	55,38,348	17,977	16,54,753	79,992	71,93,101
1935-36	56,200	50,72,099	47,261	44,23,311	103,461	94,95,410
1936-37	61,086	57,09,880	111,695	1,03,78,239	172,781	1,60,88,119
1937-38	39,967	34,61,069	131,699	1,22,23,092	171,666	1,56,84,161
1938-39	43,696	39,60,395	34,402	33,03,033	78,098	72,63,428
1939-40	26,231	27,26,503	44,692	44,97,696	70,923	72,24,199
1940-41	5,484	6,22,198	11	1,390	5,495	6,23,588
1941-42	2,496	2,96,375	442	50,255	2,938	3,46,630
1942-43	548	67,602	..	..	548	67,602
1943-44	18,908	35,84,367	3	625	18,911	35,84,992
1944-45	7,949	15,82,145	..	..	7,949	15,82,145
1945-46	10,994	22,02,853	..	..	10,994	22,02,853
1946-47	259,108	7,00,56,017	81,644	1,16,87,854	340,752	8,17,43,871
1947-48 .. .. (Nine months ended December 1947)**	300,988	8,18,67,283	17,083	46,97,432	318,071	8,65,64,715
Total for 31 years from 1900-01 to 1930-31..	(a)	**4,37,37,11,488**	(a)	**2,77,13,83,881**	**116,402,337**	**7,14,50,95,369**
Total for 16 years from 1931-32 to 1946-47..	**1,055,540**	**13,79,13,974**	**766,331**	**6,73,57,165**	**1,821,871**	**20,52,71,139**

Since 1941-42 figures are on post-separation basis. § The figures for the years 1943-44 to 1945-46 do not include the sales of about 7.5 million ounces made in India on behalf of the Allied Governments. (a) Figures not available ** Provisional figures. Excluding figures for imports to and exports from the port of Karachi from October, 1947.

MENT VIII

GOLD COIN AND BULLION (INDIA AND BURMA) SINCE 1900-01
paragraph 33)

EXPORTS						NET IMPORTS (+) OR EXPORTS (−)			
Gold Bullion		Sovereigns and other British gold coin		TOTAL					
Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees		Quantity in ounces		Value in rupees
(a)	**4,85,71,823**	(a)	**3,97,99,942**	**1,520,365**	**8,83,71,765**	+	**976,206**	+	**6,23,43,774**
(a)	**3,34,76,990**	(a)	**2,40,30,440**	**1,000,328**	**5,75,07,430**	+	**1,844,779**	+	**11,74,53,065**
535,654	**3,07,89,183**	**254,980**	**1,50,03,372**	**790,634**	**4,57,92,555**	+	**4,111,388**	+	**24,34,21,717**
851,352	**4,91,96,822**	**236,247**	**1,31,45,685**	**1,075,034**	**6,23,41,932**	+	**2,145,834**	+	**13,41,42,776**
907,000	**6,99,52,231**	**101,892**	**74,74,737**	**1,008,892**	**7,74,26,968**	+	**4,519,807**	+	**28,70,95,282**
10,863	**6,17,458**	**8,038**	**4,64,532**	**18,901**	**10,81,990**	+	**3,802,375**	+	**21,55,49,329**
86,884	49,29,307	89	5,031	86,973	49,34,338	+	2,242,653	+	12,75,18,115
7,758,315	58,43,62,379	321,112	2,33,60,827	8,079,427	60,77,23,206	—	7,629,377	—	57,97,27,842
8,102,406	63,46,29,676	423,835	3,37,79,671	8,526,241	66,84,09,347	·	8,353,829	—	65,52,27,956
6,645,012	56,59,86,325	185,187	1,55,43,921	6,830,199	58,15,30,246	—	6,695,298	—	57,05,35,961
5,723,675	52,76,09,980	51,137	49,57,728	5,774,812	53,25,67,708	·	5,694,820	—	52,53,74,607
4,072,548	37,83,21,643	50,175	47,33,722	4,122,723	38,30,55,365	·	4,019,262		37,35,59,955
3,183,450	29,45,14,987	367	34,261	3,183,817	29,45,49,248	·	3,011,036	—	27,84,61,129
1,841,172	17,00,08,595	97,311	89,93,695	1,938,483	17,90,02,290	·	1,766,817	—	16,33,18,129
589,995	5,72,59,150	845,330	8,07,06,346	1,435,325	13,79,65,496	·	2,387,647*	—	23,26,02,068*
3,426,914	37,17,43,852	10,405	11,02,393	3,437,319	37,28,46,245	·	4,155,343†	—	44,64,30,422†
997,857	12,64,28,105	22,015	25,49,808	1,019,872	12,89,77,913	·	1,014,377	—	12,83,54,325
159,461	1,80,47,219	26,894	34,52,127	186,355	2,14,99,346	—	183,417	—	2,11,52,716
1,837	2,76,232	28,472	45,18,718	30,309	47,94,950	—	29,761	—	47,27,348
2,684	5,52,111	8,215	16,08,280	10,899	22,50,391	·	8,012	+	13,34,601
2,834	5,56,513	1,206	2,65,000	4,040	8,21,513	+	3,909	+	7,60,632
1,824	3,80,431	19,239	46,14,214	21,063	49,94,645	·	10,069	—	27,91,792
3,390	9,25,227	99,628	1,42,99,481	103,018	1,52,24,708	+	237,734	+	6,65,19,163
639	1,83,606	2	722	641	1,84,328	+	317,430	+	8,63,80,387
(a)	**1,16,79,48,968**	(a)	**49,95,98,572**	**27,157,745**	**1,66,75,47,540**	+	**89,244,592**	+	**5,47,75,47,829**
42,513,374	**3,73,16,02,425**	**2,190,528**	**20,46,10,192**	**44,703,902**	**3,93,62,12,617**	—	**42,882,031‡**	—	**3,73,09,41,478‡**

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

Quantity and Value of Imports and Exports

(*Reference*

	IMPORTS				EXPORTS	
	Private		Government		Private	
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
Average for 1900-01 to 1904-05	**57,952,778**	**10,21,59,397**	**23,944,496**	**4,43,07,532**	**24,374,965**	**4,40,63,495**
Average for 1905-06 to 1909-10	**58,692,689**	**10,23,54,941**	**37,635,284**	**7,52,77,318**	**9,265,611**	**2,30,09,410**
Average for 1910-11 to 1914-15	**59,749,141**	**10,61,42,280**	**18,418,183**	**3,52,16,322**	**16,231,999**	**3,27,52,650**
Average for 1915-16 to 1919-20	**12,301,301**	**2,37,92,158**	**105,380,023**	**28,32,58,307**	**7,005,565**	**1,67,47,759**
Average for 1920-21 to 1924-25	**87,999,844**	**18,99,72,421**	**745,257**	**20,17,664**	**14,864,944**	**3,38,52,496**
Average for 1925-26 to 1929-30	**110,058,132**	**17,44,82,295**	**178,262**	**4,67,948**	**13,156,954**	**2,30,75,210**
1930-31	111,193,480	13,45,91,817	31,936	70,900	15,286,301	1,81,33,248
1931-32	32,371,768	4,41,90,307	27,371	73,655	13,474,371	1,82,60,008
1932-33	8,426,518	1,62,87,315	2,914	7,842	7,944,020	90,02,713
1933-34	4,831,254	81,15,156	41,132	57,436	6,998,385	79,78,563
1934-35	29,017,050	4,45,08,622	1,060	1,417	27,250,006	4,07,90,902
1935-36	33,517,880	4,46,22,281	16,319,000	1,99,52,479	20,200,205	3,18,84,541
1936-37	112,247,392	13,87,41,437	8,556	23,023	2,144,483	28,47,436
1937-38	19,563,948	2,50,36,330	1,115	3,000	7,619,840	99,56,495
1938-39	11,439,178	1,48,99,584	1,895	2,311	3,505,080	45,43,879
1939-40	31,040,978	4,10,45,742	742	1,997	974,215	18,09,136
1940-41	7,245,776	1,19,82,129	1,397,726	21,79,468	1,377,129	36,80,278
1941-42	16,220,589	2,61,01,533	5,362,812	1,15,51,862	813,012	21,03,397
1942-43	1,206,021	19,42,268	352,887	9,30,335	1,243,868	33,30,119
1943-44	148,036	4,63,278	26,264,639	3,88,53,367	655,555	17,93,517
1944-45	398,771	11,14,147	145,416,174	22,59,63,774	925,828	24,78,032
1945-46	924,397	29,69,928	55,357,754	7,77,27,638	347,888	9,31,394
1946-47	52,781,813	21,64,76,668	16,826,083	2,61,52,507	21,407	97,058
1947-48 .. .. (Nine months ended December, 1947)*	21,515,907	9,49,25,658	1,452,389	68,85,026	810	3,784
Total for 31 years from 1900-01 to 1930-31 ..	**2,044,962,905**	**3,82,91,09,277**	**931,539,461**	**2,20,27,96,355**	**439,786,491**	**88,56,38,348**
Total for 16 years from 1931-32 to 1946-47 ..	**361,981,369**	**63,84,96,725**	**267,381,810**	**40,34,82,111**	**95,495,292**	**14,14,87,468**

* Provisional figures. Excluding figures for imports to and exports from the port of Karachi from October, 1947.

MENT IX

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

paragraph 33)

Government		NET IMPORTS (+) OR EXPORTS (—)				NET TOTAL IMPORTS (+) OR EXPORTS (—)	
		Private		Government			
Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
473,031	12,61,520	+ 33,577,813	+ 5,80,95,902	+ 23,471,465	+ 4,30,46,012	+ 57,049,278	+ 10,11,41,914
24,990	78,819	+ 49,427,078	+ 7,93,45,531	+ 37,610,294	+ 7,51,98,499	+ 87,037,372	+ 15,45,44,030
924,024	24,64,629	+ 43,517,142	+ 7,33,89,630	+ 17,494,159	+ 3,27,51,693	+ 61,011,301	+ 10,61,41,323
3,950,144	1,06,64,081	+ 5,295,736	+ 70,44,399	+ 101,429,879	+ 27,25,94,226	+ 106,725,615	+ 27,96,38,625
271,534	7,23,762	+ 73,134,900	+ 15,61,19,925	+ 473,723	+ 12,93,902	+ 73,608,623	+ 15,74,13,827
9,725,568	1,34,33,986	+ 96,901,178	+ 15,14,07,085	— 9,547,306	— 1,29,66,038	+ 87,353,872	+ 13,84,41,047
15,403,180	1,57,36,413	+ 95,907,179	+ 11,64,58,569	— 15,371,244	— 1,56,65,513	+ 80,535,935	+ 10,07,93,056
30,066,049	3,02,21,042	+ 18,897,397	+ 2,59,30,299	— 30,038,678	— 3,01,47,387	— 11,141,281	— 42,17,088
25,002,704	2,74,23,395	+ 482,498	+ 72,84,602	— 24,999,790	— 2,74,15,553	— 24,517,292	— 2,01,30,951
50,863,091	6,37,65,455	— 2,167,131	+ 1,36,593	— 50,821,959	— 6,37,08,019	— 52,989,090	— 6,35,71,426
41,011,998	5,77,83,939	+ 2,367,044	+ 37,17,720	— 41,010,938	— 5,77,82,522	— 38,643,894	— 5,40,64,802
28,120,597	3,84,24,938	+ 13,317,675	+ 1,27,37,740	— 11,801,597	— 1,84,72,459	+ 1,516,078	— 57,34,719
..	..	+ 110,102,909	+ 13,58,94,001	+ 8,556	+ 23,023	+ 110,111,465	+ 13,59,17,024
..	..	+ 11,944,108	+ 1,50,79,835	+ 1,115	+ 3,000	+ 11,945,223	+ 1,50,82,835
3,899,415	45,66,410	+ 7,934,098	+ 1,03,55,705	— 3,897,520	— 45,64,099	+ 4,036,578	+ 57,91,606
16,245,409	2,43,94,316	+ 30,066,763	+ 3,92,36,606	— 16,244,667	— 2,43,92,319	+ 13,822,096	+ 1,48,44,287
19,577,200	3,05,51,269	+ 5,868,647	+ 83,01,851	— 18,179,474	— 2,83,71,801	— 12,310,827	— 2,00,69,950
49,352,183	9,00,32,435	+ 15,407,577	+ 2,39,98,136	— 43,989,371	— 7,84,80,573	— 28,581,794	— 5,44,82,437
34,627,993	8,24,58,913	— 37,847	— 13,87,851	— 34,275,106	— 8,15,28,578	— 34,312,953	— 8,29,16,429
5,173,808	1,55,00,947	— 507,519	— 13,30,239	+ 21,090,831	+ 2,33,52,420	+ 20,583,312	+ 2,20,22,181
536,572	15,30,664	— 527,057	— 13,63,885	+ 144,879,602	+ 22,44,33,110	+ 144,352,545	+ 22,30,69,225
198,596	6,64,171	+ 576,509	+ 20,38,534	+ 55,159,158	+ 7,70,63,467	+ 55,735,667	+ 7,91,02,001
29,967	1,29,599	+ 52,760,406	+ 21,63,79,610	+ 16,796,066	+ 2,60,22,908	+ 69,556,472	+ 24,24,02,518
481	2,138	+ 21,515,097	+ 9,49,21,874	+ 1,451,908	+ 68,82,888	+ 22,967,005	+ 10,18,04,762
,249,635	15,88,70,398	+ 1,605,176,414	+ 2,74,34,70,929	+ 839,289,826	+ 2,04,39,25,957	+ 2,445,466,240	+ 4,78,73,96,886
,705,582	46,74,47,493	+ 266,486,077	+ 49,70,09,257	— 37,323,772	— 6,39,65,382	+ 229,162,305	+ 43,30,43,875

Since 1941-42 figures are on post-separation basis. † Government of India rupees are shown at face value.

STATEMENT X

IMPORTS AND EXPORTS OF GOLD COIN AND BULLION, 1947*

(*Reference paragraph* 33)

1947		IMPORTS: Gold Bullion: Quantity in ounces	IMPORTS: Gold Bullion: Value in rupees	IMPORTS: Sovereigns and other British Gold Coin: Quantity in ounces	IMPORTS: Sovereigns and other British Gold Coin: Value in rupees	IMPORTS: TOTAL: Quantity in ounces	IMPORTS: TOTAL: Value in rupees	EXPORTS: Gold Bullion: Quantity in ounces	EXPORTS: Gold Bullion: Value in rupees	EXPORTS: Sovereigns and other British Gold Coin: Quantity in ounces	EXPORTS: Sovereigns and other British Gold Coin: Value in rupees	EXPORTS: TOTAL: Quantity in ounces	EXPORTS: TOTAL: Value in rupees	NET IMPORTS: Quantity in ounces	NET IMPORTS: Value in rupees
January	..	55,451	1,52,25,557	6,375	17,13,332	61,826	1,69,38,889	..	..	28,729	16,26,666	28,729	16,26,666	33,097	1,53,12,223
February	..	12,104	35,02,614	5,330	14,02,030	17,434	49,04,644	..	..	..	..	..	..	17,434	49,04,644
March	..	126,395	3,46,20,774	69,281	83,96,903	195,676	4,30,17,677	3,200	8,75,667	21,094	57,99,781	24,294	66,75,448	171,382	3,63,42,229
April	..	81,552	2,15,10,430	1,588	4,41,790	83,140	2,19,52,220	639	1,83,606	..	..	639	1,83,606	82,501	2,17,68,614
May	..	74,705	2,16,13,818	10,856	29,91,236	85,561	2,46,05,054	..	..	..	..	..	..	85,561	2,46,05,054
June	..	34,443	97,58,437	1,483	3,96,530	35,926	1,01,54,967	..	..	..	..	..	..	35,926	1,01,54,967
July	..	102,143	2,67,44,201	3,015	8,25,752	105,158	2,75,69,953	..	..	2	722	2	722	105,156	2,75,69,231
August	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
September	..	188	54,875	..	..	188	54,875	..	..	..	..	..	..	188	54,875
October	..	..	..	140	42,003	140	42,003	..	..	..	..	..	..	140	42,003
November	..	7,957	21,85,522	..	..	7,957	21,85,522	..	..	..	..	..	..	7,957	21,85,522
December	..	..	..	1	121	1	121	..	..	..	..	..	..	1	121
Total	..	**494,938**	**13,52,16,228**	**98,069**	**1,62,09,697**	**593,007**	**15,14,25,925**	**3,839**	**10,59,273**	**49,825**	**74,27,169**	**53,664**	**84,86,442**	**539,343**	**14,29,39,483**

* Provisional figures. Excluding figures for imports to and exports from the port of Karachi from October, 1947.

STATEMENT XI

IMPORTS AND EXPORTS OF SILVER, 1947*

(*Reference paragraph* 33)

1947	IMPORTS				EXPORTS				NET TOTAL IMPORTS	
	Private		Government		Private		Government			
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
January	7.380.379	2,93,09,258	..	..	..	..	30	121	7,380,349	2.93,09,137
February	6,968,727	2,90,27,040	..	..	..	..	..	..	6,968,727	2,90,27,040
March	14,792,738	6,26,90,876	210,000	9,50,600	..	..	1,179	5,329	15,001,559	6,36,36,147
April	8,166,371	3,64,28,668	..	..	..	..	26	114	8,166,345	3,64,28,554
May	4,976,295	2,07,70,127	..	..	204	930	..	..	4,976,091	2,07,69,197
June	732,029	28,46,209	..	..	..	..	..	..	732,029	28,46,209
July	3,737,755	1,71,73.897	..	..	..	..	84	384	3,737,671	1,71,73,513
August	110,033	4,71,560	..	..	606	2,854	..	..	109,427	4,68,706
September	3,436,498	1,59,42,029	250,492	11,69.797	..	..	..	..	3,686,990	1.71,11,826
October	345,293	12,51,595	200,535	8,93,050	..	..	..	..	545,828	21.44,645
November	9,777	36,612	499,722	21,09,143	..	..	371	1,640	509,128	21,44,115
December	1,856	4.981	501,640	27,13,036	..	..	..	..	503,496	27,17,997
Total ..	**50,657,751**	**21,59,52,832**	**1,662,389**	**78,35,626**	**810**	**3,784**	**1,690**	**7,588**	**52,317,640**	**22,37,77,088**

*Provisional figures. Excluding figures for imports to and exports from the port of Karachi from October, 1947.

STATEMENT XII

§STERLING TRANSACTIONS OF THE RESERVE BANK OF INDIA, 1947-48

(*Reference paragraph* 34)

	Purchases@				Sales‡				Net Purchases (+) Sales (—)	
	£ thousands	Rs. lakhs	*Average rate** *s.*	*d.*	£ thousands	Rs. lakhs	*Average rate** *s.*	*d.*	£ thousands	Rs. lakhs
1945-46	**122,025**	**1,62,70**	*1*	*6*	**42,758**	**57,05**	*1*	*5-63/64*	+ **79,267**	+ **1,05,65**
1946-47	**33,769**	**45,03**	*1*	*6*	**99,305**	**1,32,53**	*1*	*5-63/64*	— **65,536**	— **87,51**
1947-48†	**150,456**	**2,00,61**	*1*	*6*	**58,980**	**78,71**	*1*	*5-63/64*	+ **91,476**	+ **1,21,90**
	(15,454)	**(20,61)**			**(726)**	**(97)**			(+ **14,728)**	(+ **19,64)**
April 1947	13,700	18,27	*1*	*6*	8,785	11,72	*1*	*5-63/64*	+ 4,915	+ 6,54
May ,, ...	9,800	13,07	*1*	*6*	7,100	9,47	*1*	*5-63/64*	+ 2,700	+ 3,59
June ,, ...	2,695	3,50	*1*	*6*	17,230	22,99	*1*	*5-63/64*	— 14,535	— 19,40
July ,, ...	2,870	3,83	*1*	*6*	16,144	21,54	*1*	*5-63/64*	— 13,274	— 17,72
August ,, ...	22,100	29,47	*1*	*6*	3,130	4,18	*1*	*5-63/64*	+ 18,970	+ 25,29
September ,, ...	10,240	13,65	*1*	*6*	1,850	2,47	*1*	*5-63/64*	+ 8,390	+ 11,18
October ,, ...	5,320	7,09	*1*	*6*	745	99	*1*	*5-63/64*	+ 4,575	+ 6,10
November ,, ...	13,165	17,55	*1*	*6*	185	25	*1*	*5-63/64*	+ 12,980	+ 17,31
December ,, ...	3,315	4,42	*1*	*6*	1,955	2,61	*1*	*5-63/64*	+ 1,360	+ 1,81
January 1948**	20,375	27,17	*1*	*6*	480	64	*1*	*5-63/64*	+ 19,895	+ 26,53
	(4,225)	(5,63)			(250)	(33)			(+ 3,975)	(+ 5,30)
February ,, ...	23,970	31,96	*1*	*6*	475	63	*1*	*5-63/64*	+ 23,495	+ 31,33
	(6,445)	(8,59)			(456)	(61)			(+ 5,989)	(+ 7,98)
March ,, ...	7,452	9,94	*1*	*6*	175	23	*1*	*5-63/64*	+ 7,277	+ 9,70
	(4,784)	(6,38)			(20)	(3)			(+ 4,764)	(+ 6,35)

§Excluding Government transactions. @Ready and forward purchases, and cancellations of forward sale contracts. ‡ Ready and forward sales, and cancellations of forward purchase contracts. * Correct to the nearest 1/64th *d.* † Totals for India and Pakistan. Figures in brackets are totals on Pakistan account from January, 1948. ** Figures for Pakistan are shown within brackets below those for India only from January, 1948.

STATEMENT XIII

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

(*Reference paragraph* 53)

(In lakhs of rupees)

Paid to	INCOME-TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1946-47 Accounts	15-8-47 to 31-3-48 Revised	1948-49 Budget	1938-39 Accounts	1946-47 Accounts	15-8-47 to 31-3-48 Revised	1948-49 Budget†	1938-39 Accounts	1946-47 Accounts	15-8-47 to 31-3-48 Revised	1948-49 Budget
Madras	22.50	4,48.05	5,35.32	6,55.38	..	..	..	..	..	..	..	..
Bombay	30.00	5,97.40	6,24.54	7,64.61	..	..	..	..	..	..	..	..
West Bengal* ..	30.00	5,97.40	3,56.88	4,36.92	2,21.27	2,51.04	66.44	48.22	..	..	40.00	50.00
United Provinces.	22.50	4,48.05	5,65.06	6,91.79	..	..	..	..	25.00	..	..	..
East Punjab* ..	12.00	2,38.96	1,48.70	1,82.05	..	..	..	..	..	..	1,00.00	1,75.00
Bihar	15.00	2,98.70	3,86.62	4,73.33	17.12	14.00	23.75	17.23	..	..	..	..
Central Provinces and Berar ..	7.50	1,49.35	1,78.44	2,18.46	..	..	..	..	..	..	..	..
Assam	3.00	59.74	89.22	1,09.23	11.69	20.08	33.22	24.11	30.00	30.00	18.75	30.00
Orissa	3.00	59.74	89.22	1,09.23	0.92	2.00	4.74	3.44	43.00	40.00	25.00	40.00
Total	**1,45.50**	**28,97.39**	**29,74.00**	**36,41.00**	**2,51.00**	**2,87.12**	**1,28.15**	**93.00**	**98.00**	**70.00**	**1,83.75**	**2,95.00**

† This distribution among the provinces is provisional as percentage shares have not yet been finally fixed.

* Figures for the years 1938-39 and 1946-47 relate to the undivided provinces, while those for the period 15th August, 1947 to 31st March, 1948 and for 1948-49 relate to the provinces in the Dominion of India only.

STATEMENT XIV

Budgetary Position of Provinces

(Reference paragraph 52)

(In lakhs of rupees)

Provinces	REVENUE: Customs and Income-Tax	REVENUE: Land Revenue	REVENUE: Excise	REVENUE: Stamps	REVENUE: Total Tax Revenue	REVENUE: **Total Revenue**	EXPENDITURE: Direct Demands on Revenue	EXPENDITURE: Irrigation	EXPENDITURE: Debt Services*	EXPENDITURE: Security Services†	EXPENDITURE: Social Services‡	EXPENDITURE: **Total Expenditure**	Surplus (+) or Deficit (—)	**Debt outstanding on 31st March**
MADRAS														
1938-39 (Accounts).	23	5,13	3,72	1.73	12,44	**16,13**	2,07	1,28	— 44	5,72	4,63	**16,10**	+ 3	**14,48**
1946-47 (Accounts).	4,48	5,48	14,68	4,38	41,15	**57,00**	3,72	1,86	5	13,20	11.70	**56,99**	+ 1	**25,15**
1947-48 (Revised) ..	6,85	5,31	10,54	3,96	40,89	**55,19**	4,33	2,16	76	16,34	15,81	**55,19**	..	**30,26**
1948-49 (Budget) ..	6,85	5,10	3,84	4.26	37.29	**55,94**	4,55	2,64	— 9	16,78	15.58	**55,94**	..	..
BOMBAY														
1938-39 (Accounts).	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**
1946-47 (Accounts).	5,97	3,66	9,74	3.31	31,81	**40,18**	3,50	69	3,49	9.39	9,80	**36,42**	3,76	**31,69**
1947-48 (Revised) ..	6,25	3,78	8,42	3.16	33,79	**43,49**	3,96	86	3,55	10,67	12,77	**42,93**	56	**31,03**
1948-49 (Budget) ..	7,57	3,69	6,70	3,15	32,74	**41,38**	3,76	1,41	3,47	11,52	14.91	**44,02**	— 2,64	..
WEST BENGAL§														
1938-39 (Accounts).	2,51	3,24	1,59	2,58	11,00	**12,76**	98	39	18	5,25	3,03	**12,77**	— 1	**4,34**
1947-48 (Budget) ..	4,35	1,37	3,59	1.40	14,74	**18,88**	74	52	8	3,83	3,97	**16,47**	+ 2,41	**3,42**
1948-49 (Budget) ..	5.00	1,84	5,88	2.40	21,43	**31,19**	1,29	91	10	7,20	6,95	**31,97**	— 78	..
UNITED PROVINCES														
1938-39 (Accounts).	23	5,82	1,33	1,28	9,70	**12,80**	1,54	1,33	61	4,09	3,57	**12,80**	..	**34,19**
1946-47 (Accounts).	4,48	6,82	6,74	2,13	23,72	**32,65**	2,92	1,83	74	9,12	7,35	**32,63**	+ 2	**34,52**
1947-48 (Revised) ..	5,65	6.83	6,82	2,13	26,69	**39,36**	3,36	2,47	80	12,26	9,29	**39,70**	— 34	**36,79**
1948-49 (Budget) ..	7,20	6,73	6,03	2,13	27,71	**45,87**	3,96	3,29	84	15,06	13.05	**50,57**	— 4,70	..
EAST PUNJAB§														
1938-39 (Accounts).	12	2,64	1,02	78	5,02	**11,17**	86	1,50	— 21	3,31	3,22	**11,61**	— 44	**34,52**
1947-48 (Budget) ..	1,00	66	1,24	39	3,92	**5,28**	59	67	— 66	2,68	2,03	**7,58**	— 2.30	..
1947-48 (Revised) ..	1,48	60	1,07	30	4.12	**6,32**	64	50	— 68	2,88	1.97	**13,30**	— 6,98	**6,34**
1948-49 (Budget) ..	1,75	1,43	2,16	56	6,94	**11,13**	113	67	— 78	4,81	3.30	**17,82**	— 6,69	..

1946-47 (Accounts).	3,39	1,39	5,15	1,53	13,09	**16,27**	77	43	6	5,24	3,27	**14,39**	+ 1,88	**2,20**
1947-48 (Revised) ..	3,39	1,35	4,50	1,76	12,81	**17,93**	88	36	6	4,57	4,24	**16,90**	+ 1,03	**2,23**
1948-49 (Budget) ..	3,40	1,40	4,25	1,74	13,15	**21,57**	85	72	6	4,90	5,37	**20,09**	+ 1,48	..
CENTRAL PROVINCES AND BERAR														
1938-39 (Accounts).	8	2,12	64	37	3,80	**4,27**	65	25	— 1	1,63	97	**4,71**	— 44	**6,45**
1946-47 (Accounts).	1,49	2,58	2,24	66	9,40	**11,88**	1,29	16	39	3,31	2,21	**11,55**	+ 33	**6,89**
1947-48 (Revised) ..	1,78	2,47	1,78	68	9,64	**12,40**	1,45	17	35	3,92	3,40	**12,40**	..	**7,12**
1948-49 (Budget) ..	2,16	3,18	1,65	71	11,43	**15,75**	1,59	20	47	4,09	4,66	**15,74**	— 1	..
ASSAM														
1938-39 (Accounts).	15	1,13	35	18	2,03	**2,58**	38	1	34	81	71	**2,99**	— 41	**1,40**
1946-47 (Accounts).	1,24	1,79	82	25	5,05	**7,19**	— 8	5	12	1,57	1,53	**5,70**	+ 1,49	**2,78**
1947-48 (Revised) ..	1,30	1,65	63	14	4,47	**6,97**	66	10	10	1,41	1,40	**7,62**	— 65	**1,78**
1948-49 (Budget) ..	1,45	1,61	56	13	4,42	**13,12**	69	9	18	1,87	1,53	**14,61**	— 1,49	..
ORISSA														
1938-39 (Accounts).	4	46	33	18	1,10	**1,82**	18	13	1	61	44	**1,81**	+ 1	**31**
1946-47 (Accounts).	62	51	1,11	26	2,74	**4,61**	35	28	19	1,30	1,30	**4,49**	+ 12	**73**
1947-48 (Revised) ..	85	52	1,23	28	3,27	**6,50**	42	60	10	1,50	2,38	**6,57**	— 7	**91**
1948-49 (Budget) ..	92	53	1,15	30	3,40	**6,82**	48	66	18	1,58	3,01	**7,51**	— 69	..
Total all Provinces														
1938-39 (Accounts)¶	**3,98**	**25,41**	**13,08**	**9,59**	**59,02**	**79,22**	**8,79**	**5,55**	**1,78**	**26,63**	**20,92**	**80,52**	**— 1,30**	**132,90**
1946-47 (Accounts)‖	**21,67**	**22,23**	**40,48**	**12,52**	**126,96**	**169,78**	**12,47**	**5,30**	**5,04**	**43,13**	**37,16**	**162,17**	**— 7,61**	**103,96**
1947-48 (Revised)**	**31,90**	**23,88**	**38,58**	**13,89**	**150,42**	**207,04**	**16,44**	**7,74**	**5,21**	**57,38**	**55,23**	**211,08**	**— 4,04**	**119,88**
1948-49 (Budget)..	**36,30**	**25,51**	**32,22**	**15,38**	**158,51**	**242,77**	**18,39**	**10,59**	**4,43**	**67,90**	**68,36**	**258,27**	**— 15,50**	**..**

* Includes appropriation for reduction or avoidance of debt.

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

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

§ Figures for 1938-39 relate to the pre-partition provinces ; those for 1947-48 cover the period 15th August, 1947 to 31st March, 1948.

¶ Includes figures for the pre-partition provinces of Bengal and the Punjab. ‖ Excludes figures for the East Punjab and West Bengal.

**Includes figures of the Budget Estimates of West Bengal.

STATEMENT XV

Debt Position of Provinces

(Reference paragraph 54)

(In lakhs of rupees)

	At the end of 1936-37	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47*	1947-48*
I. Public Debt											
(a) Permanent Debt ..	8,72	15,07	19,60	23,33	23,04	31,07	39,63	50,87	59,28	63,57	44,30
(b) Floating Debt ..	..	1,50	1,80	50	1,00	82	29,40	30,03	20,51	10,84	2,00
(c) Loans from Central Government ..	1,43,80	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	98,66	63,67	52,21	52,57	50,42
II. Unfunded Debt ..	15,03	23,39	24,44	25,54	26,62	27,26	28,59	29,78	30,97	30,81	23,16
III. Gross Total Debt (Total of I and II)	**1,67,55**	**1,63,20**	**1,67,61**	**1,69,91**	**1,69,15**	**1,70,26**	**1,96,28**	**1,74,35**	**1,62,97**	**1,57,79**	**1,19,88**
IV. Appropriation for Reduction or Avoidance of Debt	1,28	1,05	87	1,78	1,80	1,98	2,05	4,57	4,94	4,51	5,48
V. Closing Cash Balance ..	10,70	6,30	8,83	10,63	11,50	20,47	22,63	21,86	31,56	22,35	22,67

* Figures relate to provinces in the Dominion of India only; figures for 1946-47, however, include those for the undivided provinces of the Punjab and Bengal.

STATEMENT XVI

Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1947-48

(Reference paragraphs 56 & 60)

(In lakhs of rupees)

Reserve Bank of India: Central Government 1946-47	1947-48	Provincial Governments 1946-47	1947-48	Last day of the month	Government Treasuries: Central Government 1946-47	1947-48	Provincial Governments 1946-47	1947-48
5,38,06	3,99,65	19,58	18,74	April	5,11	— 6	1,79	2,14
5,12,14	4,02,30	15,41	12,33	May	5,01	24	1,27	1,24
4,62,24	3,91,15	18,56	18,00	June	4,98	27	1,41	1,76
4,83,25	3,93,88	22,17	16,46	July	5,40	17	1,72	1,35
	3,71,09		13,07	August 14		1		1,05
5,00,04	3,50,04	21,08	15,15	August 31	5,52	26	2,01	1,32
4,75,13	3,65,55	17,25	10,21	September	5,01	— 1	1,44	1,49
4,47,27	3,63,69	22,40	17,76	October	39	11	2,49	78
4,57,07	3,69,69	23,74	18,55	November	16	5	1,51	1,07
4,60,82	3,42,50	16,84	19,10	December	39	— 1	1,69	1,13
4,39,69	2,68,48	21,61	17,20	January	56	— 8	1,71	1,10
4,29,50	2,62,86	17,77	13,34	February	25	4	1,97	1,19
4,22,85	2,74,85	30,89	21,10	March	— 8	—23	2,50	1,63

Note :—Figures since the partition relate to the Central and Provincial Governments in the Indian Dominion only.

STATEMENT XVII

Government of India Treasury Bills (Annual) since 1918-19

(Reference paragraph 57)

(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	*[illegible].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	*[illegible].97*	38,00,50
1938–39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	*[illegible].63*	46,30,00
1939–40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	*[illegible].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	*[illegible].72*	136,97,75
1942–43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	*[illegible].87*	264,69,50
1943–44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	*[illegible].90*	110,61,25
1944–45	252,00,00	551,48,50	229,27,75	....	229,27,75	*0.49*	86,70,50
1945–46	160,00,00	204,77,75	117,90,75	....	117,90,75	*0.40*	83,33,00
1946–47	80,00,00	104,96,50	51,27,25	....	51,27,25	*0.42*	77,59,00
1947–48	109,00,00	140,30,60	84,56,25	....	84,56,25	*0.45*	98,68,25

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

STATEMENT XVIII

Government of India Three Months Treasury Bills, 1947-48

(Reference paragraph 57)

(In thousands of rupees)

1947-48 Week ended		Sales to public: Amount offered for tender	Amount tendered	Amount sold	Amount discharged	Amount outstanding	*Average rate of discount of accepted tenders* *a. p.*	Amount sold in favour of Issue Department	Total amount outstanding including amount outstanding on account of Issue Department, provinces and others
April 1 to 4	..	2,00,00	1,50	..	..	13,36,00	..	..	75,59,00
" 11	..	2,00,00	45,50	45,50	1,61,00	12,20,50	7 0	3,02,00	76,85,50
" 18	..	2,00,00	1,51,50	1,51,50	1,60,00	12,12,00	7 0	4,66,00	77,23,00
" 25	..	2,00,00	2,91,50	2,00,00	1,70,25	12,41,75	6 10	1,90,00	78,32,75
May 2	..	2,00,00	2,54,75	2,00,00	1,51,50	12,90,25	6 11	8,04,00	81,14,75
" 9	..	2,00,00	3,50,50	2,00,00	80,50	14,09,75	6 10	70,00	81,99,75
" 16	..	2,00,00	5,42,75	2,00,00	70,50	15,39,25	6 11	1,75,00	81,94,25
" 23	..	2,00,00	6,44,50	2,00,00	77,25	16,62,00	6 11	3,71,50	82,32,00
" 30	..	2,00,00	5,41,00	2,00,00	33,75	18,28,25	6 11	5,52,50	84,62,25
June 6	..	2,00,00	6,86,25	2,00,00	1,69,00	18,59,25	6 5	5,43,25	79,48,75
" 13	..	4,00,00	6,79,25	2,90,00	..	22,49,25	6 11	7,25,25	80,74,25
" 20	..	4,00,00	2,85,00	2,95,00	1,73,00	23,71,25	6 8	6,60,00	77,30,75
" 27	..	4,00,00	88,25	28,25	34,00	23,65,50	7 0	3,70,00	77,35,00
July 4	..	2,00,00	70,50	..	50,25	23,15,25	..	1,55,00	76,99,75
" 11	..	2,00,00	1,01,00	70,00	45,50	23,39,75	7 0	4,17,50	78,39,75
" 18	..	..	..	..	1,51,50	21,88,25	..	3,65,50	75,87,75
" 25	..	..	..	..	1,97,00	19,91,25	..	4,50,25	76,51,00
August 1	..	..	..	..	22,00	19,69,25	..	9,13,50	77,38,50
" 8	..	..	..	..	1,81,00	17,88,25	..	6,40,00	81,67,50
" 15	..	..	..	..	3,99,75	13,88,50	..	2,71,50	76,84,25
" 22	..	..	..	..	..	13,88,50	..	3,40,00	77,92,75
" 29	..	..	..	..	1,98,00	11,90,50	..	3,42,25	74,46,00
September 5	..	2,00,00	4,11,75	1,89,50	2,00,50	11,79,50	6 8	4,82,75	76,38,00
" 12	..	2,00,00	6,50,25	1,85,50	2,00,00	11,65,00	6 3	9,43,00	75,21,25
" 19	..	4,00,00	9,36,75	4,17,00	4,00,00	11,82,00	6 0	8,41,00	77,74,25
" 26	..	4,00,00	9,89,50	4,08,00	2,85,00	13,05,00	5 9	4,65,00	79,32,25
October 3	..	4,00,00	5,36,50	4,00,00	33,25	16,71,75	6 9	2,20,00	83,64,00
" 10	..	4,00,00	6,51,00	4,00,00	71,75	20,00,00	7 0	3,38,00	86,52,75
" 17	..	6,00,00	7,62,50	6,00,00	..	26,00,00	7 0	1,66,00	91,33,75
" 24	..	..	..	..	..	26,00,00	..	5,55,25	86,79,75
" 31	..	4,00,00	6,15,50	4,00,00	..	30,00,00	7 6	6,19,50	93,44,75
November 7	..	4,00,00	5,65,00	4,00,00	..	34,00,00	8 0	7,27,00	97,31,25
" 14	..	4,00,00	4,71,50	4,00,00	..	38,00,00	8 0	5,02,00	1,03,41,75
" 21	..	4,00,00	1,77,00	1,77,00	..	39,77,00	7 11	10,26,75	1,12,03,50
" 28	..	2,00,00	70,00	70,00	..	40,47,00	8 0	5,65,25	1,14,98,50
December 5	..	2,00,00	80,50	60,00	1,89,50	39,17,50	8 0	5,78,50	1,14,64,75
" 12	..	2,00,00	1,22,25	1,22,75	1,85,50	38,54,75	8 0	7,23,00	1,11,82,00
" 19	..	2,00,00	2,23,35	1,85,25	4,17,00	36,23,00	8 0	7,24,00	1,08,33,25
" 26	..	..	..	8,00	4,08,00	32,23,00	8 0	1,55,00	1,01,23,25
January 2	..	..	..	..	..	32,23,00	..	1,69,00	1,01,42,25
" 9	..	2,00,00	2,48,50	1,72,50	4,00,00	29,95,50	8 0	2,79,00	98,45,75
" 16	..	2,00,00	1,54,50	1,37,25	4,00,00	27,32,75	8 0	3,25,00	96,91,00
" 23	..	2,00,00	96,25	1,21,00	6,00,00	22,53,75	8 0	6,14,50	92,62,25
" 30	..	2,00,00	2,04,00	1,14,50	..	23,68,25	8 0	2,09,50	89,37,25
February 6	..	2,00,00	3,00,00	85,50	4,00,00	20,53,75	7 9	8,33,25	88,23,50
" 13	..	2,00,00	2,22,00	3,44,50	7,47,75	16,50,50	7 10	3,02,00	83,86,75
" 20	..	2,00,00	87,00	55,50	52,25	16,53,75	8 0	8,17,25	81,23,25
" 27	..	2,00,00	2,42,00	2,87,00	1,77,00	17,63,75	8 0	8,14,25	83,70,75
March 5	..	2,00,00	2,44,00	1,89,50	1,30,00	18,23,25	8 0	22,19,00	1,00,08,00
" 12	..	2,00,00	15,00	10,50	1,22,75	17,11,00	7 0	7,59,00	99,31,75
" 19	..	1,00,00	98,00	1,05,00	1,85,25	16,30,75	8 0	9,14,50	1,00,42,00
" 26	..	1,00,00	22,25	8,00	8,00	16,30,75	8 0	85,00	99,72,00
" 27 to 31	..	1,00,00	10,00	22,25	..	16,53,00	8 0	35,00	98,68,25
Total	..	**109,00,00**	**140,30,60**	**84,56,25**	**81,39,25**	**16,53,00**	**7 2**	**2,71,33,25**	**98,68,25**

There were no sales of intermediates during the year.

STATEMENT XIX

Government of India Treasury Bills (Monthly), 1947-48

(*Reference paragraphs* 57 & 58)

(In thousands of rupees)

1946-47							1947-48					
		PUBLIC							PUBLIC			
Sales	*Average Yield*	Dis-charges	Outstand-ings	Amount sold in favour of Issue Depart-ment	Total amount outstanding including amount outstanding on account of Issue Department, provinces and others	Month	Sales	*Average Yield*	Dis-charges	Outstand-ings	Amount sold in favour of Issue Depart-ment	Total amount outstanding including amount outstanding on account of Issue Department, provinces and others
....	....	6,23,25	25,23,00	16,02,25	**83,26,25**	April ..	4,03,00	*0.43*	5,69,75	11,69,25	16,57,50	**79,28,25**
....	....	13,74,75	11,48,25	9,31,75	**66,41,00**	May ..	9,94,00	*0.43*	3,35,00	18,28,25	12,77,50	**84,37,75**
2,00,00	*0.38*	11,45,50	2,07,25	25,51,50	**52,38,25**	June ..	9,13,25	*0.42*	4,26,25	23,15,25	23,49,50	**75,99,75**
11,34,50	*0.39*	....	13,37,25	15,18,75	**63,39,25**	July ..	70,00	*0.44*	4,00,50	19,84,75	21,26,25	**77,38,00**
3,85,50	*0.44*	....	17,22,75	15,69,50	**72,42,50**	August ..	....	....	9,93,75	9,91,00	18,50,50	**73,17,25**
3,43,00	*0.44*	2,00,00	18,65,75	27,23,25	**76,77,25**	September ..	12,00,00	*0.38*	9,14,25	12,76,75	27,45,50	**79,99,00**
8,00,00	*0.43*	11,29,50	15,36,25	12,81,00	**71,10,00**	October ..	18,00,00	*0.44*	76,75	30,00,00	17,48,75	**93,44,75**
5,17,25	*0.43*	3,85,50	16,68,00	13,05,75	**69,78,00**	November ..	10,47,00	*0.50*	....	40,47,00	29,67,00	**115,08,25**
4,17,75	*0.44*	3,43,00	17,42,75	21,22,75	**83,52,25**	December ..	3,76,00	*0.50*	12,00,00	32,23,00	21,95,50	**101,34,25**
5,68,00	*0.44*	8,00,00	15,10,75	13,20,50	**82,59,75**	January ..	5,45,25	*0.50*	14,00,00	23,68,25	14,36,00	**89,37,25**
3,35,00	*0.44*	5,18,25	13,27,50	13,99,50	**61,70,25**	February ..	7,72,50	*0.49*	14,47,00	16,93,75	28,65,50	**81,90,75**
4,26,25	*0.44*	4,17,75	13,36,00	37,03,00	**77,59,00**	March ..	3,35,25	*0.50*	3,76,00	16,53,00	39,13,75	**98,68,25**
51,27,25	**0.42**	**69,37,50**	**13,36,00**	**2,20,29,50**	**77,59,00**	**Total** ..	**84,56,25**	**0.45**	**81,39,25**	**16,53,00**	**2,71,33,25**	**98,68,25**

STATEMENT XX

(A) PROVINCIAL GOVERNMENT TREASURY BILLS SINCE 1938-39

(*Reference paragraph* 61)

(In thousands of rupees)

Provinces and Particulars	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48
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	..	..
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	..	..
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	..	..
Average rate of discount per cent per annum .. *Rs.*	*1 8 8*	*2 4 3*	*0 12 9*	*0 12 0*	*0 11 11*	*0 13 7*	*0 9 0*	*0 5 4*	..	..
Amount outstanding ..	..	..	..	..	..	..	..	..	..	..
BOMBAY										
Amount offered for tender ..	..	..	..	..	..	50,00	..	..	..	..
Amount tendered	..	..	..	..	..	1,15,00	..	..	..	..
Amount sold	..	..	..	..	..	50,00	..	..	..	..
Average rate of discount per cent per annum .. *Rs.*	..	..	..	..	..	*0 10 0*	..	..	..	..
Amount outstanding ..	..	..	..	..	..	50,00	..	..	..	..
BENGAL										
Amount offered for tender ..	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	12,50,00	6,00,00
Amount tendered	..	1,53,25	1,82,50	13,52,50	1,34,50	37,66,50	56,48,00	27,75,00	17,20,50	4,00,00
Amount sold	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	12,50,00	4,00,00
Average rate of discount per cent per annum .. *Rs.*	..	*1 2 10*	*1 0 3*	*0 14 0*	*0 10 0*	*0 15 2*	*0 8 11*	*0 7 3*	*0 7 10*	*0 8 0*
Amount outstanding ..	..	30,00	..	1,00,00	..	12,50,00	5,00,00	7,50,00	8,00,00	..
UNITED PROVINCES										
Amount offered for tender ..	80,00	2,60,00	..	..	75,00	6,00,00	..	..	..	..
Amount tendered	85,00	2,76,75	..	..	97,00	11,58,00	..	..	..	..
Amount sold	80,00	2,60,00	..	..	75,00	6,00,00	..	..	..	..
Average rate of discount per cent per annum .. *Rs.*	*1 8 11*	*2 11 9*	..	..	*0 12 3*	*0 14 2*	..	..	..	..
Amount outstanding ..	..	40,00	..	..	..	1,00,00	..	..	..	..
PUNJAB										
Amount offered for tender ..	..	90,00	..	..	..	..	..	..	..	..
Amount tendered	..	1,01,25	..	..	..	..	..	..	..	..
Amount sold	..	90,00	..	..	..	..	..	..	..	..
Average rate of discount per cent per annum .. *Rs.*	..	*2 8 10*	..	..	..	..	..	..	..	..
Amount outstanding ..	..	..	..	..	..	..	..	..	..	..

Central Provinces and Berar										
Amount offered for tender ..	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	..	..
Amount tendered	3,06,75	1,95,25	2,44,00	1,55,25	1,31,00	1,39,00	..	..	..	..
Amount sold	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	..	..
Average rate of discount per cent per annum .. *Rs.*	*1 15 6*	*2 10 8*	*0 14 10*	*0 11 3*	*0 10 0*	*0 10 5*	..	..	..	..
Amount outstanding ..	1,10,00	40,00	50,00	..	..	80,00	..	..	..	..
Assam										
Amount offered for tender ..	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	..
Amount tendered	82,50	1,10,75	67,25	..	1,49,00	12,20,00	27,61,00	27,44,00	8,46,00	..
Amount sold	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	..
Average rate of discount per cent per annum .. *Rs.*	*2 4 8*	*2 12 4*	*1 15 0*	..	*1 2 0*	*0 14 4*	*0 9 0*	*0 6 10*	*0 7 11*	..
Amount outstanding ..	40,00	25,25	..	..	80,00	2,50,00	4,50,00	3,50,00	1,00,00	..
Orissa										
Amount offered for tender ..	..	..	..	..	..	..	1,00,00	..	..	..
Amount tendered	..	..	..	..	..	..	3,46,00	..	..	..
Amount sold	..	..	..	..	..	..	1,00,00	..	..	..
Average rate of discount per cent per annum .. *Rs.*	..	..	..	..	..	..	*0 7 6*	..	..	..
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**	**16,50,00**	**6,00,00**
Amount tendered	**7,17,00**	**13,75,75**	**12,28,00**	**18,14,25**	**9,87,50**	**65,83,50**	**89,65,00**	**58,52,00**	**25,66,50**	**4,00,00**
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**	**16,50,00**	**4,00,00**
Average rate of discount per cent per annum .. *Rs.*	*1 13 0*	*2 8 9*	*0 14 8*	*0 13 8*	*0 13 1*	*0 14 9*	*0 8 11*	*0 7 0*	*0 7 10*	*0 8 0*
Amount outstanding ..	**1,50,00**	**1,35,25**	**50,00**	**1,00,00**	**80,00**	**17,30,00**	**10,00,00**	**11,00,00**	**9,00,00**	..

(B) Provincial Government Three Months Treasury Bills, 1947-48

(*Reference paragraph* 61)

(In thousands of rupees)

1947-48 Week ended	Issuing Government	Amount offered for tender	Amount tendered	Amount sold	*Average rate of discount per cent per annum* *Rs. a. p.*	Amount outstanding with the public
May 23	Bengal	2,00,00	2,00,00	2,00,00	*0 8 0*	2,00,00
June 27	Bengal	4,00,00	2,00,00	2,00,00	*0 8 0*	4,00,00

STATEMENT XXI

Public Debt of India since 1913-14

(Reference paragraph 64)

(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*	**693.08**	*+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	284.03	*18.1*	396.17	*25.2*	282.44	*18.0*	249.50	*15.9*	86.71	*5.5*	159.18	*10.1*	113.39	*7.2*	**1,571.42**	*+17.0*
1946 (Preliminary)	284.04	*14.7*	663.80	*34.3*	222.75	*11.5*	321.59	*16.6*	83.33	*4.3*	221.52	*11.4*	139.92	*7.2*	**1,936.95**	*+23.3*
1947 (,,)	254.07	*11.9*	755.55	*35.3*	171.10	*8.0*	343.18	*16.0*	77.59	*3.6*	268.30	*12.5*	272.21†	*12.7*	**2,142.00**	*−10.6*
1948 (,,)	257.74	*12.1*	682.42	*32.0*	285.62	*13.4*	287.23	*13.4*	98.68	*4.6*	279.86‡	*13.1*	243.42†	*11.4*	**2,134.97**	*— 0.3*

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

† Includes Special Floating Loans. ‡ Includes Pakistan's share of the liabilities as on 14th August, 1947.

STATEMENT XXI—*(continued)*

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 64)

(B) Sterling Debt *

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	Other obligations†	*Percentage of Total*	**Total**	*Percentage increase (+) or decrease (—)*
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*	—	—	22.46	*4.4*	22.00	*4.2*	**512.15**	+ *8.3*
1939	268.05	*57.1*	135.11	*28.8*	29.30	*6.3*	11.84	*2.5*	24.80	*5.3*	**469.10**	— *8.4*
1940	255.63	*57.8*	115.44	*26.1*	39.09	*8.8*	7.53	*1.7*	24.80	*5.6*	**442.49**	— *5.7*
1941	246.81	*71.6*	40.81	*11.8*	31.37	*9.1*	1.50	*0.4*	24.44	*6.6*	**344.93**	— *22.1*
1942	134.00	*63.6*	34.66	*16.4*	17.32	*8.2*	0.33	*0.2*	24.39	*11.5*	**210.70**	— *38.9*
1943‡	20.32	*36.5*	4.06	*7.3*	6.88	*12.4*	—	—	24.33	*43.8*	**55.59**	— *73.6*
1944‡	3.35	*8.6*	3.97	*10.1*	5.82	*14.9*	0.94	*2.4*	25.06	*64.0*	**39.14**	— *29.4*
1945‡	2.96	*7.8*	2.98	*7.8*	5.81	*15.2*	1.83	*4.8*	24.55	*64.4*	**38.13**	— *2.6*
1946‡ (Preliminary) ..	2.87	*7.6*	2.96	*7.9*	0.97	*2.6*	6.49	*17.2*	24.40	*64.7*	**37.69**	— *1.2*
1947‡ („) ..	2.60	*7.1*	2.81	*7.7*	0.96	*2.6*	6.00	*16.4*	24.24	*66.2*	**36.61**	— *2.9*
1948‡ („) ..	2.51	*8.3*	0.66	*2.1*	0.51	*1.7*	2.54	*8.4*	24.06	*79.5*	**30.28**	— *17.3*

* Converted at 1*s.* 4*d.* per rupee up to 1923-24 and thereafter at 1*s.* 6*d.*

† Including (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge, (2) the balances relating to Service Funds and since 1934 (3) the liability for 5 per cent British War Loan 1929-47, interest on which remains suspended since July, 1931.

‡ Excluding Railway Annuities.

STATEMENT XXII*

(A) POST OFFICE CASH CERTIFICATES †

(Reference paragraph 67)

(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	6,67	3,72	2,95	**38,76**
1946-47	4,97	4,51	46	**39,22**
1947-48 (Preliminary)				
1st April to 14th August	1,06	2,53	—1,47	**37,75**
15th August to 31st March	..	3,05	—3,05	**—3,05**

† 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	..	50	— 50	**5,92**
1946-47	..	74	— 74	**5,18**
1947-48 (Preliminary)				
1st April to 14th August	..	39	— 39	**4,79**
15th August to 31st March	—1	39	—40	**—40**

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

(C) POST OFFICE NATIONAL SAVINGS CERTIFICATES ‡

	Receipts	Repayments	Net receipts	**Amount outstanding**
1943-44	8,66	1	8,65	**8,65**
1944-45	19,55	1	19,54	**28,19**
1945-46	23,21	10	23,11	**51,30**
1946-47	21,76	2,44	19,32	**70,62**
1947-48 (Preliminary)				
1st April to 14th August	7,10	2,77	4,33	**74,95**
15th August to 31st March	13,12	3,89	9,23	**9,23**

‡ Including Hyderabad State National Savings Certificates from 1944-45 up to 14th August, 1947.

* Figures from 15th August, 1947 relate to the Dominion of India only ; outstandings as on 31st March 1948 do not include India's share of the earlier liabilities.

STATEMENT XXIII*

(A) POST OFFICE SAVINGS BANK

(Reference paragraph 67)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	**Amount outstanding**
1913-14	10,99	61	9,04	2,56	**23,16**
1914-15	9,07	53	17,88	— 8,28	**14,89**
1915-16	7,73	43	7,73	43	**15,32**
1916-17	8,93	45	8,10	1,28	**16,59**
1917-18	9,72	44	10,17	— 1	**16,58**
1918-19	12,99	46	11,21	2,24	**18,82**
1919-20	17,18	56	15,22	2,52	**21,34**
1920-21	18,22	62	17,33	1,51	**22,86**
1921-22	17,11	61	18,32	— 60	**22,26**
1922-23	17,07	62	16,75	94	**23,19**
1923-24	17,71	67	16,79	1,59	**24,78**
1924-25	17,44	71	17,64	51	**25,63**
1925-26	19,05	73	18,19	1,59	**27,23**
1926-27	20,38	79	18,89	2,28	**29,50**
1927-28	23,14	86	20,84	3,16	**32,66**
1928-29	26,24	97	25,39	1,82	**34,49**
1929-30	26,25	1,02	24,63	2,64	**37,13**
1930-31	24,36	1,04	25,50	— 10	**37,02**
1931-32	27,39	1,08	27,29	1,18	**38,20**
1932-33	30,96	1,15	26,86	5,25	**43,45**
1933-34	36,87	1,28	29,37	8,78	**52,23**
1934-35	38,67	1,34	37,26	2,75	**58,30**
1935-36	46,33	1,50	38,88	8,95	**67,25**
1936-37	43,38	1,45	37,40	7,43	**74,68**
1937-38	43,27	1,46	39,76	4,97	**77,50†**
1938-39	44,61	1,42	41,65	4,38	**81,88**
1939-40	40,51	1,15	45,22	— 3,56	**78,32**
1940-41	25,35	93	45,09	—18,81	**59,51**
1941-42	21,91	83	30,18	— 7,44	**52,07**
1942-43	22,26	73	22,84	15	**52,22**
1943-44	35,22	93	24,19	11,96	**64,18**
1944-45	43,76	1,22	28,94	16,04	**80,22**
1945-46	74,42	1,70	41,30	34,82	**1,15,04**
1946-47	91,68	(a)	64,37	27,31	**1,42,35**
1947-48 (Preliminary)					
1st April to 14th August	37,45	(a)	33,66	3,79	**1,46,14**
15th August to 31st March	43,56	(a)	35,98	7,58	**7,58**

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

(a) Not available.

(B) POST OFFICE DEFENCE SAVINGS BANK

	Deposits	Withdrawals	Net increase in Deposits	**Amount outstanding**
1941-42	11	..	11	**11**
1942-43	29	..	29	**40**
1943-44	3,59	1	3,58	**3,98**
1944-45	4,37	2	4,35	**8,53†**
1945-46	1,98‡	2	1,96	**10,50**
1946-47	49	6	43	**10,93**
1947-48 (Preliminary)				
1st April to 14th August ..	..	4,90	—4,90	**6,03**
15th August to 31st March.	..	3,16	—3,16	**—3,16**

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

‡ Including interest.

* Figures from 15th August, 1947 relate to the Dominion of India only ; outstandings as on 31st March, 1948 do not include India's share of the earlier liabilities.

STATEMENT XXIV

Principal Items of Small Savings (Monthly), 1947-48

(Reference paragraph 67)

(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 outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings		
1946-47												
April ..	41	38,81	..	5,85	1,64	52,92	7,27	1,17,78	10	10,58	**9,42**	**2,25,94**
May ..	46	38,90	..	5,80	1,65	54,56	7,62	1,20,03	9	10,67	**9,82**	**2,30,26**
June ..	45	39,02	..	5,74	1,72	56,27	7,16	1,22,29	5	10,71	**9,38**	**2,34,03**
July ..	36	39,08	..	5,69	1,55	57,81	6,01	1,24,42	1	10,71	**7,93**	**2,37,71**
August ..	39	39,15	..	5,63	1,71	59,51	6,48	1,26,24	..	10,70	**8,58**	**2,41,23**
September ..	44	39,20	..	5,57	1,83	61,32	7,68	1,28,94	..	10,69	**9,95**	**2,45,72**
October ..	45	39,26	..	5,52	1,72	62,98	7,96	1,31,43	..	10,69	**10,13**	**2,49,88**
November ..	49	39,33	..	5,46	1,96	64,78	7,77	1,33,66	1	10,70	**10,23**	**2,53,93**
December ..	39	39,30	..	5,40	1,96	66,42	7,20	1,35,09	3	10,72	**9,58**	**2,56,93**
January ..	40	39,28	..	5,33	2,40	68,27	7,73	1,36,35	..	10,71	**10,53**	**2,59,94**
February ..	34	39,22	..	5,27	1,76	69,50	7,30	1,37,50	..	10,71	**9,40**	**2,62,20**
March ..	39	39,22	..	5,18	1,86	70,62	11,50	1,42,35	20	10,93	**13,95**	**2,68,30**
Total ..	**4,97**	**39,22**	..	**5,18**	**21,76**	**70,62**	**91,68**	**1,42,35**	**49**	**10,93**	**1,18,90**	**2,68,30**
1947-48												
April ..	40	39,25	..	5,11	1,55	71,32	8,84	1,45,11	..	9,85	**10,79**	**2,70,64**
May ..	44	39,26	..	5,03	1,39	71,98	9,12	1,47,36	..	8,74	**10,95**	**2,72,37**
June ..	21	38,97	..	4,96	1,31	71,80	7,71	1,48,13	..	8,71	**9,23**	**2,72,57**
July ..	1	38,11	..	4,85	1,93	74,26	7,96	1,46,22	..	6,49	**9,90**	**2,69,93**
August— 1 to 14 ..	..	37,75	..	4,79	92	74,95	3,82	1,46,14	..	6,03	**4,74**	**2,69,66**
15 to 31 ..	..	— 15	..	— 3	64	53	1,91	36	..	— 35	**2,55**	**36**
September ..	..	— 48	..	— 8	1,61	1,88	5,23	1,29	..	— 99	**6,84**	**1,62**
October ..	..	— 89	..	— 14	1,49	3,08	5,34	1,83	..	—1,56	**6,83**	**2,32**
November ..	..	—1,29	..	— 19	1,49	4,27	4,95	2,04	..	—2,00	**6,44**	**2,83**
December ..	..	—1,74	..	— 24	1,93	5,73	6,14	2,75	..	—2,39	**8,07**	**4,11**
January ..	..	—2,19	..	— 30	1,99	7,02	5,96	3,40	..	—2,74	**7,95**	**5,19**
February ..	..	—2,60	—1	— 35	1,83	8,09	6,10	4,94	..	—2,97	**7,92**	**7,11**
March ..	..	—3,05	..	— 40	2,14	9,23	7,93	7,58	..	—3,16	**10,07**	**10,20**
Total .. (a)	**1,06**	**37,75**	..	**4,79**	**7,10**	**74,95**	**37,45**	**1,46,14**	..	**6,03**	**45,61**	**2,69,66**
Total .. (b)	..	**—3,05**	**—1**	**— 40**	**13,12**	**9,23**	**43,56**	**7,58**	..	**— 3,16**	**56,67**	**10,20**

Note:—Figures relate to the Dominion of India only from 15th August, 1947; outstandings as from that date represent the balance of the Indian Dominion only and do not include India's share of the earlier liabilities. * Including Hyderabad State National Savings Certificates up to 14th August, 1947. (a) From 1st April to 14th August, 1947. (b) From 15th August 1947 to 31st March, 1948.

STATEMENT XXV

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

(Source: Economic Adviser to the Government of India)

(Reference paragraph 72)

Average of Months		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*	..	111.2	134.5	85.1	64.3	164.5	539.3	69.0	97.2	182.8	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	111.6	57.2	152.5	504.3	77.7	107.2	193.9	323.9	133.3	129.0
1942-43	..	115.0	144.9	148.6	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
1946-47‡	..	120.4	197.8	267.1	133.3	408.8	787.2	170.5	236.6	303.4	888.1	286.7	268.6
1947-48‡	..	117.2	169.9	194.3	90.7	260.7	525.9	145.5	164.8	215.6	609.3	222.8	191.9
Average of Weeks													
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
1946-47													
April	..	119.8	193.8	251.2	125.6	424.1	777.0	148.4	236.3	317.7	857.0	262.8	259.8
May	..	119.4	195.9	264.7	125.0	419.8	798.8	151.9	242.0	317.9	869.8	281.5	267.3
June	..	120.7	200.5	277.5	135.5	427.7	844.7	163.7	260.6	328.4	899.0	302.7	280.9
July**	..	121.9	202.8	290.9	155.1	495.8	881.5	178.0	268.1	331.1	984.0	313.0	303.8
August†	..	122.8	204.0	314.1	163.9	501.4	943.0	187.4	263.6	341.3	1,101.6	315.8	314.9
September	..	121.2	200.9	279.6	147.2	436.5	811.8	181.5	246.5	306.6	972.3	285.3	282.0
October	..	121.5	198.5	276.7	125.3	362.0	777.1	175.1	234.8	308.0	913.2	293.2	265.5
November	..	121.5	198.4	268.4	134.3	401.6	773.7	171.3	232.3	302.7	891.4	283.7	264.6
December	..	120.7	197.6	251.0	126.3	377.0	727.6	172.7	223.3	286.1	834.9	264.9	252.6
January	..	119.7	196.4	256.3	126.7	376.4	728.6	177.7	222.5	284.7	830.1	291.4	256.3
February	..	117.4	193.2	238.7	118.7	344.4	696.5	170.6	205.2	260.8	749.7	273.9	239.3
March¶	..	..	..	..	..	..	..	..	..	..	..	..	..
1947-48													
April	..	118.0	176.4	202.8	114.3	331.9	535.8	159.5	200.0	220.8	732.1	228.8	217.7
May	..	117.9	171.5	199.1	114.9	332.0	554.6	157.3	195.3	218.2	732.1	227.1	215.2
June	..	117.9	169.6	202.0	88.2	290.9	552.1	146.9	177.0	217.4	611.3	230.6	200.3
July	..	117.5	169.5	199.4	84.5	283.7	602.7	144.2	169.9	220.6	598.9	231.3	197.9
August	..	117.3	169.7	191.2	87.9	252.4	540.7	145.6	160.0	207.3	610.7	225.9	189.7
September	..	117.4	169.3	185.7	87.8	230.8	484.6	144.4	151.2	201.7	565.9	220.2	182.4
October	..	117.3	168.6	187.7	85.2	208.2	498.2	140.8	142.7	204.9	545.4	216.0	178.5
November	..	115.5	168.2	184.1	79.5	216.0	487.9	139.2	153.8	196.3	543.2	214.9	176.5
December	..	117.4	169.7	194.4	92.5	252.8	551.3	140.7	173.8	233.6	634.1	220.3	192.4
January	..	117.1	169.8	200.3	91.0	262.0	523.2	143.8	158.9	231.4	615.7	223.9	192.2
February	..	116.8	169.4	193.7	82.0	238.3	506.4	142.4	151.0	219.4	573.3	216.4	181.7
March	..	116.5	167.4	191.1	80.7	230.6	472.8	140.8	144.5	216.2	549.5	216.0	178.0

* Seven months ended March, 1940 ** Average for three weeks ended 20th July, 1946. † For the week ended 10th August, 1946.

‡ Average of weeks. ¶ Indices for March, 1947 were not compiled as the stock exchanges remained closed for most of the period.

STATEMENT XXVI

MONTHLY AND ANNUAL AVERAGE YIELDS ‡ AND ANNUAL HIGHEST AND LOWEST PRICES (IN BOMBAY) OF GOVERNMENT OF INDIA SECURITIES, 1947-48

(*Reference paragraph* 71)

Loan	Monthly Average Yield, 1947-48												Annual Average Yield		1947-48			
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1947-48	1946-47	Highest Price Rs. a.	*Yield*	Lowest Price Rs. a.	*Yield*
Under 5 years																		
3½% 1947-50*	0.92	1.37	1.38	1.05	1.26	0.88	0.46	..	..	..	..	..	1.05	1.36	101 8	*0.77*	100 0	*3.50*
2¾% 1948-52	1.68	1.60	1.50	1.73	1.62	1.15	1.04	0.65	0.85	1.26	1.25	1.22**	1.28	2.01	101 5	*1.34*	100 4	*1.73***
3 % 1949-52	2.08	1.84	1.80	1.71	1.80	1.75	1.65	1.59	1.56	1.65	1.91	2.03	1.78	1.98	102 11	*1.74*	101 0	*2.25*
2½% 1950	2.26	2.25	2.25	2.24	2.21	2.18	2.12	1.99	1.95	1.96	1.96	2.03	2.12	2.16	101 6	*1.93*	100 12	*2.26*
3 % 1951-54	2.40	2.29	2.36	2.38	2.35	2.26	2.24	2.23	2.21	2.24	2.25	2.31	2.29	2.27	103 1	*2.25*	101 12	*2.48*
Between 5 and 10 years																		
3 % 1953-55	2.51	2.44	2.48	2.50	2.52	2.47	2.47	2.47	2.46	2.47	2.49	2.56	2.49	2.42	103 5	*2.42*	101 12	*2.65*
2½% 1954	2.36	2.36	2.36	2.39	2.44	2.44	2.45	2.45	2.45	2.45	2.45	2.46	2.42	2.34	99 4	*2.36*	98 10	*2.48*
4½% 1955-60	2.45	2.51	2.55	2.55	2.54	2.53	2.52	2.51	2.48	2.48	2.47	2.47	2.51	2.30	116 4	*2.37*	113 4	*2.54*
3 % 1957	2.73	2.68	2.67	2.70	2.69	2.69	2.69	2.69	2.67	2.70	2.70	2.76	2.70	2.62	103 1	*2.66*	101 2	*2.86*
Between 10 and 15 years																		
3 % 1959-61	2.76	2.75	2.74	2.77	2.75	2.77	2.77	2.77	2.74	2.76	2.78	2.82	2.77	2.66	102 12	*2.73*	101 2	*2.88*
2¾% 1960	2.72	2.73	2.78	2.74	2.76	2.76	2.76	2.75	2.72	2.74	2.79	2.82	2.75	2.63	100 8	*2.70*	99 0	*2.85*
4 % 1960-70	2.74	2.75	2.76	2.75	2.75	2.73	2.73	2.73	2.71	2.71	2.72	2.76	2.74	2.65	114 1	*2.71*	111 12	*2.87*
2½% 1961	2.61	2.63	2.66	2.70	2.72	2.72	2.72	2.72	2.69	2.70	2.75	2.77	2.71	2.52	98 13	*2.60*	96 12	*2.79*
2¾% 1962†	..	..	..	..	..	..	..	2.75	2.74	2.73	2.75	2.77	2.75	..	100 4	*2.73*	99 0	*2.83*
Between 15 and 20 years																		
3 % 1963-65	2.81	2.80	2.81	2.84	2.86	2.85	2.84	2.83	2.83	2.86	2.90	2.93	2.85	2.71	102 13	*2.78*	100 0	*3.00*
3 % 1966-68	2.84	2.84	2.84	2.86	2.87	2.86	2.88	2.88	2.86	2.89	2.93	2.95	2.88	2.75	102 10	*2.82*	99 14	*3.01*

Over 20 years																		
3 % 1970-75	2.87	2.87	2.88	2.90	2.90	2.89	2.89	2.91	2.89	2.91	2.95	2.98	2.90	2.78	102 7	*2.86*	99 4	*3.04*
2¾% 1976	2.69	2.70	2.72	2.78	2.78	2.78	2.78	2.78	2.78	2.77	2.77	2.78	2.76	2.65	101 2	*2.69*	98 8	*2.83*
3 % 1986 or Later .. (Conversion Loan of 1946)	2.95	2.96	2.96	2.98	2.98	2.97	2.97	2.98	2.96	2.98	2.99	3.01	2.97	2.91	102 0	*2.94*	97 14	*3.06*
3 % Undated	2.95	2.95	2.95	2.97	2.99	2.98	2.98	2.98	2.97	2.98	3.00	3.01	2.98	2.90	102 2	*2.94*	97 14	*3.06*
Rupee Counterparts																		
4 % 1948-53	2.01	2.06	1.96	1.84	1.71	1.57	1.40	1.20	1.10	1.04	0.98	0.90	1.48	2.03	103 4	*1.96*	102 0	*1.23*
4½% 1950-55	2.06	2.08	2.09	2.03	2.06	1.98	1.91	1.83	1.79	1.75	1.66	1.63	1.91	2.14	107 4	*2.00*	105 4	*1.96*
3½% 1954-59	2.70	2.67	2.63	2.62	2.61	2.60	2.60	2.59	2.50	2.51	2.57	2.59	2.60	2.64	106 8	*2.48*	105 6	*2.72*
4½% 1958-68	2.63	2.64	2.62	2.61	2.68	2.65	2.61	2.60	2.58	2.59	2.58	2.63	2.62	2.57	118 4	*2.60*	116 4	*2.66*

‡ Per cent per annum. * Redeemed on 15th November, 1947. † Issued on 15th November, 1947.
** Calculated on the basis of a minimum maturity period of three months.

STATEMENT XXVII

Highest and Lowest Prices (Annual) of Representative Rupee Securities of the Government of India since 1938-39

(*Reference paragraph* 71)

(In rupees)

	3 per cent Loan 1951-54		3 per cent First Victory Loan 1957		4 per cent Loan 1960-70		3 per cent Loan 1963-65		3 per cent Funding Loan 1966-68		3 per cent First Development Loan 1970-75		3 per cent Loan 1986 or Later (Conversion Loan of 1946)	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1938-39 ..	103 1/4	100	..	..	114 7/8	107 1/2	98 5/8	96	..	..	..	..	..	..
1939-40 ..	101 1/16	86	..	..	111 3/16	94	97 13/16	82	..	..	..	..	..	..
1940-41 ..	99 3/16	92 5/8	..	..	109	99	95	85 1/8	..	..	..	..	..	..
1941-42 ..	100	93 1/8	..	..	111 1/8	99	95 1/16	85 1/4	..	..	..	..	..	..
1942-43 ..	99 7/8	94	..	..	110 7/16	103 1/16	95 1/8	88 1/8	..	..	..	..	..	..
1943-44 ..	100 5/16	99 7/8	..	..	112 3/4	110 7/16	98 13/16	95 1/8	..	..	..	..	..	..
1944-45 ..	101 3/16	98 3/4	..	..	113 1/16	110 1/4	99 5/8	96 1/8	98 3/8	96 1/8	..	..	..	..
1945-46 ..	102 1/4	100 13/16	102 1/4	99 7/8	114 5/16	112 3/4	101 15/16	98 3/4	101 15/16	98 1/8	101 13/16	97	..	..
1946-47 ..	104 11/16	101 5/8	105 3/4	101 3/8	117 1/8	112	106 1/16	100 11/16	106 1/8	100 11/16	106 13/16	100 5/8	104 15/16	100 1/2
1947-48 ..	103 1/16	101 5/8	103 1/16	101 1/8	114 1/32	111 1/4	102 13/16	100	102 5/8	99 7/8	102 7/16	99 1/4	102	97 7/8

STATEMENT XXVIII

CONTROL OF CAPITAL ISSUES

(FROM 1ST APRIL, 1947 TO 31ST MARCH, 1948)*

(*Reference paragraph* 74)

(Rupees in crores)

Classification		Immediate Schemes						Long-range Schemes					
		Applications		Consents		Refusals		Applications		Consents		Refusals	
		No. of companies	Amount asked for	No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for	No. of companies	Amount asked for	No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for
I. INDUSTRIAL—													
Dominion of India	Initial	68	17.60	61	14.05	7	3.15	38	23.13	30	20.03	8	2.45
	Further	160	35.79	156	34.47	4	0.72	7	10.03	5	6.76	2	3.27
Outside Dominion of India	Initial	18	5.13	15	4.75	3	0.38	10	10.18	5	7.78	5	2.40
	Further	8	4.75	7	4.65	1	0.10	1	0.49	..	..	1	0.49
Total Industrial		**254**	**63.27**	**239**	**57.92**	**15**	**4.35**	**56**	**43.83**	**40**	**34.57**	**16**	**8.61**
II. AGRICULTURAL—													
Dominion of India	Initial	10	1.03	9	0.96	1	0.07	..	..	..	..	..	..
	Further	13	1.34	13	1.34	..	..	1	0.48	1	0.48	..	..
Outside Dominion of India	Initial	..	..	..	..	..	..	..	..	..	..	..	..
	Further	..	..	..	..	..	..	..	..	..	..	..	..
Total Agricultural		**23**	**2.37**	**22**	**2.30**	**1**	**0.07**	**1**	**0.48**	**1**	**0.48**	..	..
III. FINANCIAL—													
Dominion of India	Initial	38	23.89	20	18.40	18	3.88	3	2.15	3	2.15	..	..
	Further	91	13.71	37	9.15	54	3.28	..	..	..	..	..	..
Outside Dominion of India	Initial	4	1.65	3	1.40	1	0.25	..	..	..	..	..	..
	Further	2	0.45	2	0.02	..	..	..	..	..	..	..	..
Total Financial		**135**	**39.70**	**62**	**28.97**	**73**	**7.41**	**3**	**2.15**	**3**	**2.15**	..	..

IV. TRADE AND TRANSPORT—													
Dominion of India ..	Initial ..	30	10.53	20	5.94	10	4.59	7	21.40	7	21.40	..	..
	Further ..	16	4.53	16	4.42	..	..	..	..	..	..	..	..
Outside Dominion of India	Initial ..	..	..	..	..	..	..	1	2.50	1	2.50	..	..
	Further ..	..	..	..	..	..	..	..	..	..	..	..	..
Total Trade and Transport	..	**46**	**15.06**	**36**	**10.36**	**10**	**4.59**	**8**	**23.90**	**8**	**23.90**	..	..
V. OTHER SERVICES—													
Dominion of India ..	Initial ..	10	1.67	10	1.67	..	..	1	0.10	1	0.10	..	..
	Further ..	4	0.57	4	0.57	..	..	..	..	..	..	..	..
Outside Dominion of India	Initial ..	..	..	..	..	..	..	..	..	..	..	..	..
	Further ..	..	..	..	..	..	..	..	..	..	..	..	..
Total Other Services..	.. ..	**14**	**2.24**	**14**	**2.24**	..	..	**1**	**0.10**	**1**	**0.10**	..	..
VI. TOTAL NON-INDUSTRIAL—													
Dominion of India ..	Initial ..	88	37.12	59	26.97	29	8.54	11	23.65	11	23.65	..	..
	Further ..	124	20.15	70	15.48	54	3.28	1	0.48	1	0.48	..	..
Outside Dominion of India	Initial ..	4	1.65	3	1.40	1	0.25	1	2.50	1	2.50	..	..
	Further ..	2	0.45	2	0.02	..	..	..	..	..	..	..	..
Total Non-Industrial	.. ..	**218**	**59.37**	**134**	**43.87**	**84**	**12.07**	**13**	**26.63**	**13**	**26.63**	..	..
VII. GRAND TOTAL (INDUSTRIAL AND NON-INDUSTRIAL)—													
Dominion of India ..	Initial ..	156	54.72	120	41.02	36	11.69	49	46.78	41	43.68	8	2.45
	Further ..	284	55.94	226	49.95	58	4.00	8	10.51	6	7.24	2	3.27
Outside Dominion of India	Initial ..	22	6.78	18	6.15	4	0.63	11	12.68	6	10.28	5	2.40
	Further ..	10	5.20	9	4.67	1	0.10	1	0.49	..	..	1	0.49
TOTAL	..	**472**	**122.64**	**373**	**101.79**	**99**	**16.42**	**69**	**70.48**	**53**	**61.20**	**16**	**8.61**
Total (From 17th May, 1943 to 31st March, 1947)	..	**5,554**	**516.45**	**4,346**	**327.12**	**1,208**	**140.24**	**720**	**352.70**	**623**	**313.40**	**97**	**34.44**
Grand Total (From 17th May, 1943 to 31st March, 1948)	..	**6,026**	**639.09**	**4,719**	**428.91**	**1,307**	**156.66**	**789**	**423.16**	**676**	**374.60**	**113**	**43.05**

* Figures prior to 15th August, 1947 relate to undivided India.

	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.	8 Apr.-June	5 Aug.-Nov. & Jan.-Mar.
1936-37 ..	3	3	3	½ Apr.-June	¼ July-Mar.	1½ Jan.	¼ Sept.-Nov.	6	5
1937-38 ..	3	3	3	¾ Apr.-July, Feb.-Mar.	½ Aug.-Jan.	1¼ April	¼ Aug.-Dec.	8 Nov.-Mar.	5 Apr.-Sept.
1938-39 ..	3	3	3	2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept., & Nov.	8 Apr.-June	6 July-Mar.
1939-40 ..	3	3½ Nov.-Mar.	3 Apr.-Oct.	2 Apr.-May	¼ Aug.-Sept.	2¼ April	¼ Aug.-Sept.	7	6
1940-41 ..	3	3¼ Apr.-Jan.	3 Feb.-Mar.	¾ Apr. & June	½ May & July-Mar.	1¾ April	¼ Aug.-Mar.	7	6
1941-42 ..	3	3		½		½ Apr. & Jan.	¼ May-Dec., Feb.-Mar.	7	6
1942-43 ..	3	3		½		¼		7	6
1943-44 ..	3	3		½		¼		7	6
1944-45 ..	3	3		½		½ April	¼ May-Mar.	7	6
1945-46 ..	3	3		½		1 Mar.	¼ April-March	7	6
1946-47 ..	3	3		½		¾ Aug.-Nov.	¼ July-Aug.	10 Dec.-Mar.	6 Apr.-Nov.
1947-48 ..	3	3		½		½		10	9
1st of									1947—
April ..	3	3		½		½		9 to 10	
May ..	3	3		½		½		9 to 10	
June ..	3	3		½		½		9 to 10	
July ..	3	3		½		½		9 to 10	
August ..	3	3		½		½		9 to 10	
September ..	3	3		½		½		9 to 10	
October ..	3	3		½		½		9 to 10	
November ..	3	3		½		½		9 to 10	
December ..	3	3		½		½		9 to 10	
January ..	3	3		½		½		9 to 10	
February ..	3	3		½		½		9 to 10	
March ..	3	3		½		½		9 to 10	

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

MENT XXIX

INDIA SINCE 1935-36

paragraph 75)

Rate‡		Average Treasury Bill Rate per cent per annum	Deposit Rates§					
Bombay			3 months		6 months		12 months	
Highest	Lowest		Highest	Lowest	Highest	Lowest	Highest	Lowest
6¾ Apr.-July	3 October	1.21	..	..	..	..	..	..
5½ Apr.-May, Jan.-Mar.	3⅝ July-Dec.	0.78	..	..	..	..	..	..
5¼ (unchanged)	5¼	0.97	..	..	..	..	..	..
5⅝ Apr. & Feb.	3 October	1.63	2⅛ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1¼ Aug.-Sept.	2 Dec.-Jan.	1⅜ Aug.-Sept.
6¾ Jan.-Mar.	5½ Apr.-Aug., Oct.-Nov.	1.87	2½ Sept.-Feb.	1 June	2½ Sept.	1 June-July	2 Sept. & Dec.-Mar.	1½ Nov.
6¾ 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.	0.72	1½ Feb.-Mar.	½ Sept.	1¾ Feb.-Mar.	1 Aug.-Sept.	2 March	1½ January
6¾ April	5 Aug.-Oct.	0.87	1¼ Apr.-May	¼ Sept.-Oct.	1⅝ Apr.-May	⅝ Sept.-Oct., Dec.-Jan.	2 Apr.-May	1⅜ June-Mar.
6 April	4½ May-Oct.	0.90	1 Apr.-June, Dec.-Jan.	½ July-Nov., Feb.-Mar.	1½ Apr.-June	1 July-Mar.	1⅝	1⅜
5½ Apr.-July, Nov.-Mar.	4½ Aug.-Oct.	0.49	¾ Apr.-May, Oct.-Mar.	¾ June-Sept.	1½ April	½ May-Sept.	1⅝ Oct.-Dec.	1 Feb. & Mar.
5¼ (April-March)	5¼	0.40	1 Jan.-Mar.	½ June-Dec.	1½ Jan.-Mar.	½ June-Aug.	1⅝ Jan.-Mar.	1½ Apr.-Dec.
7½ Jan.-Mar.	5¼ Apr.-Oct.	0.42	1½ Feb.-Mar.	½ Aug.-Sept.	1½ Jan.-Mar.	⅝ July-Nov., March	1⅝ Apr.-Mar.	1¼ Apr.-June
7½		0.45	1½ Feb.-Mar.	½ Aug.-Feb.	1⅜ May-Aug., Feb.-Mar.	⅝ Aug.-Nov.	2 Feb.-Mar.	1⅜ Apr.-Feb.
48								
7½		0.43	¾ to 1		1 to 1¼		1½ to 1¾	
7½		0.43	¾ to 1		1 to 1¼		1½ to 1¾	
7½		0.42	¾ to 1		1 to 1¼		1½ to 1¾	
7½		0.44	¾ to 1		1 to 1¼		1½ to 1¾	
7½		..	¾ to 1		1 to 1¼		1½ to 1¾	
7½		0.38	½ to ¾		¾ to 1		1½ to 1¾	
7½		0.44	½ to ¾		¾ to 1		1½ to 1¾	
7½		0.50	½ to ¾		¾ to 1		1½ to 1¾	
7½		0.50	½ to ¾		1 to 1¼		1½ to 1¾	
7½		0.50	½ to ¾		1 to 1¼		1½ to 1¾	
7½		0.49	½ to ¾		1 to 1¼		1½ to 1¾	
7½		0.50	1 to 1¼		1¼ to 1½		1¾ to 2	

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 XXX

Consolidated Position (Weekly) of Scheduled Banks* (India and Pakistan), 1947-48

(Reference paragraph 77)

(In lakhs of rupees)

Friday 1947-48		No. of Reporting Scheduled Banks	Demand Liabilities	Time Liabilities	**Total Liabilities**	Cash	Balances with Reserve Bank	Advances	Bills Discounted
April	4	96	681,06	347,71	**1,028,77**	38,33	75,48	459,38	21,35
„	11	96	682,68	348,71	**1,031,39**	39,80	86,92	458,17	20,87
„	18	95	679,87	348,72	**1,028,59**	39,57	94,22	449,63	19,59
„	25	95	679,16	348,98	**1,028,13**	39,69	101,50	445,35	18,63
May	2	95	670,98	349,14	**1,020,12**	38,74	97,72	440,66	17,69
„	9	95	664,65	349,62	**1,014,28**	38,46	97,08	435,10	17,17
„	16	96	667,80	350,36	**1,018,16**	38,09	102,04	430,83	16,53
„	23	96	664,51	349,38	**1,013,89**	37,18	100,04	432,13	15,63
„	30	96	670,93	349,05	**1,019,98**	37,44	107,30	423,82	15,43
June	6	96	670,31	349,30	**1,019,61**	36,77	111,83	419,18	15,03
„	13	96	670,57	349,47	**1,020,04**	38,02	102,07	418,42	14,57
„	20	96	671,64	349,15	**1,020,78**	39,37	96,69	415,99	14,64
„	27	96	667,26	346,45	**1,013,70**	44,77	97,74	413,65	15,16
July	4	96	668,19	343,71	**1,011,90**	41,57	91,18	413,87	15,98
„	11	96	671,84	343,47	**1,015,31**	39,89	91,21	414,98	16,43
„	18	96	676,93	342,66	**1,019,59**	39,89	92,48	410,49	16,09
„	25	96	677,89	341,88	**1,019,78**	39,82	100,56	406,93	16,22
August	1	96	688,84	342,12	**1,030,96**	39,75	104,82	415,28	16,47
„	8	96	684,68	341,35	**1,026,03**	39,80	100,20	418,20	16,31
„	*15*	96	675,36	343,58	**1,018,94**	43,43	99,86	408,06	16,02
„	22	96	690,49 (65,47)	343,79 (39,46)	**1,034,28** **(104,92)**	41,17 (5,09)	110,39	403,11 (43,64)	16,52 (1,32)
„	29	96	691,85 (64,89)	344,97 (39,04)	**1,036,82** **(103,93)**	40,75 (5,22)	121,16	400,88 (43,38)	16,42 (1,25)
September	5	97	697,75 (65,08)	345,32 (39,01)	**1,043,07** **(104,09)**	40,24 (4,85)	118,35	405,32 (43,03)	16,15 (1,22)
„	12	97	701,22 (64,41)	344,95 (38,84)	**1,046,17** **(103,25)**	40,65 (4,59)	113,14	404,03 (43,37)	15,80 (1,29)
„	19	97	699,24 (64,04)	345,86 (38,53)	**1,045,11** **(102,58)**	40,38 (4,52)	115,46	401,83 (43,35)	15,34 (1,22)
„	26	97	698,97 (64,78)	346,15 (38,23)	**1,045,12** **(103,02)**	39,80 (4,40)	118,55	398,35 (43,27)	14,84 (1,00)
October	3	97	702,37 (65,96)	347,20 (37,99)	**1,049,57** **(103,95)**	39,30 (4,47)	119,50	402,07 (42,22)	14,28 (94)
„	10	97	701,20 (59,38)	341,00 (26,65)	**1,042,20** **(86,03)**	39,07 (4,21)	114,63	398,88 (34,86)	14,14 (87)
„	17	97	709,22 (61,96)	342,16 (27,52)	**1,051,38** **(89,48)**	39,27 (4,16)	115,24	400,52 (35,30)	14,68 (91)
„	24	97	711,99 (68,39)	346,21 (32,54)	**1,058,20** **(100,93)**	39,22 (4,52)	105,37	405,38 (38,07)	15,03 (94)
„	31	98	720,60 (70,04)	344,26 (31,12)	**1,064,86** **(101,16)**	40,92 (4,37)	103,92	406,84 (35,92)	15,25 (1,09)

November 7	98	720,87 (71,64)	344,15 (30,27)	1,065,02 (101,91)	39,89 (4,61)	102,76	404,05 (35,32)	14,78 (83)
„ 14	98	721,14 (71,79)	342,10 (29,76)	1,063,24 (101,55)	40,21 (4,48)	95,16	409,49 (36,27)	16,14 (89)
„ 21	98	725,04 (74,24)	343,34 (31,12)	1,068,38 (105,36)	40,33 (4,58)	98,91	406,52 (37,98)	16,46 (1,00)
„ 28	99	731,90 (77,48)	342,26 (30,90)	1,074,16 (108,38)	40,33 (4,82)	108,24	403,20 (38,59)	16,84 (1,04)
December 5	99	734,62 (78,34)	342,64 (30,25)	1,077,26 (108,59)	40,46 (4,06)	113,17	403,89 (38,83)	17,83 (1,06)
„ 12	99	730,72 (79,52)	342,11 (26,76)	1,072,83 (106,28)	39,94 (3,84)	110,79	406,49 (38,31)	17,88 (1,10)
„ 19	99	733,78 (80,57)	341,81 (26,04)	1,075,60 (106,61)	40,43 (3,89)	105,32	416,90 (38,12)	18,13 (1,02)
„ 26	99	729,74 (80,81)	342,64 (26,50)	1,072,38 (107,31)	39,48 (3,77)	106,73	424,79 (37,55)	18,75 (1,04)
January 2	99	738,22 (81,06)	343,06 (25,72)	1,081,28 (106,78)	42,82 (4,64)	92,00	437,84 (38,43)	19,41 (1,02)
„ 9	99	738,30 (80,87)	340,97 (24,36)	1,079,27 (105,23)	41,29 (4,47)	93,88	443,26 (38,30)	19,33 (1,14)
„ 16	99	742,93 (81,83)	339,83 (23,97)	1,082,76 (105,80)	39,99 (4,28)	87,59	446,30 (38,96)	18,99 (1,01)
„ 23	99	749,32 (86,01)	338,49 (23,37)	1,087,81 (109,38)	40,17 (4,13)	98,01	451,82 (41,38)	18,71 (86)
„ 30	99	753,81 (89,56)	337,76 (21,89)	1,091,56 (111,44)	39,51 (3,97)	103,74	456,14 (40,20)	18,32 (82)
February 6	99	749,31 (83,92)	336,19 (21,34)	1,085,49 (105,26)	39,05 (4,08)	95,73	462,81 (40,53)	17,13 (90)
„ 13	99	739,72 (78,53)	335,99 (21,33)	1,075,71 (99,86)	38,87 (3,82)	96,91	468,78 (40,04)	16,41 (94)
„ 20	99	741,03 (78,67)	340,26 (21,42)	1,081,28 (100,09)	41,36 (4,04)	101,78	466,41 (39,65)	16,66 (88)
„ 27	99	749,62 (82,18)	341,03 (21,11)	1,090,65 (103,30)	40,66 (4,02)	92,36	466,74 (39,34)	17,33 (92)
March 5	99	750,87 (81,46)	341,38 (20,95)	1,092,25 (102,41)	39,63 (3,76)	95,37	467,21 (40,47)	17,97 (89)
„ 12	99	752,68 (81,35)	340,55 (21,18)	1,093,23 (102,52)	40,23 (3,92)	83,38	474,33 (38,33)	17,79 (89)
„ 19	100	753,13 (80,91)	340,38 (20,76)	1,093,52 (101,67)	40,38 (3,79)	77,96	478,18 (38,76)	17,59 (88)
„ 26	101	748,98 (80,43)	338,63 (20,55)	1,087,61 (100,98)	39,90 (4,01)	75,71	479,53 (39,09)	17,69 (89)

* Figures of their position in Pakistan since 15th August, 1947 are shown within brackets below the consolidated figures for India and Pakistan.

STATEMENT XXXI

Consolidated Position of Scheduled Banks* (India and Pakistan) since 1937-38

(*Reference paragraph* 77)

(In lakhs of rupees)

Average of Friday Figures	No. of Reporting banks at the end of period	Demand Liabilities	*Percentage 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	*Percentage of (j) to (f)*	Advances	Bills Discounted	Total Advances and Bills Discounted	*Percentage of (n) to (f)*
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1937-38 ..	50	126,86	*55.0*	103,99	§	230,85	6,37	24,57	15,78	30,94	*13.40*	108,15	6,00	114,15	*49.45*
1938-39 ..	51	123,81	*54.5*	103,30	§	227,11	6,38	15,88	7,62	22,26	*9.80*	111,34	4,60	115,94	*51.05*
1939-40 ..	55	132,64	*56.5*	101,95	38,86	234,59	6,73	17,30	8,63	24,03	*10.24*	121,47	4,97	126,44	*53.90*
1940-41 ..	58	155,79	*60.6*	101,19	37,58	256,98	7,95	36,09	26,28	44,04	*17.14*	117,70	3,69	121,39	*47.24*
1941-42 ..	56	200,13	*65.9*	103,37	37,24	303,50	9,16	36,15	24,08	32,31	*10.65*	115,32	4,84	120,16	*39.59*
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	121,56	914,05	34,80	89,91	61,99	124,71	*13.64*	285,07	16,05	301,12	*32.94*
1946-47 ..	96	725,54	*69.2*	323,11	133,04	1,048,65	41,11	81,25	38,51	122,36	*11.67*	406,39	21,32	427,71	*40.79*
1947-48 ..	101	706,65	*67.3*	343,89	149,71	1,050,64	39,92	100,81	56,60	140,73	*13.40*	427,54	16,82	444,36	*42.30*
		(74,86)‡		(28,39)‡	(10,36)	(103,25)‡	(4,29)‡					(39,40)‡	(1,00)‡	(40,40)‡	
April 1947	95	680,69	*66.1*	348,53	134,19	1,029,22	39,35	89,53	48,53	128,88	*12.52*	453,13	20,11	473,24	*45.98*
May ,,	96	667,77	*65.6*	349,51	136,81	1,017,28	37,98	100,84	60,46	138,82	*13.65*	432,51	16,49	449,00	*44.14*
June ,,	96	669,94	*65.8*	348,59	137,25	1,018,53	39,73	102,08	61,61	141,81	*13.92*	416,81	14,85	431,66	*42.38*
July ,,	96	673,71	*66.3*	342,93	138,14	1,016,64	40,29	93,86	53,32	134,15	*13.20*	411,57	16,18	427,75	*42.07*
August ,,	96	686,27	*66.7*	343,16	140,64	1,029,34	40,98	107,28	66,10	148,26	*14.40*	409,11	16,35	425,46	*41.33*
		(65,18)¶		(39,25)¶	(12,51)	(104,43)¶	(5,15)¶					(43,50)¶	(1,29)¶	(44,79)¶	
Sept. ,,	97	699,29	*66.9*	345,57	142,04	1,044,86	40,26	116,38	74,50	156,64	*14.99*	402,38	15,53	417,91	*40.00*
		(64,58)		(38,65)	(11,61)	(103,23)	(4,59)					(43,25)	(1,18)	(44,43)	
Oct. ,,	98	709,08	*67.3*	344,16	142,83	1,053,24	39,56	111,73	69,39	151,29	*14.36*	402,74	14,68	417,42	*39.63*
		(65,15)		(31,16)	(12,46)	(96,31)	(4,35)					(37,27)	(95)	(38,22)	
Nov. ,,	99	724,74	*67.9*	342,96	144,76	1,067,70	40,19	101,27	58,17	141,46	*13.25*	405,82	16,06	421,88	*39.51*
		(73,79)		(30,51)	(14,22)	(104,30)	(4,62)					(37,04)	(94)	(37,98)	
Dec. ,,	99	732,22	*68.1*	342,30	145,85	1,074,51	40,08	109,00	65,54	149,08	*13.87*	413,01	18,15	431,16	*40.13*
		(79,81)		(27,39)	(13,61)	(107,19)	(3,89)					(38,20)	(1,06)	(39,26)	
Jan. 1948	99	744,52	*68.6*	340,02	146,30	1,084,54	40,76	95,04	51,01	135,80	*12.52*	447,07	18,95	466,02	*42.97*
		(83,87)		(23,86)	(11,39)	(107,73)	(4,30)					(39,45)	(97)	(40,42)	
Feb. ,,	99	744,92	*68.8*	338,37	147,76	1,083,29	39,98	96,70	52,69	136,68	*12.62*	466,18	16,88	483,06	*44.59*
		(80,83)		(21,30)	(10,79)	(102,13)	(3,99)					(39,89)	(91)	(40,80)	
March ,,	101	751,42	*68.8*	340,23	149,71	1,091,65	40,04	83,10	38,72	123,14	*11.28*	474,81	17,76	492,57	*45.12*
		(81,04)		(20,86)	(10,36)	(101,90)	(3,87)					(39,16)	(89)	(40,05)	

Note.—Figures for Burma have been excluded.

* Figures of their position in Pakistan since 15th August, 1947 are shown within brackets below the consolidated figures for India and Pakistan.

† For the purpose of Section 42 of the Reserve Bank of India Act, the Savings Bank Deposits are classified into demand or time liabilities according to the rules of the various scheduled banks in respect of withdrawal of these deposits ; annual figures as at the end of March and monthly figures as at the end of the month; figures for Pakistan exclude those for Lahore Centre.

‡ Average from 15th August, 1947. § Figures not available. ¶ Average of last two weeks.

STATEMENT XXXII

Consolidated Position of Scheduled Banks* (India and Pakistan) since 1937-38

Indices (1938-39=100)

(Reference paragraph 77)

Average of Friday Figures	Demand Liabilities	Time Liabilities	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (e) over the statutory minimum	Total Cash and Balances with Reserve Bank	*Percentage of (g) to (c)*	Advances	Bills Discounted	Total Advances and Bills Discounted	*Percentage of (k) to (c)*
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1937-38	102.5	100.7	101.6	99.8	154.7	207.1	139.0	*136.7*	97.1	130.4	98.5	*96.9*
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	107.1	98.7	103.3	105.5	108.9	113.3	108.0	*104.5*	109.1	108.0	109.1	*105.6*
1940-41	125.8	98.0	113.2	124.6	227.3	344.9	197.8	*174.9*	105.7	80.2	104.7	*92.5*
1941-42	161.6	100.1	133.6	143.6	227.6	316.0	145.1	*108.7*	103.6	105.2	103.6	*77.6*
1942-43	247.4	100.9	180.7	203.3	350.9	503.0	308.6	*170.7*	85.9	47.4	84.4	*46.7*
1943-44	368.8	138.2	263.9	322.4	400.7	498.6	378.3	*143.4*	140.2	121.5	139.5	*52.9*
1944-45	472.3	187.9	343.0	428.1	562.0	746.7	523.6	*152.7*	201.4	242.6	203.0	*59.2*
1945-46	528.7	251.2	402.5	545.5	566.2	682.3	560.2	*139.2*	256.0	348.9	259.7	*64.5*
1946-47	586.0	312.8	461.7	644.4	511.6	505.4	549.7	*119.1*	365.0	463.5	368.9	*79.9*
1947-48	570.8	332.9	462.6	625.7	634.8	769.0	632.2	*136.7*	384.0	365.7	383.3	*82.9*
April 1947 ..	549.8	337.4	453.2	616.8	563.8	636.9	579.0	*127.8*	407.0	337.2	408.2	*90.1*
May ,, ..	539.4	338.3	447.9	595.3	635.0	793.4	623.6	*139.3*	388.5	358.5	387.3	*86.5*
June ,, ..	541.1	337.5	448.5	622.7	642.8	808.5	637.1	*142.0*	374.4	322.8	372.3	*83.0*
July ,, ..	544.1	332.0	447.6	631.5	591.1	699.7	602.7	*134.7*	369.7	351.7	368.9	*82.4*
August ,, ..	554.3	332.2	453.2	642.3	675.6	867.5	666.0	*146.9*	367.4	355.4	367.0	*81.0*
September ,, ..	564.8	334.5	460.1	631.0	732.9	977.7	703.7	*153.0*	361.4	337.6	360.5	*78.4*
October ,, ..	572.7	333.2	463.8	620.1	703.6	910.6	679.6	*146.5*	361.7	319.1	360.0	*77.6*
November ,, ..	585.4	332.0	470.1	629.9	637.7	763.4	635.5	*135.2*	364.6	349.1	363.9	*77.4*
December ,, ..	591.4	331.4	473.1	628.2	686.4	860.1	669.7	*141.5*	370.9	394.6	371.9	*78.6*
January 1948 ..	601.3	329.2	477.5	638.9	598.5	669.4	610.1	*127.8*	401.5	412.0	401.9	*84.2*
February ,, ..	601.7	327.6	477.0	626.6	608.9	691.5	614.0	*128.8*	418.7	367.0	416.6	*87.3*
March ,, ..	606.9	329.4	480.7	627.6	523.3	508.1	553.2	*115.1*	426.5	386.1	424.8	*88.4*

Note.—Figures for Burma have been excluded.

* Figures of their business in Pakistan have been included from 15th August, 1947.

STATEMENT XXXIII

Clearing House Statistics (Annual) since 1918-19

(*Reference paragraph* 79)

(In lakhs of rupees)

		Bombay	Calcutta	Delhi	Kanpur	Karachi	Lahore	Madras	**Total**	Other Centres†
1918-19	..	5,69,46	7,41,13	..	..	22,30	..	25,45	**13,58,34**	..
1919-20	..	8,83,02	10,55,76	..	..	23,13	..	33,95	**19,95,86**	..
1920-21	..	13,15,93	14,39,93	..	6,63	33,42	..	75,79	**28,71,70**	..
1921-22	..	9,06,73	9,05,01	..	9,01	30,73	5,86	39,54	**19,02,88**	..
1922-23	..	8,58,73	9,80,26	..	7,93	33,58	8,49	45,13	**19,34,12**	..
1923-24	..	7,07,98	8,53,05	..	6,38	41,52	5,85	55,41	**16,70,19**	..
1924-25	..	6,21,66	9,54,11	..	5,72	46,13	5,57	55,96	**16,89,15**	..
1925-26	..	4,45,05	10,12,19	..	6,16	36,14	6,86	56,80	**15,63,20**	..
1926-27	..	4,22,68	9,61,01	..	8,16	31,07	7,70	54,53	**14,85,15**	..
1927-28	..	3,89,80	10,54,02	..	7,00	30,82	7,59	59,79	**15,49,02**	..
1928-29	..	6,52,35	10,94,00	..	7,31	28,02	8,69	65,73	**18,56,10**	..
1929-30	..	7,93,66	9,60,97	..	7,56	26,49	8,17	82,19	**18,79,04**	..
1930-31	..	6,66,61	8,66,28	..	5,71	24,47	10,67	50,36	**16,24,10**	..
1931-32	..	6,23,82	7,31,09	..	5,63	23,23	9,02	43,97	**14,36,76**	..
1932-33	..	6,67,42	7,90,37	..	7,08	25,56	8,50	48,85	**15,47,78**	..
1933-34	..	6,55,47	8,30,88	..	8,88	26,78	9,88	53,19	**15,85,08**	..
1934-35	..	6,89,17	8,75,69	..	11,51	28,96	10,43	56,22	**16,71,98**	..
1935-36	..	7,16,74	9,18,68	13,73	11,69	30,12	11,16	69,23	**17,71,35**	..
1936-37	..	7,62,38	9,23,68	15,61	11,51	31,94	11,40	91,39	**18,47,91**	..
1937-38	..	8,15,56	9,66,93	18,27	11,91	35,53	11,21	1,09,64	**19,69,05**	..
1938-39	..	7,86,22	9,34,65	18,58	11,76	32,66	10,36	98,91	**18,93,14**	28,31
1939-40	..	8,83,97	11,54,03	20,35	14,22	37,53	11,14	99,94	**22,21,18**	31,73
1940-41	..	8,02,32	10,08,53	28,53	19,20	46,76	16,33	1,08,65	**20,30,32**	42,28
1941-42	..	10,48,60	12,33,61	41,35	29,59	58,80	26,71	1,36,41	**25,75,07**	91,27
1942-43	..	13,45,23	10,74,66	81,94	56,21	77,51	48,76	1,31,40	**28,15,71**	1,63,38
1943-44	..	19,66,69	17,18,61	1,19,16	1,01,06	1,01,36	77,80	1,96,80	**42,81,48**	2,97,74
1944-45	..	22,36,97	23,51,59	1,29,94	1,12,95	1,24,54	95,94	2,27,37	**52,79,30**	3,47,50
1945-46	..	24,87,60	28,26,21	1,46,02	1,13,47	1,45,49	1,03,39	2,98,23	**61,20,41**	4,51,96
1946-47	..	28,59,08	28,42,25	1,56,37	1,42,66	2,01,82	1,36,92	3,78,00	**67,17,10**	5,04,28
1947-48	..	24,52,64	25,99,96	1,26,46	1,09,83	2,74,81	49,54	3,47,94	**59,61,18**	5,18,96

† Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi; (from April, 1941 to October, 1947); Patna (from April, 1943); Allahabad (from October, 1943); Lyallpur (from September, 1944 to September, 1947); Bangalore (from October, 1944); Jullundur City (from February, 1945); Agra (from May, 1945); Dehra Dun (from February, 1946); Alleppey (from November, 1946); Rajkot (from January, 1947); Gaya (from March, 1947); Poona and New Delhi (from August, 1947).

STATEMENT XXXIV

NUMBER AND AMOUNT OF CHEQUES CLEARED (MONTHLY) AT EACH CENTRE, 1947-48

(*Reference paragraph* 79)

(Rupees in lakhs)

Centre	April	May	June	July	August	September	October	November	December	January	February	March	**Total**
	1947-48												
BOMBAY—													
Number..	6,92,772	6.92.949	6,41,952	7,19,290	6,44,489	6,51.453	6,94,222	6,40.627	7,31,277	7,80,041	6,54,946	8,31,483	**83,75,501**
Amount..	2,17,55	1,93,85	1,78,61	2,10.67	1,98.52	1,75,93	1,85,14	1,78,28	2,26.44	2,27,54	2,06,37	2,53,74	**24,52,64**
CALCUTTA—													
Number..	6,17,422	8.33.839	7,39,124	7,05,487	7,00,793	7,15.379	4,23,470	5,39,696	6.06,487	6,28,798	5.75,926	5,91,655	**76,78,076**
Amount..	1,86,71	2,05,25	1,95,99	2,27,36	2,10.55	2,21.02	1,61,72	2,12,18	2,48,03	2,42,62	2,26,60	2,01,93	**25,99,96**
DELHI—													
Number..	91,264	93,443	82,307	1,02,180	64,850	22.566	38.602	41,053	51.768	58,489	53,637	63,273	**7,63,432**
Amount..	12,61	11.74	12,01	14,94	9.35	4,19	7,53	7.98	10,04	11,57	11,54	12,96	**1,28,46**
KANPUR—													
Number..	28,738	35.363	31,786	37,315	32,746	33.334	33,998	32,304	40.527	39,606	31,581	39,029	**4,16,277**
Amount..	8,06	9,61	7,95	9,50	9,08	9.60	9,16	7,81	10.83	9,87	8,18	10,18	**1,09,83**
KARACHI—													
Number..	89,195	96,727	82,408	1,03,450	76.400	56.943	49,106	42,985	52,269	38,951	33,942	41,364	**7,63,730**
Amount..	20,01	22,89	19,58	22,36	17,83	13.12	16,19	16,73	21.47	23.37	54,78	26,48	**2,74,81**
LAHORE—													
Number..	81,350	59,546	48,613	62,170	15,860	..	..	2,456	4,124	7,107	7,262	8,778	**2,97,266**
Amount..	11,96	7,84	6,85	7,70	2,22	..	..	73	3,42	2,81	2,76	3,25	**49,54**
MADRAS—													
Number..	1,85,632	1,94,794	1,85,786	2,12,237	1,93,738	2,08,019	2,00,771	1,92,969	2,02,622	2,00,860	1,89,585	2,06,200	**23,72,113**
Amount..	29,34	27.95	27,10	29.66	28,01	29,50	28,97	28,10	29,16	29,39	28,23	32,50	**3,47,94**
Total—													
Number..	**17,86,373**	**20,06,661**	**18,11,976**	**19,42,129**	**17,28,876**	**16,86,894**	**14,40,169**	**14,92,090**	**16,89,074**	**17,53,852**	**15,46,829**	**17,81,772**	**2,06,66,395**
Amount..	**4,86,24**	**4,79,13**	**4,48,09**	**5,22,19**	**4,75,69**	**4,53,36**	**4,08,71**	**4,51,81**	**5,49,39**	**5,47,17**	**5,38,46**	**6,01,04**	**59,61,18**
OTHER CENTRES*—													
Number..	2,46,279	2.62,486	2,50,475	2,35,154	2,62,258	2,66,409	2,89,290	2,79,480	3,22.757	3,27,493	2,81,490	3,60,694	**33,84,265**
Amount..	47,12	43,27	39,03	45,44	38,59	38,90	41,62	38,12	49,22	45,90	38,13	53,62	**5,18,96**

* Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi, Patna, Allahabad, Lyallpur, Jullundur City, Agra, Dehra Dun, Alleppey, Rajkot, Gaya, Bangalore, Poona and New Delhi (from August, 1947).

Figures for Lyallpur and Rawalpindi have been included up to 3rd September and 20th October, 1947, respectively.

STATEMENT XXXV

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers issued and paid, 1947-48

(*Reference paragraph* 80)

(In lakhs of rupees)

Centre	1945-46 April to September Issued	Paid	1945-46 October to March Issued	Paid	1946-47 April to September Issued	Paid	1946-47 October to March Issued	Paid	1947-48‡ April to September Issued	Paid	1947-48‡ October to March Issued	Paid
Bombay	69,41	202,33	127,56	226,38	98,84	179,18	140,51	178,26	1,20,37	202,75	126,31	167,75
Calcutta	291,75	104,48	332,59	146,40	138,37	236,09	148,26	249,39	1,47,60	223,35	139,65	226,32
Delhi	47,66	30,90	32,93	24,84	40,36	29,25	32,75	21,21	34,63	25,64	42,04	42,66
Kanpur	20,40	21,34	14,83	31,49	25,72	25,24	21,62	31,10	33,93	20,16	19,43	25,36
Karachi	15,55	21,10	18,12	20,78	16,20	18,27	15,69	22,62	20,42	23,92	24,86	71,32
Lahore	29,97	37,39	26,55	55,83	44,51	36,88	34,22	48,54	40,63	31,93	7,24	19,24
Madras	27,94	35,03	39,61	67,05	40,83	42,44	35,61	54,45	40,73	35,28	25,77	44,91
Total ..	**502,68**	**452,57**	**592,19**	**572,77**	**404,83**	**568,22**	**428,67**	**605,56**	**438,31**	**563,01**	**385,28**	**597,55**

‡ In addition, telegraphic transfers for Rs. 50,000 were issued by the Dacca office during March, 1948.

(B) Remittances through the Imperial Bank of India, 1947-48*

(*Reference paragraph* 80)

(In lakhs of rupees)

From Offices in	To Offices in: 1945-46 Bengal Circle	Bombay Circle	Madras Circle	Total	1946-47 Bengal Circle	Bombay Circle	Madras Circle	Total	1947-48† Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle ..	322,97	115,48	16,45	**454,90**	313,49	106,20	16,57	**436,26**	324,36	121,68	18,21	**464,25**
Bombay Circle ..	75,17	217,93	25,74	**318,84**	99,49	239,01	20,86	**359,36**	90,24	273,70	22,15	**386,09**
Madras Circle ..	25,12	59,76	146,33	**231,21**	41,92	62,02	160,19	**264,13**	28,15	52,30	172,91	**253,36**
Total ..	**423,26**	**393,17**	**188,52**	**1,004,95**	**454,90**	**407,23**	**197,62**	**1,059,75**	**442,75**	**447,68**	**213,27**	**1,103,70**

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

STATEMENT XXXV (*Continued*)

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

(*Reference paragraph* 80)

(Rupees in lakhs)

	Half-year ended 30-9-1946				Half-year ended 31-3-1947				Half-year ended 30-9-1947†			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	14,557	38,88	273,933	66,70	14,752	53,20	308,728	76,39	14,333	43,13	249,043	67,37
Scheduled Banks :												
At par	10,075	392,50	2,841	32,48	10,587	389,58	2,638	11,72	11,095	401,94	1,997	10,34
At premium	5,000	36,63	16,736	18,08	7,121	67,26	20,425	21,40	6,568	54,38	18,191	25,22
Approved Non-Scheduled Banks and Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme).	460	1,44	4,945	5,17	500	2,10	3,768	3,05	299	1,20	3,102	2,79
Co-operative Banks and Societies :												
At par	66	1,36	417	3,52	79	1,53	370	3,14	119	3,29	494	4,29
At premium	291	1,41	10,104	8,75	525	5,76	11,094	11,59	417	2,54	10,226	11,73
Local Funds at a premium (under para. 3E (*i*) (*f*) of the Remittance Facilities Scheme)	8	3	3,486	32	5	5	4,166	45	61	1	2,865	25
Other remittances at par	2,016	32,52	100,024	35,15	1,617	16,00	106,044	40,96	1,484	11,54	98,673	37,05
Government :												
Intra-Provincial at par	1,141	2,71	135,410	38,07	707	4,93	163,554	54,53	2,757	5,01	116,629	24,32
Extra-Provincial at premium ..	88	1,58	10,631	4,32	90	80	17,171	4,49	654	60	10,907	3,56
Total ..	**33,702**	**509,05**	**558,527**	**212,56**	**35,983**	**541,20**	**637,958**	**227,71**	**37,787**	**523,65**	**512,127**	**186,92**

* Includes Burma up to 31st March, 1947. † Preliminary figures.

STATEMENT XXXVI

Encashment of Foreign Circle Notes, 1947-48

(*Reference paragraph* 81)

(In rupees)

	Cashed by							
	Bombay	**Calcutta**	**Delhi***	**Kanpur**	**Karachi**	**Lahore†**	**Madras**	**Total**
Bombay	....	1,73,85,800	1,16,99,950	1,42,49,400	6,08,78,900	2,81,48,750	2,41,05,600	**15,64,68,400**
Calcutta	33,59,12,750	....	1,63,76,050	5,46,83,750	1,68,84,950	3,77,58,200	1,53,58,220	**47,69,73,920**
Kanpur	1,98,90,200	74,85,500	50,62,450	....	28,06,150	96,34,650	23,68,300	**4,72,47,250**
Karachi	5,80,03,850	29,26,500	52,71,150	30,19,200	....	1,34,34,250	22,31,750	**8,48,86,700**
Lahore	14,70,24,900	1,46,63,750	5,10,56,970	2,12,62,450	1,91,60,150	....	69,94,950	**26,01,63,170**
Madras	11,19,02,450	84,08,500	33,04,150	46,21,250	65,02,000	81,11,200	....	**14,28,49,550**
Rangoon	5,25,050	2,80,150	15,350	88,900	11,400	50,800	1,62,400	**11,34,050**
Total 1947-48	**67,32,59,200**	**5,11,50,200**	**9,27,86,070**	**9,79,24,950**	**10,62,43,550**	**9,71,37,850**	**5,12,21,220**	**116,97,23,040**
" 1946-47	**39,04,54,500**	**8,56,25,850**	....	**16,05,65,350**	**5,90,05,400**	**26,28,06,920**	**8,63,20,000**	**104,47,78,020**
" 1945-46	**18,75,14,200**	**6,18,75,850**	....	**9,87,87,150**	**2,57,40,900**	**14,50,87,510**	**4,33,97,300**	**56,24,02,910**

* From 1st December, 1947 to 31st March, 1948. † Includes figures for Delhi up to 30th November, 1947.

STATEMENT XXXVII

Reserve Bank of India : Banking Department*

Weekly Statement of Assets and Liabilities, 1947-48

(Reference paragraph 82)

(In lakhs of rupees)

Friday 1947-48	LIABILITIES: Deposits: Central Government‡	Deposits: Other Governments	Deposits: Banks	Deposits: Others	Deposits: Total	Other Liabilities	Total Liabilities or Assets	ASSETS: Notes and Coin	Balances held abroad†	Loans and Advances to Governments	Other Loans and Advances	Bills purchased and discounted	Investments	Other Assets
April 4 ..	406,67	29,62	77,10	29,21	542,60	21,81	574,31	9,06	466,37	..	16	3,25	70,40	24,18
„ 11 ..	391,76	24,13	88,56	28,99	533,44	20,42	563,86	8,63	481,08	..	17	3,25	65,99	4,75
„ 18 ..	396,48	20,44	94,24	28,19	539,35	19,39	568,73	15,20	478,74	34	30	3,40	65,98	4,78
„ 25 ..	400,34	23,60	98,47	28,86	551,26	17,99	579,25	23,62	476,87	1,09	30	3,35	66,36	7,67
May 2 ..	396,48	18,91	97,19	25,74	538,33	19,30	567,63	26,57	474,52	35	30	3,30	57,54	5,05
„ 9 ..	397,13	14,08	97,30	24,77	533,27	20,19	563,46	21,87	474,89	67	29	4,08	56,62	5,05
„ 16 ..	398,18	11,47	102,07	24,93	536,64	19,26	565,90	26,22	474,25	89	29	3,88	55,30	5,08
„ 23 ..	399,98	16,26	101,75	24,19	542,18	18,16	570,34	31,82	472,99	90	25	3,28	55,90	5.19
„ 30 ..	404,26	12,82	108,48	24,75	550,31	20,67	580,98	37,23	466,33	1,31	11	3,23	67,38	5,39
June 6 ..	394,98	14,18	111,22	24,70	545,07	19,16	574,23	30,39	462,27	1,81	9	2,70	71,60	5,47
„ 13 ..	393,78	10,98	103,01	25,12	532,89	20,69	563,58	29,70	454,13	2,84	10	1,01	70,23	5,48
„ 20 ..	395,76	13,88	97,82	24,60	532,06	21,98	564,04	37,10	445,55	5,24	21	54	69,69	5,71
„ 27 ..	395,87	16,09	96,73	25,08	533,77	18,90	552,66	43,79	435,88	4,73	2	1,69	70,15	6,41
July 4 ..	381,65	14,59	92,43	30,66	519,33	13.23	542,56	43,97	417,78	5,91	3	3,05	67,34	4,49
„ 11 ..	382,64	13,30	89,28	36,81	522,03	12,81	544,84	48,06	412,45	5,94	23	3,41	69,31	5,44
„ 18 ..	382,06	16,71	93,21	38,32	530,30	14,36	554,67	60,56	408,50	7,04	33	3,48	70,51	4,25
„ 25 ..	393,78	16,71	102,11	37,46	550,06	10,06	570,12	73,83	404,99	7,61	33	4,97	72,56	5,82
August 1 ..	395,45	16,52	106,72	36,37	555,06	7,85	572,91	81,73	402,29	3,71	32	4,51	75,11	5,23
„ 8 ..	394,24	14,55	99,54	35,89	544,23	5,30	559,53	74,75	392,08	40	33	6,77	79,43	5,78
„ 14 ..	376,67	13,07	100,59	36,56	526,89	5,80	542,77	69,19	380,48	..	32	6,54	81,21	5,03
„ 22 ..	361,02 (19,82)	8,23 (2,78)	108,93	37,37	538,16	6,61	554,77	77,55	383,10	1,00	32	7,00	82,88	2,92
„ 29 ..	357,28 (19,65)	12,90 (2,91)	123,88	37,22	553,85	4.69	568,54	89,74	382,51	1,00	32	6,51	84,46	4,00
September 5 ..	357,44 (18,66)	11,84 (2,31)	117,89	38,36	546,49	6,38	562,87	87,56	382,46	..	35	4,83	84,65	3,02
„ 12 ..	359,10 (18,18)	10,68 (2,21)	115,82	38,28	544,28	8,70	562,98	88,10	383,71	..	46	2,33	85,34	3,03
„ 19 ..	366,64 (17,92)	8,68 (1,95)	113,67	36,50	545,25	10,89	566,14	92,58	382,38	4	31	1,87	85,67	3,29
„ 26 ..	369,22 (16,88)	10,54 (1,93)	119,70	39,47	557,75	11,29	579,03	98,88	387,00	6	31	2,02	87,43	3,34
October 3 ..	369,14 (14,20)	9,68 (2,92)	114,11	39,85	549,91	11.48	571,39	93,47	385,18	25	15	1,24	87,42	3,68
„ 10 ..	368,08 (13,26)	7.82 (3,01)	113,75	39,91	545,84	12,09	567,93	85,96	386,84	..	43	1,40	89,59	3,71

„ 17 ..	368,10 (10,09)	16,43 (3,39)	112,65	40,36	**551,02**	10.30	**571,32**	83,13	391,03	5	62	1,63	91,13	3,72
„ 24 ..	359,80 (9,86)	17,61 (4,23)	108,06	41,95	**541,51**	12.23	**563,74**	79.69	388.01	..	62	4	91,62	3,76
„ 31 ..	369,40 (8,62)	17,76 (4,71)	109,06	39,82	**549,37**	10.34	**569,71**	80,48	391,50	..	64	4	93,20	3,86
November 7 ..	368,46 (7,87)	17,08 (5,51)	104,53	39,60	**543,05**	9.90	**562,95**	73,07	391.02	..	55	4	94.39	3,88
„ 14 ..	369,55 (7,29)	15,13 (4,68)	92,91	39,99	**529,54**	11.40	**550,94**	65,50	386,65	..	55	4	94,31	3,89
„ 21 ..	369,63 (6,61)	19,86 (3,48)	103,26	35,22	**538,05**	13,65	**561,70**	71,50	387,34	19	22	16	98,47	3,81
„ 28 ..	370.81 (4,66)	18,59 (2,96)	110,57	34,82	**542,41**	13.35	**565,76**	74,86	387,25	..	22	70	98,79	3,95
December 5 ..	364,03 (3,26)	16,46 (2,87)	115,36	36,49	**538,47**	10,98	**559,46**	65,77	390,79	..	13	1,08	97,70	3,98
„ 12 ..	351,80 (2,83)	14,19 (2,89)	112,09	37,03	**521,73**	11,63	**543,36**	58,79	384,72	23	2	82	94,78	4,00
„ 19 ..	355,91 (1,89)	13,67 (85)	108,84	35,40	**516,57**	14,11	**540,68**	56,29	386,49	88	2	64	92,33	4,03
„ 26 ..	344,63 (1,40)	16,56 (1,42)	108,07	35,74	**507,80**	12.81	**530,61**	40,16	383,13	26	2	64	93,28	4,14
January 2 ..	337,08 (5,29)	15,37 (8)	95.45	34,70	**487,97**	17,09	**515,88**	35,69	375.22	5,10	2	2,04	93,44	4.16
„ 9 ..	328,67 (8,15)	15,71 (1,82)	100,28	35.28	**489,89**	15.46	**515,36**	25.35	374.65	10.00	2	2.35	98,81	4,17
„ 16 ..	327,85 (6,53)	12,36 (1,23)	94,09	35,68	**477,73**	15,19	**503,22**	11,76	373,56	10,00	1	2,43	101,26	4,19
„ 23 ..	269,92 (45,84)	12,58 (48)	105.20	35,50	**469,53**	15,78	**495,31**	11.51	370,75	..	1	3.41	105.54	4,10
„ 30 ..	265.95 (45,33)	17,20 (24)	109,84	35,31	**473,87**	15.65	**499,52**	12,44	371,71	23	1	3,37	107,55	4,21
February 6 ..	264,78 (43,21)	13.91 (65)	101,67	38,01	**462,24**	14,25	**486,49**	9,70	374,22	20	1	4,37	93.72	4,26
„ 13 ..	264,50 (40,44)	11,50 (24)	102.14	36,24	**455,06**	15,52	**480,58**	9,75	377.12	38	1	4,57	84,41	4.34
„ 20 ..	259,91 (39,22)	12,32 (1,74)	106.91	36,50	**456,59**	18.30	**484,89**	9,11	381,22	39	2	2,81	87,01	4,33
„ 27 ..	266,24 (44,05)	12,95 (2,83)	99.77	37,45	**463,29**	10,36	**492,65**	12,68	384,78	28	2	2.32	88,04	4,53
March 5 ..	249,06 (47,58)	24,41 (2,49)	92,36	33,50	**449,40**	20,04	**479,44**	8,74	385,92	25	..	1.10	78.75	4,65
„ 12 ..	260,18 (48,44)	18,34 (1,95)	87.61	36,90	**443,42**	20.77	**474,18**	12,13	385,54	12	..	1,23	70,44	4.71
„ 19 ..	264,93 (48,87)	19,55 (3,63)	82,51	35,24	**454,73**	18,90	**483,63**	15,92	390,42	5	5	1.45	71,68	4,04
„ 26 ..	267,47 (52,56)	20,74 (3,49)	78.90	34.16	**457,32**	19,38	**486,70**	15,27	392,64	3	..	1.81	72,81	4,14

Note :—Figures for Pakistan are shown within brackets below those for India from 22nd August, 1947.

* Capital and reserves, rupees ten crores. † Include cash and short-term securities.

STATEMENT XXXVIII

Reserve Bank of India : Issue Department

Weekly Statement of Assets and Liabilities, 1947-48

(*Reference paragraph* 83)

(In lakhs of rupees)

Friday 1947-48		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	ASSETS: *Percentage of Gold and Sterling Securities to Total Notes Issued*
April	4	1,247,90	9,86	**1,257,76**	44,42	1,135,32	20,17	57,84	*93.80*
,,	11	1,253,80	8,51	**1,262,32**	44,42	1,135,32	24,73	57,84	*93.46*
,,	18	1,247,60	15,08	**1,262,68**	44,42	1,135,32	25,10	57,84	*93.43*
,,	25	1,239,81	23,48	**1,263,30**	44,42	1,135,32	25,71	57,84	*93.39*
May	2	1,237,02	26,47	**1,263,48**	44,42	1,135,32	25,90	57,84	*93.37*
,,	9	1,241,21	21,76	**1,262,97**	44,42	1,135,32	25,38	57,84	*93.41*
,,	16	1,237,16	26,11	**1,263,27**	44,42	1,135,32	25,68	57,84	*93.39*
,,	23	1,231,92	31,72	**1,263,64**	44,42	1,135,32	26,05	57,84	*93.36*
,,	30	1,227,03	37,13	**1,264,16**	44,42	1,135,32	26,57	57,84	*93.32*
June	6	1,233,56	30,29	**1,263,85**	44,42	1,135,32	26,26	57,84	*93.35*
,,	13	1,233,98	29,68	**1,263,66**	44,42	1,135,32	26,08	57,84	*93.36*
,,	20	1,227,41	36,97	**1,264,38**	44,42	1,135,32	26,79	57,84	*93.31*
,,	27	1,221,51	43,66	**1,265,17**	44,42	1,135,32	27,59	57,84	*93.25*
July	4	1,221,42	43,88	**1,265,30**	44,42	1,135,32	27,72	57,84	*93.24*
,,	11	1,217,53	47,96	**1,265,49**	44,42	1,135,32	27,91	57,84	*93.22*
,,	18	1,205,86	60,44	**1,266,31**	44,42	1,135,32	28,72	57,84	*93.16*
,,	25	1,193,63	73,73	**1,267,37**	44,42	1,135,32	29,78	57,84	*93.09*
August	1	1,186,73	81,67	**1,268,40**	44,42	1,135,32	30,81	57,84	*93.01*
,,	8	1,193,72	74,67	**1,268,39**	44,42	1,135,32	30,80	57,84	*93.01*
,,	14	1,199,37	69,10	**1,268,47**	44,42	1,135,32	30,89	57,84	*93.01*
,,	22	1,191,61	77,46	**1,269,07**	44,42	1,135,32	31,48	57,84	*92.96*
,,	29	1,180,58	89,61	**1,270,19**	44,42	1,135,32	32,60	57,84	*92.88*

September 5	1,182,95	87,47	**1,270,41**	44,42	1,135,32	32,83	57,84	*92.86*
„ 12	1,182,58	88,02	**1,270,60**	44,42	1,135,32	33,02	57,84	*92.85*
„ 19	1,178,99	92,47	**1,271,46**	44,42	1,135,32	33,87	57,84	*92.79*
„ 26	1,173,59	98,76	**1,272,35**	44,42	1,135,32	34,76	57,84	*92.72*
October 3	1,179,19	93,38	**1,272,57**	44,42	1,135,32	34,98	57,84	*92.71*
„ 10	1,186,81	85,87	**1,272,68**	44,42	1,135,32	35,09	57,84	*92.70*
„ 17	1,190,07	83,03	**1,273,10**	44,42	1,135,32	35,52	57,84	*92.67*
„ 24	1,193,71	79,57	**1,273,28**	44,42	1,135,32	35,69	57,84	*92.65*
„ 31	1,193,39	80,33	**1,273,72**	44,42	1,135,32	36,14	57,84	*92.62*
November 7	1,200,75	72,94	**1,273,70**	44,42	1,135,32	36,11	57,84	*92.62*
„ 14	1,208,24	65,40	**1,273,64**	44,42	1,135,32	36,05	57,84	*92.63*
„ 21	1,202,76	71,37	**1,274,13**	44,42	1,135,32	36,54	57,84	*92.59*
„ 28	1,199,90	74,70	**1,274,60**	44,42	1,135,32	37,01	57,84	*92.56*
December 5	1,208,83	65,67	**1,274,50**	44,42	1,135,32	36,91	57,84	*92.57*
„ 12	1,215,71	58,68	**1,274,39**	44,42	1,135,32	36,81	57,84	*92.57*
„ 19	1,218,29	56,16	**1,274,45**	44,42	1,135,32	36,86	57,84	*92.57*
„ 26	1,225,36	49,02	**1,274,39**	44,42	1,135,32	36,80	57,84	*92.57*
January 2	1,238,79	35,56	**1,274,36**	44,42	1,135,32	36,77	57,84	*92.58*
„ 9	1,248,88	25,23	**1,274,11**	44,42	1,135,32	36,52	57,84	*92.59*
„ 16	1,262,23	11,62	**1,273,86**	44,42	1,135,32	36,27	57,84	*92.61*
„ 23	1,262,81	11,36	**1,274,18**	44,42	1,135,32	36,59	57,84	*92.59*
„ 30	1,262,19	12,29	**1,274,47**	44,42	1,135,32	36,89	57,84	*92.57*
February 6	1,279,49	9,57	**1,289,05**	44,42	1,135,32	36,47	72,84	*91.52*
„ 13	1,289,10	9,62	**1,298,73**	44,42	1,135,32	36,14	82,84	*90.84*
„ 20	1,289,92	8,98	**1,298,90**	44,42	1,135,32	36,31	82,84	*90.83*
„ 27	1,286,81	12,53	**1,299,34**	44,42	1,135,32	36,76	82,84	*90.80*
March 5	1,300,41	8,63	**1,309,04**	44,42	1,135,32	36,46	92,84	*90.12*
„ 12	1,306,89	12,01	**1,318,90**	44,42	1,135,32	36,31	102,84	*89.45*
„ 19	1,303,47	15,80	**1,319,27**	44,42	1,135,32	36,68	102,84	*89.42*
„ 26	1,304,36	15,13	**1,319,49**	44,42	1,135,32	36,91	102,84	*89.41*

* Including Government of India one rupee notes.

STATEMENT XXXIX

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

(*Reference paragraph* 82)

(In lakhs of rupees)

Average of Friday Figures	LIABILITIES: Deposits: Central Govern-ment	Other Govern-ments	Banks	Others	**Total**	Other Liabili-ties	**Total Liabilities or Assets**	ASSETS: Notes and Coin	Balances held abroad‡	Loans and Advances to Gov-ernments	Other Loans and Advances	Bills purchased and dis-counted	Invest-ments	Other Assets
1935-36 ..	11,26	..	27,26	9	**38,61**	91	**49,52**	27,68	14,99	86	1	..	5,47	51
1936-37 ..	9,83	..	26,56	41	**36,80**	1,13	**47,93**	25.90	13.61	1,54	1	1	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	73	**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	**58,15**	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 ..	20,31	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	277,23	43	11	1,46	13,13	3,78
1945-46 ..	386,93	20,68	90.22	16,56	**514,39**	16.32	**540,71**	16,72	488,23	22	12	3,35	24,65	7.42
1946-47 ..	469,54	21,62	85,04	14,24	**590,44**	18.32	**618,76**	32,85	528,83	5	82	2,33	31.70	22,18
1947-48 ..	366,79† (21,20)§	16,93† (2,43)§	102,47	34,21	**520,40**	14,55	**544,96**	47,24	406,95	1.57	21[illegible]	2,62	81,53	4,85
							1946-47							
April	530,80	26,66	77,22	10,14	**644,82**	21.61	**678,43**	11,01	607,10	..	9	5.15	35,16	17,92
May	517,71	17,10	90,02	11,50	**636,33**	21,55	**667,87**	13,14	594,27	..	8	5.67	35,52	19,29
June	468,39	21,28	105,05	6,46	**601,18**	22.09	**633,27**	12,61	574,10	20	5	55	30,23	15,53
July	474,28	16,53	107,63	6,18	**604,62**	18,70	**633,32**	29,49	562,38	..	6	15	23,54	17,70
August ..	486,43	20,91	87,15	15,33	**609,82**	22,45	**642,27**	41,75	564,96	..	1,53	69	14,54	18,80
September ..	490,91	19,36	86,61	8,88	**605,76**	15,09	**630,85**	59,23	530,67	..	3,59	2.69	16,22	18,45

October ..	464,65	23.39	81,62	11.81	**581,47**	16,67	**608,14**	61.40	505,69	18	1,00	1,91	16,41	21,55
November ..	444,09	24.91	82,35	20.93	**572,28**	13.87	**596,15**	57,36	488.34	..	23	2.21	22,98	24,53
December ..	451,73	18,03	77.47	16.53	**563,76**	13.92	**587,68**	40.09	485,76	14	27	51	35,00	25,91
January ..	445,55	19.54	77,53	15,79	**558,41**	15,59	**584,00**	27,68	478.09	8	2,39	2,13	46,37	27,26
February ..	438,73	19,12	74,06	17,50	**550,02**	17.90	**577,92**	23.12	474.49	1	8	3,13	48,03	29,06
March	417,31	33.63	73.97	28,15	**553,06**	20.30	**583,36**	14,67	477.54	..	17	2,92	58,29	29,87
							1947-48							
April	398,79	24.45	89,59	28.31	**541,84**	19.90	**571,54**	14.35	475,76	36	23	3,31	67,18	10,35
May	399.20	14,71	101,36	24.88	**540,15**	19.52	**569,66**	28,74	472,60	82	25	3,55	58,55	5,15
June	395,10	13,78	102,19	24.87	**535,95**	20,18	**566,13**	35,27	449,46	3,66	11	1,49	70,39	5,77
July	385,03	15,33	94,26	35,81	**530,43**	12.62	**553,05**	56.60	410.93	6,63	23	3,73	69,93	6,00
August ..	384,83	14,19	107,93	36.68	**543,64**	6,07	**559,70**	78.59	388,09	1.22	32	6,27	80,62	4,59
	(19,73)**	(2,85)**												
September ..	363,08	10,43	110,77	38.15	**548,44**	9.31	**567,76**	91,78	383.89	3	36	2,76	85,77	3,17
	(17,91)	(2,10)												
October ..	366,91	13,86	111,53	40,38	**547,53**	11,29	**568,82**	84,55	388.51	6	49	87	90,59	3,75
	(11,20)	(3,65)												
November ..	369,61	17,66	102,82	37.41	**538,27**	12,07	**560,34**	71,23	388,06	5	39	24	96,49	3,88
	(6,60)	(4,16)												
December ..	364,10	15,22	111,31	36.16	**521,14**	12.38	**543,53**	37.50	386,28	34	5	80	94,52	4,04
	(2,34)	(2,01)												
January ..	305,89	14,64	100,97	35,30	**479,80**	16,01	**505,81**	19,35	373,18	5,07	1	2,72	101,32	4,16
	(22,23)	(77)												
February ..	263,86	12,67	102,63	37,05	**459,30**	16,86	**486,15**	10,31	379,33	31	2	3,52	88,29	4,37
	(41,73)	(1,37)												
March	257,91	20,76	85,34	34,95	**451,22**	19,77	**480,99**	13,02	388,63	11	2	1,40	73,42	4,39
	(49,36)	(2,89)												

Note :—Figures for Pakistan are shown within brackets below those for India from September, 1947.

* Capital and Reserves, rupees ten crores. ‡ Include cash and short-term securities. † Including figures for Pakistan since 15th August, 1947.

** Average of last two weeks for Pakistan. § Average from 15th August, 1947.

STATEMENT XL

Reserve Bank of India : Issue Department since 1935-36

(Reference paragraph 83)

(In lakhs of rupees)

	LIABILITIES			ASSETS				
	Notes in Circulation	Notes held in the Banking Department	**Total Liabilities (Total Notes Issued) or Assets**	Gold Coin and Bullion†	Sterling Securities	Rupee Coin*	Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
Average of Friday figures								
1935-36 ..	164,06	27,58	**191,64**	44,42	62,09	55,51	29,62	*55.58*
1936-37 ..	175,81	25,81	**201,62**	44,42	69,57	64,01	23,62	*56.54*
1937-38 ..	186,15	25,61	**211,76**	44,42	79,92	60,23	27,19	*58.72*
1938-39 ..	182,36	28,28	**210,64**	44,42	66,95	67,11	32,16	*52.91*
	(7,97)	(1)	**(7,98)**					
1939-40 ..	209,22	18,79	**228,01**	44,42	78,63	67,52	37,44	*53.97*
	(11,09)	(8)	**(11,17)**					
1940-41 ..	241,41	17,26	**258,67**	44,42	129,92	35,87	48,46	*67.39*
	(13,38)	(20)	**(13,58)**					
1941-42 ..	307,68	12,21	**319,89**	44,42	165,00	35,28	75,19	*65.47*
	(20,20)	(23)	**(20,43)**					
1942-43 ..	513,44	11,80	**525,24**	44,42	319,11	22,33	139,38	*69.21*
1943-44 ..	777,17	10,50	**787,67**	44,42	643,52	14,28	85,45	*87.34*
1944-45 ..	968,69	10,93	**979,62**	44,42	863,73	13,52	57,95	*92.70*
1945-46 ..	1,162,64	16,41	**1,179,05**	44,42	1,061,26	15,53	57,84	*93.78*
1946-47 ..	1,222,96	32,61	**1,255,57**	44,42	1,133,88	19,43	57,84	*93.35*
1947-48 ..	1,227,82	47,12	**1,274,95**	44,42	1,135,32	32,36	62,84	*92.53*
1946-47								
April	1,235,12	10,83	**1,245,95**	44,42	1,124,07	19,62	57,84	*93.78*
May	1,237,05	12,88	**1,249,93**	44,42	1,129,32	18,35	57,84	*93.90*
June	1,241,97	12,36	**1,254,33**	44,42	1,135,32	16,75	57,84	*94.05*
July	1,225,17	29,22	**1,254,39**	44,42	1,135,32	16,81	57,84	*94.05*
August	1,214,41	41,47	**1,255,88**	44,42	1,135,32	18,30	57,84	*93.94*
September ..	1,198,35	58,97	**1,257,32**	44,42	1,135,32	19,74	57,84	*93.83*
October	1,197,09	61,17	**1,258,26**	44,42	1,135,32	20,68	57,84	*93.76*
November ..	1,201,29	57,60	**1,258,89**	44,42	1,135,32	21,31	57,84	*93.71*
December ..	1,218,78	39,81	**1,258,59**	44,42	1,135,32	21,01	57,84	*93.74*
January ..	1,230,80	27,40	**1,258,19**	44,42	1,135,32	20,61	57,84	*93.76*
February ..	1,234,52	22,96	**1,257,49**	44,42	1,135,32	19,90	57,84	*93.82*
March	1,243,03	14,44	**1,257,47**	44,42	1,135,32	19,89	57,84	*93.82*
1947-48								
April	1,247,28	14,23	**1,261,51**	44,42	1,135,32	23,93	57,84	*93.51*
May	1,234,87	28,64	**1,263,50**	44,42	1,135,32	25,92	57,84	*93.37*
June	1,229,11	35,15	**1,264,26**	44,42	1,135,32	26,68	57,84	*93.31*
July	1,209,61	56,50	**1,266,12**	44,42	1,135,32	28,53	57,84	*93.18*
August	1,190,40	78,50	**1,268,90**	44,42	1,135,32	31,32	57,84	*92.97*
September ..	1,179,53	91,68	**1,271,20**	44,42	1,135,32	33,62	57,84	*92.81*
October	1,188,63	84,44	**1,273,07**	44,42	1,135,32	35,48	57,84	*92.67*
November ..	1,202,91	71,10	**1,274,01**	44,42	1,135,32	36,43	57,84	*92.60*
December ..	1,217,05	57,38	**1,274,43**	44,42	1,135,32	36,85	57,84	*92.57*
January ..	1,254,98	19,21	**1,274,19**	44,42	1,135,32	36,61	57,84	*92.59*
February ..	1,286,33	10,17	**1,296,51**	44,42	1,135,32	36,42	80,34	*90.99*
March	1,303,78	12,89	**1,316,68**	44,42	1,135,32	36,59	100,34	*89.60*

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

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

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

STATEMENT XLI

Monthly Statistics of India Notes in Circulation since 1942-43

(*Reference paragraph* 83)

(In lakhs of rupees)

Last Friday	1942-43 Total Notes Issued	1942-43 Notes held in the Banking Department	1942-43 Notes in Circulation	1943-44 Total Notes Issued	1943-44 Notes held in the Banking Department	1943-44 Notes in Circulation	1944-45 Total Notes Issued	1944-45 Notes held in the Banking Department	1944-45 Notes in Circulation
April	425,16	11,30	413,86	689,79	12,18	677,61	908,36	11,56	896,80
May	444,40	12,56	431,84	715,23	11,12	704,11	921,28	10,97	910,31
June	456,11	12,92	443,19	734,75	11,40	723,35	943,40	12,02	931,38
July	463,30	12,30	451,00	750,78	10,40	740,38	944,99	23,02	921,97
August	487,34	13,09	474,25	766,31	11,67	754,64	945,58	18,57	927,01
September ..	503,35	10,77	492,58	774,46	14,78	759,68	950,83	9,58	941,25
October	524,48	9,78	514,70	791,05	8,96	782,09	972,18	15,64	956,54
November ..	551,94	11,58	540,36	804,68	10,31	794,37	981,16	8,07	973,09
December ..	585,80	15,44	570,36	850,40	9,60	840,80	1,021,26	11,66	1,009,60
January	604,19	10,94	593,25	862,89	9,21	853,68	1,044,21	10,20	1,034,01
February ..	626,23	11,87	614,36	880,04	12,54	867,50	1,067,05	7,71	1,059,34
March	655,11	11,53	643,58	894,84	12,35	882,49	1,094,66	9,78	1,084,88

Last Friday	1945-46 Total Notes Issued	1945-46 Notes held in the Banking Department	1945-46 Notes in Circulation	1946-47 Total Notes Issued	1946-47 Notes held in the Banking Department	1946-47 Notes in Circulation	1947-48 Total Notes Issued	1947-48 Notes held in the Banking Department	1947-48 Notes in Circulation
April	1,118,18	11,15	1,107,03	1,247,07	14,33	1,232,74	1,263,30	23,48	1,239,81
May	1,137,38	16,36	1,121,02	1,250,86	16,87	1,233,99	1,264,16	37,13	1,227,03
June	1.146,75	9,78	1,136,97	1,254,03	16.19	1,237,84	1,265,17	43,66	1,221,51
July	1,152,94	24,21	1,128,73	1,255,19	39,73	1,215,46	1,267,37	73,73	1,193,63
August	1,154,02	14,57	1,139,45	1,256,42	49,64	1,206,78	1,270,19	89,61	1,180,58
September ..	1,162,74	20,90	1,141,84	1,258,09	70,24	1,187,85	1,272,35	98,76	1,173,59
October	1,169,77	13,64	1,156,13	1,258,71	63,54	1,195,17	1,273,72	80,33	1,193,39
November ..	1,188,54	12,17	1,176,37	1,259,61	58,63	1,200,98	1,274,60	74,70	1,199,90
December ..	1,222,15	11,26	1,210,89	1,258,66	34,09	1,224,57	1,274,39	49,02	1,225,36
January	1,247,73	48,05	1,199,68	1,258,32	32,56	1,225,76	1,274,47	12,29	1,262,19
February ..	1,240,80	44,90	1,195,90	1,258,01	28,34	1,229,67	1,299,34	12,53	1,286,81
March	1,238,41	19,64	1.218,77	1,258,08	16,05	1,242,03	1,319,49	15,13	1,304,36

STATEMENT XLII

Absorption of Currency (Annual) since 1914-15

(Reference paragraph 89)

(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	+ 13,89	+ 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	— 10,40	— 4	— **1,15**
1922-23	+ 3,87	— 9,56	+ 23	— **5,46**
1923-24	+ 7,96	+ 7,62	+ 34	+ **15,92**
1924-25	— 2,51	+ 3,65	+ 49	+ **1,63**
1925-26	+ 1,16	— 8,17	+ 23	— **6,78**
1926-27	— 3,40	— 19,76	+ 11	— **23,05**
1927-28	+ 10,22	— 3,75	+ 40	+ **6,87**
1928-29	+ 3,57	— 3,03	+ 44	+ **98**
1929-30	— 18,80	— 21,71	+ 14	— **40,37**
1930-31	— 11,37	— 21,58	— 65	— **33,60**
1931-32	+ 17,24	+ 3,93	+ 21	+ **21,38**
1932-33	— 14,83	— 7,56	+ 10	— **22,29**
1933-34	+ 13,54	— 30	+ 65	+ **13,89**
1934-35	— 32	— 3,21	+ 48	— **3,05**
1935-36	+ 5,26	— 9,41	+ 22	— **3,93**
1936-37	+ 25,53	— 2,49	+ 1,01	+ **24,05**
1937-38	— 8,23	— 6,52	+ 87	— **13,88**
1938-39	+ 2,98	— 12,60	+ 19	— **9,43**
1939-40	+ 49,45	+ 10,08	+ 2,21	+ **61,74**
1940-41	+ 19,11	+ 33,23	+ 4,28	+ **56,62**
1941-42	+ 152,40	+ 7,18	+ 5,06	+ **164,64**
1942-43	+ 261,85	+ 44,93	+ 11,64	+ **318,42**
1943-44	+ 238,91	+ 25,60	+ 18,46	+ **282,97**
1944-45	+ 202,39	+ 10,05	+ 19,20	+ **231,64**
1945-46	+ 133,80	+ 18,35	+ 9,08	+ **162,22**
1946-47	+ 23,26	+ 1,94	+ 5,91	+ **31,11**
1947-48	+ 62,33	— 12,34	+ 3,98	+ **53,97**

Note:—Includes Burma notes up to 1942-43 and figures for Pakistan since 15th August, 1947.

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

STATEMENT XLIII

MONTHLY ABSORPTION OF CURRENCY, 1947-48

(Reference paragraphs 89 *&* 92)

(In lakhs of rupees)

1946-47				Month	1947-48†			
Notes	Rupee Coin	Small Coin	**Total**		Notes	Rupee Coin	Small Coin	**Total**
+ 13,97	+ 94	+ 70	+ **15,61**	April	— 2,22	+ 27	+ 71	— **1,24**
+ 1,25	— 1,63	+ 93	— **3,81**	May	— 12,78	— 1,23	+ 67	— **13,34**
+ 3,85	+ 2,80	+ 64	+ **7,29**	June	— 5,52	— 1,14	+ 41	— **6,25**
— 22,38	— 1,99	+ 61	— **23,76**	July	— 27,88	— 3,02	+ 19	— **30,71**
— 8,68	— 23	+ 48	— **8,43**	August	— 13,05	— 1,93	+ 79	— **14,19**
— 18,93	— 1,56	+ 23	— **20,26**	September	— 6,99	— 2,25	— 11	— **9,35**
+ 7,32	— 70	+ 34	+ **6,96**	October	+ 19,80	— 4,86	+ 21	+ **15,15**
+ 5,81	— 1,01	+ 29	+ **5,09**	November	+ 6,51	+ 2,78	+ 13	+ **9,42**
+ 23,59	+ 1,71	+ 37	+ **25,67**	December	+ 25,46	— 1,72	+ 33	+ **24,07**
+ 1,19	— 18	+ 49	+ **1,50**	January	+ 36,83	+ 1,01	+ 30	+ **38,14**
+ 3,91	+ 61	+ 43	+ **4,95**	February	+ 24,62	+ 2	+ 31	+ **24,95**
+ 12,36	— 8	+ 40	+ **12,68**	March	+ 17,55	— 27	+ 4	+ **17,32**
+ **23,26**	+ **1,94**	+ **5,91**	+ **31,11**	**Total**	+ **62,33**	— **12,34**	+ 3,98	+ **53,97**

† Includes figures for Pakistan since 15th August, 1947.

STATEMENT XLIV

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

(Reference paragraph 90)

(In lakhs of rupees)

		Year-end				Annual Average			
		Total Notes Issued	Notes in Circulation	Absorption (+) or Return (—)	*Percentage of Absorption or Return*	Total Notes Issued	Notes in Circulation	Increase or decrease in average circulation	*Percentage 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	*+ 3*
1925-26 ..	..	193,34	167,71	+ 1,10	*+ 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	*+ 1*
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*	207,79	182,19	+ 10,34	*+ 6*
	B ..	7,83	7,83			3,97	3,98		
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	+ 312	*+ 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 ..	392,71	381,73	+ 141,18	*+ 59*	299,46	287,48	+ 59,45	*+ 26*
	B ..	28,35	28,33	+ 11,22	*+ 66*	20,43	20,20	+ 6,82	*+ 51*
1942-43 I ..	..	655,11	643,58	+ 261,85	*+ 69*	519,58	507,59	+ 220,11	*+ 77*
1943-44 I ..	..	894,84	882,49	+ 238,91	*+ 37*	787,67	777,17	+ 269,58	*+ 53*
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	1,162,64	+ 193,95	*+ 20*
1946-47 I ..	..	1,258,08	1,242,03	+ 23,26	*+ 2*	1,255,57	1,222,96	+ 60,32	*+ 5*
1947-48 I †	..	1,319,49	1,304,36	+ 62,33	*+ 5*	1,274,95	1,227,82	+ 4,86	..

I—India notes. B—Burma notes.

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. † Includes figures for Pakistan since 15th August, 1947.

STATEMENT XLV

ABSORPTION OF SMALL COIN (ANNUAL) SINCE 1909-10

(*Reference paragraphs* 92 & 95)

(In thousands of rupees)

	Half rupees†	Four anna pieces‡	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for 5 years 1909-10 to 1913-14	..	**15,75**	**13,59**	**21,02**	..	**10,51**	**83**	**83**	**62,53**
Average for 5 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	15,97	22,20	25,48	..	12,92	79	66	**1,00,52**
1937-38	25,00	10,26	16,08	19,21	..	14,52	89	85	**86,81**
1938-39	2,40	— 9,55	3,55	6,34	..	14,80	84	77	**19,15**
1939-40	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**
1946-47	2,07,92	1,75,80	68,96	61,18	39,22	37,60	..	4	**5,90,72**
1947-48¶.. ..	1,76,71	1,28,23	28,25	24,51	16,79	24,03	..	3	**3,98,55**

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

¶ Includes figures for Pakistan since 15th August, 1947.

STATEMENT XLVI

Periods of Absorption and Return of Notes and Rupee Coin since 1920-21

(*Reference paragraph* 93)

ABSORPTION (+) RETURN (—)

(In lakhs of rupees)

Periods of Absorption	Notes	Rupees	Total	Periods of Return
	— 35,68	— 14,67	— 50,35	Feb. 1920 to Aug. 1920
Sept. 1920 to Mar. 1921	+ 20,15	— 10,26	+ 9,89	
	— 3,48	— 8,47	— 11,95	Apr. 1921 to July 1921
Aug. 1921 to Dec. 1921	+ 18,19	+ 71	+ 18,90	
	— 21,60	— 13,91	— 35,51	Jan. 1922 to Aug. 1922
Sept. 1922 to Dec. 1922	+ 22,15	+ 1,24	+ 23,39	
	— 21,82	— 8,12	— 29,94	Jan. 1923 to Aug. 1923
Sept. 1923 to Feb. 1924	+ 32,15	+ 14,87	+ 47,02	
	— 26,09	— 1,82	— 27,91	Mar. 1924 to July 1924
Aug. 1924 to Feb. 1925	+ 21,37	+ 6,41	+ 27,78	
	— 28,00	— 8,69	— 36,69	Mar. 1925 to July 1925
Aug. 1925 to Dec. 1925	+ 39,13	+ 1,41	+ 40,54	
	— 35,40	— 16,53	— 51,93	Jan. 1926 to Aug. 1926
Sept. 1926 to Feb. 1927	+ 24,05	+ 3,24	+ 29,81	
	— 19,86	— 9,11	— 28,97	Mar. 1927 to July 1927
Aug. 1927 to Dec. 1927	+ 28,29	+ 1,97	+ 30,26	
	— 16,43	— 4,41	— 20,84	Jan. 1928 to Aug. 1928
Sept. 1928 to Dec. 1928	+ 24,13	+ 4,13	+ 28,26	
	— 25,63	— 17,46	— 43,09	Jan. 1929 to Sept. 1929
Oct. 1929 to Dec. 1929	+ 12,77	+ 1,95	+ 14,72	
	— 24,45	— 16,00	— 40,45	Jan. 1930 to July 1930
Aug. 1930 to Dec. 1930	+ 7,07	— 6,38	+ 69	
	— 18,49	— 18,99	— 37,48	Jan. 1931 to Aug. 1931
Sept. 1931 to Feb. 1932	+ 34,69	+ 15,72	+ 50,41	
	— 24,82	— 4,19	— 29,01	Mar. 1932 to July 1932
Aug. 1932 to Dec. 1932	+ 12,27	— 37	+ 11,90	
	— 6,88	— 4,82	— 11,70	Jan. 1933 to Aug. 1933
Sept. 1933 to Feb. 1934	+ 14,18	+ 2,47	+ 16,65	
	— 8,77	— 4,58	— 13,35	Mar. 1934 to Aug. 1934
Sept. 1934 to Feb. 1935	+ 11,37	+ 1,67	+ 13,04	
	— 15,06	— 7,19	— 22,25	Mar. 1935 to Aug. 1935
Sept. 1935 to Apr. 1936	+ 16,21	— 2,18	+ 14,03	
	— 10,07	— 7,37	— 17,44	May 1936 to July 1936
Aug. 1936 to Mar. 1937	+ 33,73	+ 4,58	+ 38,31	
	— 16,55	— 4,24	— 20,79	Apr. 1937 to Aug. 1937
Sept. 1937 to Feb. 1938	+ 8,09	— 2,01	+ 6,08	
	— 14,55	— 10,69	— 25,24	Mar. 1938 to Aug. 1938
Sept. 1938 to Feb. 1939	+ 19,87	— 91	+ 18,96	
	— 12,32	— 10,72	— 23,04	Mar. 1939 to Aug. 1939
Sept. 1939 to June 1940	+ 68,05	+ 44,02	+ 112,07	
	— 17,76	+ 10,83	— 6,93	July 1940 to Sept. 1940
Oct. 1940 to June 1941	+ 47,74	— 3,95	+ 43,79	
	— 3,92	— 1,08	— 5,00	July 1941
Aug. 1941 to June 1944	+ 686,69	+ 85,22	+ 771,91	
	— 9,41	— 1,65	— 11,06	July 1944
Aug. 1944 to June 1945	+ 215,01	+ 11,10	+ 226,11	
	— 8,24	— 1,37	— 9,61	July 1945
Aug. 1945 to Dec. 1945	+ 82,16	— 20	+ 81,96	
	— 11,20	+ 8,70	— 2,50	Jan. 1946
Feb. 1946 to June 1946	+ 38,15	+ 12,62	+ 50,77	
	— 49,99	— 3,78	— 53,77	July 1946 to Sept. 1946
Oct. 1946 to Mar. 1947	+ 54,18	+ 35	+ 54,53	
	— 68,44	— 9,30	— 77,74	Apr. 1947 to Sept. 1947
Oct. 1947 to Mar. 1948	+ 130,77	— 3,04	+ 127,73	

Note:—Includes Burma notes up to April, 1942 and figures for Pakistan since 15th August, 1947.

STATEMENT XLVII

Circulation of Notes by Denominations since 1913-14†

(Reference paragraph 95)

Year ended (31st March)	NOTES IN CIRCULATION (in lakhs of rupees)										*Percentage to Gross Circulation of all notes except Rs. 10,000*									
	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	76,83	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	54,80	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	60,31	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	63,81	37	10,61	.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
1946*	32	25,42	1	197,09	545,40	..	19	488,71	3	1,31	..	2.0	..	15.7	43.3	..	..	38.8	..	.1
1947*	32	33,09	1	195,10	557,70	..	16	540,11	3	1,12	..	2.5	..	14.7	42.0	..	..	40.7	..	.1

† Excluding (1) the Government of India one rupee notes introduced in July, 1940, which are treated for the purposes of the Bank as rupee coin, and (2) Rs. 10,000 notes (demonetised from 12th January, 1946), which were mainly used by banks for making large adjusting payments. ‡ Demonetised from 12th January, 1946. * India notes only.

S TATE

WHOLE RUPEES COINED AND ISSUED

(Reference

	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 issue ..	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	4,35,22,40 0
" 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 coined in 1902.	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 Bikanor 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 " " "

MENT XLVIII

FROM THE MINTS SINCE 1835

paragraph 102)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	**Total Coined**
	Rs.	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	....	(*o*) 2,35,00,002
„ „ 1941	....	....	(*o*) 24,11,00,001	....	(*o*)24,11,00,001
„ „ 1942	....	....	(*o*) 23,75,00,001	....	(*o*)23,75,00,001
„ „ 1943	....	....	(*o*) 6,69,94,637	....	(*o*) 6,69,94,637
„ „ 1944	....	....	(*o*) 15,22,06,000	(*o*) 8,54,00,000	(*o*)23,76,06,000
„ „ 1945	....	....	(*o*) 13,47,94,000	(*o*) 9,11,00,000	(*o*)22,58,94,000
„ „ 1946	....	....	(*o*) 78,72,000	(*o*) 2,70,25,532	(*o*) 3,48,97,532
„ „ 1947	....	....	(*p*) 6,07,00,000	(*p*) 4,19,11,000	(*p*)10,26,11,000
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** ..	....	....	**86,39,66,641**	**20,35,25,532**	**106,74,92,173**
„ „ „ **Nickel**	....	....	**6,07,00,000**	**4,19,11,000**	**10,26,11,000**
Total ..	**270,20,56,128**	**10,76,07,305**	**460,05,01,165**	**24,54,36,532**	**765,56,01,130**

(*j*) Including Rs. 3,90,310 coined for Indian States and Rs. 1,67,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 1,35,00,000) coined from silver in Gold Standard Reserve.
(*k*) „ „ 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*) „ „ 1,01,459 coined for Indian States.
(*m*) Including Rs. 16,56,250 coined for Indian States.
(*n*) „ „ 12,78,441 „ „ „
(*o*) Quaternary rupees.
(*p*) India Nickel rupees.

APPENDIX

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

I. *Non-Scheduled Banks*

1. Agricultural and Industrial Bank Ltd., Coondapur.
2. Amrit Bank Ltd., Amritsar.
3. Associated Bank of Tripura Ltd., Gangasagar.
4. Bank of Aundh Ltd., Aundh.
5. Bank of Citizens Ltd., Belgaum.
6. Bank of Calcutta Ltd., Calcutta.
7. Bank of Karad Ltd., Karad.
8. Bank of Konkan Ltd., Malvan.
9. Bank of the East (1927) Ltd., Gauhati.
10. Banthia Bank Ltd., Panvel.
11. Bareilly Bank Ltd., Bareilly.
12. Belgaum Bank Ltd., Belgaum.
13. Bengal Bank Ltd., Calcutta.
14. Bharat Banking Co., Ltd., Silchar.
15. Bharat Industrial Bank Ltd., Poona.
16. Bishnupur Bank Ltd., Bishnupur.
17. Calcutta Industrial Bank Ltd., Calcutta.
18. Central Mercantile Bank Ltd., Monghyr.
19. Chawla Bank Ltd., Bannu.
20. Chotanagpur Banking Association Ltd., Hazaribagh.
21. City Bank Ltd., Jullundur.
22. Commercial Bank and Trust Ltd., Madras.
23. Commonwealth Bank Ltd., Kumbakonam.
24. Dass Bank Ltd., Calcutta.
25. Dinajpur Trading and Banking Co., Ltd., Dinajpur.
26. Dindigul Sri Kannikaparameswari Bank Ltd., Madras.
27. Eastern Traders Bank Ltd., Calcutta.
28. Eastern Union Bank Ltd., Dacca.
29. Federal Bank of India (Punjab) Ltd., Hoshiarpur.
30. Frontier Bank Ltd., Dera Ismail Khan.
31. Gauhati Bank Ltd., Gauhati, Assam.
32. Girish Bank Ltd., Calcutta.
33. Himalya Bank Ltd., Kangra.

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

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

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