FOREWORD

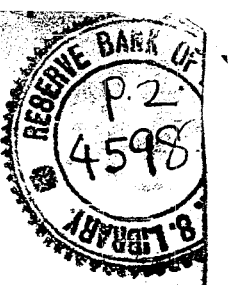
The Reserve Bank of India regularly brings out the Report on Currency and Finance, which was traditionally considered as a comprehensive source and record of economic developments. The structure of this Report has been re-oriented since 1998-99 from just documenting the economic developments to a 'theme-based 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

25 OCT 1950



Reserve Bank of India

REPORT

ON

CURRENCY AND FINANCE

FOR THE YEAR

1949-50

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CONTENTS

PART I

ECONOMIC AND FINANCIAL DEVELOPMENTS ABROAD

	Paragraph	Page
General Economic Developments	1	3–6
Price Trends	2	6–8
Monetary and Credit Policies	3	8–12
Interest Rates and Capital Markets	4	12–15
Budgetary Policy and Public Debt	5	16–21
Banking Developments	6	21–24
International Payments Problems	7	24–33
Monetary Reserves and IMF Resources	8	33–35
Gold Policy	9	35–37
Exchange Rate Adjustments	10	37, 38
Finance for Reconstruction and Development	11	39–42

PART II

INDIAN CURRENCY AND FINANCE

I. INTRODUCTORY	12–17	45–50
General Economic Situation	12	45
Controls	13	45, 46
Devaluation and the Eight-Point Programme	14	46–48
Industrial Policy	15	48, 49
Food Policy	16	49, 50
Planning and Development Policy	17	50
II. PRODUCTION AND PRICES	18–21	51–55
A. Production	18, 19	51–53
Agriculture	18	51, 52
Industry	19	52, 53
B. Prices	20, 21	54, 55
Trends	20	54
Post-devaluation Price Trends	21	55

	Paragraph	Page
III. CAPITAL MARKETS, MONEY AND BANKING	22–36	55–72
General	22	55–57
Government Securities Market	23	57, 58
Industrial Share Market	24	58, 59
Control of Capital Issues	25	60
Industrial Finance Corporations	26	60
Money Rates and Money Conditions	27	60–62
Scheduled Banks	28	62–65
Non-Scheduled Banks	29	65, 66
Clearing House Statistics	30	66, 67
Internal Remittances	31	67, 68
Encashment of Foreign Circle Notes	32	68
Reserve Bank of India : Banking Department	33	68, 69
Reserve Bank of India : Issue Department	34	69, 70
The Banking Companies (Amendment) Act, 1950	35	71
Banking and Insurance Companies Industrial Tribunal Act	36	71, 72
IV. PUBLIC FINANCE	37–67	72–96
General	37	72
A. BUDGETS	38–52	72–90
CENTRAL GOVERNMENT :		
1948-49, Accounts	38	72
1949-50, Revised Estimates	39	73
1950-51, Budget Estimates	40	73–75
Capital Budget	41	75–77
RAILWAY BUDGET :		
General	42	77
Railway Finances	43	77
1948-49, Accounts	44	78
1949-50, Revised Estimates	45	78
1950-51, Budget Estimates	46	78–80
Revised Railway Convention	47	80
STATE GOVERNMENTS :		
Finances of Part A States	48	80–83
Reconstruction and Development Finances of Part A States	49	83, 84

	Paragraph	Page
Finances of Part B States	50	84–86
Income Tax and other Payments from the Centre : The Deshmukh Award	51	86–88
Constitutional Changes relating to the Finances of Central and State Governments	52	88–90
B. PUBLIC DEBT	53–67	90–96
General	53	90
(*a*) Government Balances and Short-term Borrowing ..	54–59	90–92
CENTRAL GOVERNMENT :		
Balances	54	90, 91
Treasury Bills	55	91
Yield on Treasury Bills	56	91, 92
Treasury Deposit Receipts	57	92
STATE GOVERNMENTS :		
Balances and Ways and Means Advances	58	92
Treasury Bills	59	92
(*b*) Long-Term Debt and Other Borrowings	60–67	92–96
Government of India Loans	60	92, 93
Repayment of Loans	61	93
Composition of Total Rupee and Sterling Debt	62	93, 94
Repatriation of Sterling Debt	63	94
Distribution of Rupee Debt : Government Promissory Notes, Stock Certificates and Subsidiary General Ledger Accounts	64	94
Small Savings	65	94, 95
State Loans	66	95
State Debt	67	96
V. BALANCE OF PAYMENTS AND FOREIGN TRADE	68–73	96–113
Balance of Payments	68	96–100
Foreign Trade	69	100–104
Indo-Pakistan Trade and Balance of Payments	70	104–106
Developments in Trade Policy	71	106–110
Trade Agreements	72	110, 111
Tariff Board	73	111–113

	Paragraph	Page
VI. EXCHANGE CONTROL	74–82	113–119
Sterling Transactions	74	113
Exchange	75	113, 114
Developments in Exchange Control	76	114, 115
Travel	77	115, 116
Capital Transfers	78	116, 117
Financial Agreement with the United Kingdom	79	117
Pakistan	80	117, 118
Germany	81	118
Methods of Export Finance	82	118, 119
VII. BULLION	83–89	119–121
Production of Gold and Silver	83	119
Bombay Bullion Market	84	119–121
Price of gold	85	121, 122
Assaying and Refining of Gold	86	123
Price of Silver	87	123, 124
Assaying and Refining of Silver	88	124
Imports and Exports of Bullion	89	124
VIII. CURRENCY	90–109	124–135
A. CIRCULATION AND ABSORPTION	90–97	124–130
Circulation and Absorption of Notes	90	124, 125
Circulation of Notes by Denominations	91	125, 126
Circulation and Absorption of Rupee Coin	92	126, 127
Absorption of Small Coin	93	127, 128
Total Absorption of Currency	94	128
Absorption and Return of Currency by Periods	95	128, 129
Money Supply	96	129, 130
Trends in Note Circulation and Demand Deposits	97	130
B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE	98–109	131–135
Changes in the Form of India Notes	98	131
Withdrawal of Rs. 100 Notes of the 'Karachi' and 'Lahore' Circles	99	131
Cessation of Legal Tender Character of Indian Currency in Pakistan	100	131, 132
Encashment of Burma Notes	101	132

	Paragraph	Page
Purchase and Sale of Pakistan Notes	102	132, 133
Old Notes	103	133
Lost, Destroyed and Mutilated Notes	104	133
Note Forgeries	105	133, 134
Coinage	106	134
Withdrawal of Silver Coin	107	134, 135
Withdrawal of Cupro-nickel and Copper Coin	108	135
Counterfeit Coin	109	135

GRAPHS

		Paragraph		Page
1.	Indices of Money Supply, Wholesale Prices and Cost of Living in Selected Countries	2	Facing	8
2.	Deposits and Loans of Commercial Banks	3	,,	9
3.	Index Numbers of Market Value of Industrial Shares	4	,,	16
4.	Public Revenue, Public Expenditure, and National Income in U.S.A., U.K., Canada and Australia	5	,,	17
5.	Index Numbers of Wholesale Prices and Cost of Living	20	,,	54
6.	Index Numbers of Wholesale Prices (General Purpose Series)	20	,,	55
7.	Monthly Average Yields on Selected Government of India Securities	23	,,	58
8.	Index Numbers of Security Prices	24	,,	59
9.	Scheduled Banks' Consolidated Position	28	,,	62
10.	Cheque Clearances and Scheduled Banks' Demand Liabilities	30	,,	63
11.	Assets of the Issue Department of the Reserve Bank of India	34	,,	68
12.	Liabilities of the Banking Department of the Reserve Bank of India	34	,,	69
13.	Assets of the Reserve Bank of India (Issue and Banking Departments Combined)	34	,,	70
14.	Liabilities of the Reserve Bank of India (Issue and Banking Departments Combined)	34	,,	71
15.	Finances of the Government of India	37	,,	76
16.	Railway Finances	43	,,	77
17.	Budgetary Position of Part A States	48	,,	80
18.	Debt position of the Government of India	53	,,	81
19.	Government of India's Interest-bearing Obligations and Interest-yielding Assets	53 & 62	,,	94
20.	Debt Position of Part A States	53	,,	95

		Paragraph	Page
21.	India's Trade with Foreign Countries excluding Pakistan	69	Facing 100
22.	Quarterly Movements in India's Exports and Imports	69	,, 101
23.	Sterling Transactions of the Reserve Bank of India	74	,, 114
24.	Methods of Export Finance : (i) On Percentage Basis (ii) Total Exports to Hard Currency Countries, Other Non-Sterling Area Countries and All Non-Sterling Area Countries.	82	,, 115
25.	Indices of Bullion (Spot) Prices	85	,, 124
26.	Absorption or Return of Notes, Rupees and Small Coin	94	,, 125
27.	Monthly Absorption or Return of Currency since September 1939	94	,, 128
28.	Absorption and Return of Notes and Rupee Coin by Periods	95	,, 129

STATEMENTS

1.	Index Numbers of Wholesale Prices and Cost of Living in Selected Countries since 1938	2	136
2.	Money Supply in Selected Countries	3	137, 138
3.	Money Market Rates in Selected Countries since 1945	3	139
4.	Liabilities and Assets of Commercial Banks in Selected Countries	3	140
5.	Index Numbers of Market Value of Industrial shares since 1942	4	141
6.	Annual Revenue, Expenditure, National Income and Debt of the Commonwealth Countries, U. S. A. and U. S. S. R.	5	142, 143
7.	World Gold Production since 1939	9	144
8.	Currency Readjustments	10	145
9.	Statistics (Quarterly) of Economic and Financial Trends in India	12	146, 147
10.	Agricultural Production in the Indian Union	18	148
11.	Production of Industrial Raw Materials in the Indian Union	18	149
12.	Industrial Production in India since 1938	19	150
13.	Index Numbers of Wholesale Prices in India and Cost of Living in Bombay	20	151
63.	India's Bal		
64.	India's Bala and the firs		
65.	Important I		
66.	Import[illegible]t I		
67.	India's Imp		
68.	India's [illegible]xp		
69.	Exports of G Count[illegible]s		
70.	Exports of T		
71.	Exports of C		
72.	Balance of T		
73.	Indo-Pakista June 1[illegible]9) (A) Current (B) Kno[illegible]n C Pakistan		
74.	Indo-Pa[illegible]stai December 1 (A) Current (B) Know[illegible] C Pakistan		
75.	India's T[illegible]de		
76.	Sterling Trans		
77.	Prices (M[illegible]ntl Bombay, 194		
78.	Prices (W[illegible]kly Stocks in Bor		
79.	Spot Prices (A and Imp[illegible]t I		
80.	Price of Silver Bombay, [illegible]94		
81.	Quantity and V Coin and [illegible]ul 1900-01		
82.	Quantity a[illegible]V (Private and C		
83.	Imports and Ex		
84.	Circulation and 1909-10		
85.	Circulation of I 1913-14		

		Paragraph	Page
14.	Movements in Price Indices since Devaluation ..	21	152
15.	Index Numbers of Security Prices—Economic Adviser's Series	24	153
16.	Index Numbers of Security Prices : All-India—Reserve Bank's Series	22 & 24	154, 155
17.	Monthly and Annual Average Yields and Annual Highest & Lowest Prices (in Bombay) of Government of India Securities, 1949-50	23	156
18.	Movements in the Prices of Representative Industrial Shares, 1949-50	24	157
19.	Annual Average Prices of Representative Rupee Securities of the Government of India since 1939-40	23	158
20.	Control of Capital Issues, 1949	25	158
21.	Control of Capital Issues : Percentage Distribution	25	159
22.	Money Rates in India since 1935-36	27	160, 161
23.	Weekly Consolidated Position of Scheduled Banks, 1949-50	28	162, 163
24.	Consolidated Position of Scheduled Banks since 1937-38	28	164
25.	Indices of the Consolidated Position of Scheduled Banks	28	165
26.	Survey of Bank Advances	28 & 29	166
27.	Survey of Investments of Banks	28 & 29	167
28.	Survey of Ownership of Deposits of Banks	28 & 29	167
29.	Liabilities and Assets of Banking Companies ..	28 & 29	168, 169
30.	Clearing House Statistics (Annual) since 1918-19 ..	30	170
31.	Number and Amount of Cheques cleared in the Indian Union, 1949-50	30	171
32.	(A) Remittances through the Reserve Bank of India, (B) Remittances through the Imperial Bank of India, (C) Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies	31	172, 173
33.	Encashment of Foreign Circle Notes, 1949-50 ..	32	173
34.	Reserve Bank of India : Banking Department since 1935-36	33	174, 175
35.	Reserve Bank of India: Banking Department—Weekly Statement of Assets & Liabilities, 1949-50	33	176, 177
36.	Reserve Bank of India : Issue Department—Weekly Statement of Assets & Liabilities, 1949-50 ..	34	178, 179
37.	Reserve Bank of India : Issue Department since 1935-36	34	180

		Paragraph	Page
38.	Variations in Certain Items of Assets and Liabilities of the Reserve Bank of India	34	181
39.	India's Public Revenue, Expenditure and Debt ..	37 & 53	182, 183
40.	Important Heads of Revenue and Expenditure of the Government of India	40	184
41.	Capital Budget of the Government of India ..	41	185
42.	Budgetary Position of Part A States	48	186, 187
43.	Budgetary Position of Part B States	50	188, 189
44.	Railway Finances	43	190, 191
45.	Railways: Receipts and Working Expenses since 1948-49	43	192
46.	Income Tax and Other Payments made by the Centre to Part A States	51	192
47.	Consolidated Debt Position of Part A States ..	53 & 67	193
48.	Government Balances in India with the Reserve Bank of India and at Government Treasuries	54 & 58	193
49.	Government of India Treasury Bills (Annual) since 1918-19	55	194
50.	Government of India Three Months Treasury Bills (Weekly), 1949-50	55	195
51.	Government of India Three Months Treasury Bills (Monthly)	55 & 56	196
52.	Government of India Treasury Deposit Receipts ..	57	197
53.	(A) Treasury Bills of Part A States since 1938-39 (B) Three Months Treasury Bills of Part A States, 1949-50	59	198, 199
54.	Central and State Government Loans Outstanding	67	200
55.	Rupee Debt of India since 1913-14	53 & 62	201
56.	Interest-bearing Obligations and Interest-yielding Assets of the Government of India since 1938-39..	53 & 62	202, 203
57.	Amount of Sterling Debt Repatriated since 1937-38	63	204
58.	(A) Post Office Cash Certificates, (B) Post Office Defence Savings Certificates, (C) Post Office National Savings Certificates	65	205
59.	(A) Post Office Savings Bank, (B) Post Office Defence Savings Bank	65	206
60.	Principal Items of Small Savings (Monthly) ..	65	207
61.	India's Balance of Payments : (January 1948—December 1949) (A) Current Account (B) Capital Account	68	208, 209
62.	India's Balance of Payments: (January 1948—December) 1949—Current Account, Region-wise ..	68	210, 211

		Paragraph	Page
63.	India's Balance of Payments : (July-December 1949)	68	212
64.	India's Balance of Trade for the years 1948 and 1949 and the first quarter 1950	68 & 69	213
65.	Important Imports from U. S. A.	68 & 69	214
66.	Important Exports to U. S. A.	68 & 69	214
67.	India's Imports of Principal Commodities	68 & 69	215
68.	India's Exports of Principal Commodities	68 & 69	216
69.	Exports of Gunny Cloth and Gunny Bags to Principal Countries	68 & 69	217
70.	Exports of Tea to Principal Countries	68 & 69	218
71.	Exports of Cotton Piece-goods to Principal Countries.	68 & 69	218
72.	Balance of Trade in Merchandise	68	219
73.	Indo-Pakistan Balance of Payments: (July 1948—June 1949) .. .. (A) Current Account .. .. (B) Known Capital Transactions between India and Pakistan	70	220
74.	Indo-Pakistan Balance of Payments: (July 1949—December 1949) : .. .. (A) Current Account .. .. (B) Known Capital Transactions between India and Pakistan	70	221
75.	India's Trade Agreements, 1949-50	72	222, 223
76.	Sterling Transactions of the Reserve Bank of India	74	224
77.	Prices (Monthly) of Bar Gold and Sovereigns in Bombay, 1949-50	85	225
78.	Prices (Weekly) of Gold and Silver and Estimated Stocks in Bombay, 1949-50	85	226, 227
79.	Spot Prices (Annual) of Gold and Silver in Bombay and Import Duties	85	228
80.	Price of Silver (Monthly) in London, New York and Bombay, 1949-50	87	229
81.	Quantity and Value of Imports and Exports of Gold Coin and Bullion (Private & Government) since 1900-01	89	230, 231
82.	Quantity and Value of Imports and Exports of Silver (Private and Government) since 1900-01	89	232
83.	Imports and Exports of Gold and Silver, 1949-50 ..	89	233
84.	Circulation and Absorption of Notes (Annual) since 1909-10	90	234
85.	Circulation of India Notes by Denominations since 1913-14..	91	235

		Paragraph	Page
86.	Monthly Absorption of Currency in the Indian Union	93 & 94	236
87.	Absorption of Small Coin (Annual) since 1909-10	93	237
88.	Absorption (Metal-wise) of Small Coin	93	238
89.	Absorption of Currency (Annual) since 1914-15 ..	94	239
90.	Absorption and Return of Notes and Rupee Coin by Periods	95	240
91.	(A) Money Supply in Undivided India .. .. (B) Monthly Variations in Money Supply in the Indian Union during 1949-50	96	241, 242
92.	Trends in Note Circulation and Demand Deposits of Scheduled Banks	97	243
93.	Whole Rupees Coined and Issued from the Mints since 1835	106	244, 245
	Appendix I		246–248
	Appendix II		249, 250
	Index		251–259

Note.—(1) Where necessary, each figure has been rounded off to the nearest final digit. For this reason, there may be in some Tables and Statements an apparent slight discrepancy between the sum of the constituent items and the total as shown.

(2) The following symbols have been used throughout the Report :

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

(3) A line drawn across a column between two consecutive figures denotes that the figures above and below the line are not comparable. In each case a footnote is added indicating the nature of the difference.

Page

236
237
238
239

240

241, 242

243

244, 245
246–248
249, 250
251–259

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PART I

ECONOMIC AND FINANCIAL DEVELOPMENTS ABROAD

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GENERAL ECONOMIC DEVELOPMENTS

1949 marked in many directions a transition from one phase of post-war economic development to another, an outstanding event of the year being the devaluations in September of the currencies of a large part of the world. The year saw the completion, with the notable exception of Germany and Japan which labour under unusual difficulties, of the reconstruction of many war-devastated economies. The pent-up demand for investment and consumption goods, embodied in the forces of latent inflation, tapered off over a large part of the world. As a combined consequence the post-war phase of rapid expansion appeared to slow down in most industrial countries.

In nearly all of Europe industrial production was higher than in 1948 and considerably above the pre-war level. The world production of food-stuffs, raw materials and manufactures was somewhat higher in 1949 than in the preceding year. Relatively to pre-war, the output of manufactures was appreciably higher. The improvement in the supply position led to a change-over to buyers' market conditions in several directions or a mitigation of the intensity of the sellers' market. The recession in the United States of America in the early part of the year which, it was feared, might develop into a slump turned out to be milder than had been expected and was followed by a recovery and a continuation of the upward trend in economic activity in the second half of the year. In most countries the inflationary pressures on the whole declined, and in a few cases symptoms of deflation appeared : the level of aggregate effective demand declined and for the first time since the war unemployment, though still on a small scale, emerged, notably in Belgium, Italy and Western Germany. In the under-developed countries, the easing of inflationary pressures proceeded as a rule more slowly, the supply situation having improved only to a limited extent.

In the political field, 'East-West' tensions interfered with full co-operation in the economic sphere. In the Far East the year saw the final victory of the Communist armies in China and the declaration of the independence of Indonesia. In India the work of integration of the princely States with the Indian Union was completed. India's relations with Pakistan remained Strained, particularly since devaluation, which reacted adversely on the economies of both countries. In Latin America there was comparative quiet in the political sphere and increasing attention was paid to the problem of economic development.

Industrial output for the world as a whole was about 3 per cent higher in 1949 relatively to 1948 and nearly 40 per cent above the 1937 level. Agricultural production, too, was somewhat higher than in the previous year, but not much higher than the pre-war average. The improvement in production was not evenly distributed. It was, in the main, Europe that contributed to the increase in the industrial output, and Europe and the United States to agricultural production. Food production in Europe showed a marked recovery in 1948-49 and in the United States agricultural crops continued, as in recent years, at record or near-record levels. The supplies of many varieties of goods, ranging from food and raw materials to finished manufactures, were generally becoming more plentiful.

Real income in the United States, in practically all of Europe and in many other countries showed further improvement. In Europe average real income was

equal to, and in some cases above, pre-war. The change evidenced since the war towards a reduction in the inequalities of personal incomes became more marked. Relatively to the preceding year, the share of wages in the national income either remained steady or increased. In Europe earnings from industrial production represented a larger share of national income than those from agricultural production ; and earnings from manufacture of capital goods were larger than those from manufacture of consumer goods.

Investment continued to be at high levels and the governmental share in it increased, though at a slower rate than in the previous year. Domestic savings, too, were at a higher level in many countries partly as a result of a general improvement in the budgetary position, but mainly owing to larger private savings rendered possible by the rise in real incomes, the diminution in consumer demand and the reduced inflationary pressure on consumption. But as the needs of development exceeded the available supply of aggregate savings, a considerable part of capital formation continued to be financed in many countries by balance of payments deficits, which mitigated in part the inflationary consequences of investment in several countries.

The improvement in the relative supply position led to a decline in prices, especially of primary commodities ; in respect of wheat and maize and certain other commodities, the problem of potential surpluses appeared. The cost of living showed in general a moderate decline in industrially advanced countries not subject to price controls ; in countries where controls were in force, the easing of the upward pressure on prices permitted a measure of decontrol without a significant rise in the cost of living. The fall in the export prices of primary commodities, coupled with a diminution in the demand for them from industrially advanced countries, affected adversely the under-developed economies. A considerable degree of disequilibrium continued to characterise the international balances of payments, a large deficit in the dollar payments being the most important part of it. Despite some salutary price adjustments, the disparity between the high price levels in Europe and Asia on the one hand and the United States and other parts of the dollar area on the other, continued to hamper a solution of the dollar problem, while the projected contraction of Marshall Aid made the restoration of dollar balance a matter of urgency. In these circumstances, the United Kingdom decided to devalue sterling by 30·5 per cent in relation to the United States dollar, effective 18th September, 1949. With the exception of Pakistan, almost all the countries in the sterling area followed the lead of the United Kingdom ; and some others outside the sterling area—notably Canada and Belgium—also devalued their respective currencies though to a smaller extent. In the quarter following devaluation sterling area reserves, which had fallen by $261 million and $226 million in the second and third quarters of the year, respectively, rose by $263 million as a result of the reduced dollar deficit. In the first quarter of 1950, the sterling area reserves rose further by $296 million. It is difficult to assess what part of this improvement was owing to the steps taken earlier to correct the payments deficits and what part to devaluation.

Similar improvement in the dollar gap was experienced by other countries which devalued their currencies which helped to relieve the global pressure of demand for dollars. The current account deficit of the world with the United States, which had declined from $11·3 billion in 1947 to $6·3 billion in 1948, was at $6·1 billion in 1949. In 1949 the volume of world exports was about 8 per cent higher

than in 1948 ; their value was about the same in both years. The share of the United States and Canada together in the value of world trade fell from 28 per cent in 1948 to 26 per cent in 1949, mainly as a result of the steps taken by the rest of the world generally to economise on dollar imports.

A major part of the dollar deficit was accounted for by Europe and countries of the European currency areas, and most of its financing was done by the United States. In 1949, United States aid financed $5·7 billion of the gap, $3·7 billion being on ERP account. The magnitude of the aid probably indicates that Europe has still much leeway to make before it can stand on its own feet. Marshall Aid is scheduled to terminate by 1952 when it has been estimated that Europe's deficit with the United States may be of the order of $2 billion. A dislocation of the European economy, which may follow a withdrawal of the American aid programme, may be prevented if, in the meanwhile, Europe's production and trade expand and the traditional surplus with the Far Eastern countries, is restored. The European Payments Union, which provides for a return of multilateral trade within its member countries, might prove to be a first step in this direction.

Europe's overseas trade showed considerable improvement in 1949 ; intra-European trade also increased, but Europe's trade with the United States decreased and trade between Eastern and Western Europe was almost at a standstill. In 1949, Europe's total exports (volume) overseas were 12 per cent higher than in 1948 and more than 16 per cent above the 1938 level ; the total imports (volume) from overseas declined moderately relatively to 1948 but were 6 per cent higher than pre-war. The volume of intra-European trade rose by 23 per cent in 1949 over the figure in 1948 ; this increase was mainly the result of increased trade within each 'bloc'—between Eastern Europe and the Soviet Union, and increased imports by Germany and the United Kingdom from Western European countries. Trade between the 'blocs' was below the levels provided for in the trade agreements of 1949; the figures entered in the agreements for 1950 are at a lower level than in the agreements of the preceding year, which, probably, indicates the meagre chances of improvement in this direction in the near future. This may affect the economies of both blocs as they are complementary to one another. Eastern Europe needs capital goods and other manufactures which Western Europe can supply and a lack of which had delayed the development of Eastern European industry. Western Europe needs the primary goods which Eastern Europe has ; it must now turn to the dollar area for them causing a strain on its scarce currency resources.

The improvement in Europe's overall balance of payments, noticed in 1948, continued during 1949 ; the deficit declined by about the same amount as in the previous year, namely, $2·3 billion. The improvement in 1948 had resulted from a decline in imports from the United States, the deficits with other countries remaining unchanged. In 1949 there was a surplus with other countries and the adverse balance with the United States declined by about 10 per cent.

Increased attention was paid during the year under review to the problems of the economic development of under-developed areas. It is generally recognised that a rise in the living standards of the peoples of these areas is important to world economic stability and peace. The obstacles to progress centre round insufficient domestic savings, inadequate machinery to mobilise the available supply of savings

and a scarcity of technical 'know-how'. The Point-Four Programme of the United States, the United Nations Plan of technical assistance, and more recently, the Commonwealth Plan, the total financial resources of which aggregate $143 million, lay emphasis on technical assistance. Equal attention needs to be paid to the question of an adequate flow of foreign capital to make good the inadequacy of domestic savings, if any significant measure of success is to be attained.

2. PRICE TRENDS

During 1949, the price situation, on the whole, showed improvement. In a number of countries, the course of prices in the first three quarters of the year reflected a change-over from a sellers' to a buyers' market in several directions. In the devaluing countries the general downtrend received a set-back, subsequent to devaluation. In most countries where prices rose during the year the rate of increase was slower than in 1948 (*vide* Statement 1 and Graph 1).

Among countries where the general price levels declined, the United States comes first. The fall in prices in the United States noticed since the second half of 1948 continued during 1949. In the first half of the year, the fall was accompanied by a mild recession in production and employment, which was induced partly by lower expenditures on plant and equipment, but mainly by a change to inventory liquidation from inventory accumulation in the preceding three years. An undue decline in prices was checked after mid-year by a marked revival of investment activity—particularly in new construction—and the continued strength of aggregate consumer demand. The general price level at the close of 1949 was about 7 per cent below the closing level of the previous year. During the same period the price level in certain other countries, notably Iran, Switzerland and Belgium declined by 23·3, 7·7 and 6·5 per cent, respectively, and Turkey and Canada by 2·1 per cent each. In India and Egypt the fall in prices was comparatively small, being 0·6 per cent in both cases.

Prices registered increases in most other countries for which data are available. The rate of the increase, however, had slowed down except (among a few others) in Austria and the Netherlands in Europe, and Chile and Peru in Latin America. The rise in prices was under 5 per cent in New Zealand (2·2 per cent), Sweden (1·1 per cent), France (1·4 per cent), Norway (2·2 per cent) and Denmark (2·7 per cent), between 5 per cent and 10 per cent in the Netherlands (5·2 per cent), the Union of South Africa (5·4 per cent) and the United Kingdom (9·4 per cent), between 11 per cent and 25 per cent in Australia (11·5 per cent), Mexico (11·9 per cent), Japan (13·9 per cent), Chile (15·0 per cent) and Brazil (21·9 per cent), and was 34·9 per cent and 39·8 per cent, respectively, in Austria and Peru.

In some countries, notably the United States and Canada, prices of both raw materials and finished products declined in 1949 relatively to 1948. In certain others the prices of raw materials declined or, as in respect of finished goods, rose at a slower pace than in the preceding year. In the United States raw materials fell by 7·4 per cent as against a fall of 5·6 per cent in 1948. Finished products, which had risen by 1·7 per cent in 1948, showed a decline of 6·1 per cent in 1949. In Canada raw materials fell by 2·1 per cent and finished products by 1·1 per cent as against a rise of 12·8 per cent and 9·1 per cent, respectively, in 1948.

In Switzerland, Norway and Denmark, raw materials declined by 13·4, 1·3 and 0·4 per cent, while in 1948 they had increased, respectively, by 0·4, 8·1 and 7·1 per cent. In the United Kingdom, raw materials remained unchanged over the year as against a rise of 20·2 per cent last year. In France, Sweden, New Zealand, Finland, India and Czechoslovakia they rose in 1949 though by a smaller percentage than in the preceding year, the percentage rise in 1949 being 0·9, 1·0, 2·8, 1·3, 4·4 and 8·0*, respectively, against the percentage rise of 108·5, 4·8, 2·9, 3·2, 15·9 and 8·4, respectively, in 1948. In the Netherlands, the rise in 1949 was higher at 6·5 per cent as against a rise of 1·8 per cent in 1948. In the Netherlands, Denmark, the United Kingdom and Finland, the prices of finished goods rose by 3·2, 4·3, 6·3 and 6·5 per cent. In 1948 the percentage rises were higher at 5·7, 9·5, 9·1 and 23·3, respectively. In India prices of finished goods declined during 1949, though by a smaller margin than in the United States and Canada.

The trend in money supply generally showed some measure of correspondence with the trend in prices. In some countries where general prices declined (U. S., India and Turkey), money supply either declined or was steady ; in India and Turkey it declined by 8·8 per cent and 3·3† per cent, respectively, and in the United States it was at about the same level in December 1949 as in December 1948. In certain other countries (Switzerland, Iran, Belgium and Canada) though prices declined, money supply expanded (by 9·3, 5·7, 5·0 and 2·0 per cent, respectively). In a majority of the remaining countries, where both money supply and prices showed increases, the rate of increase in the money supply was smaller than the rate of increase in prices, indicating activation of latent inflation to some extent. In the United Kingdom, the Netherlands, Peru, Austria and Brazil, money supply rose by 1·4, 3·0, 7·8, 12·4 and 17·8 per cent, respectively, while the increases in their price levels were 9·4, 5·2, 39·8, 34·9 and 21·9 per cent, respectively. In Australia, France, Chile, Mexico, Sweden and New Zealand, money supply tended to rise faster than prices ; money supply in them rose by 19·6, 25·1, 19·5, 12·7, 2·4 and 9·9 per cent, respectively, while prices rose by 11·5, 1·4, 15·0, 11·9, 1·1 and 2·2 per cent, respectively.

Since the September devaluations, prices have been remarkably stable in the United States and have shown a general rise in the devaluing countries. The decline in the index of wholesale and retail prices in the United States was arrested in September 1949 and they have remained more or less stable since. Prices of farm products and domestically produced foods, however, continued to decline as a result of an expansion in agricultural supplies (especially live-stock products), but the rate of decline since September was slower than during the pre-devaluation period, January to August.

The rise in wholesale prices in countries that have devalued is, among other factors, probably due to the higher cost in national currencies of dollar imports and the rise in the prices of certain imports which, though originating in the sterling area, were marked up, following devaluation, in view of their importance and capacity as dollar earners. The rise in domestic prices was particularly marked in countries which import a substantial proportion of food and raw materials. In the United Kingdom the wholesale index rose faster since devaluation than during the

* September 1949. † November 1949.

eight months preceding it. The experience was similar in Australia, Finland and the Netherlands, the rise since devaluation upto the close of December being 7·4, 2·4 and 4·4 per cent, respectively, as against rises of 3·8, 0·7 and 0·7 per cent from December 1948 to August 1949. In countries where prices had been declining before devaluation, the downtrend was either slowed down or reversed. In Italy the wholesale index fell from August to December by 2·9 per cent, as against a fall of 14·2 per cent in the eight months prior to devaluation. In Belgium, Canada, Denmark, France, Iraq and Sweden, during the four months following devaluation, prices rose by 0·6, 0·5, 6·1, 4·2, 11·1 and 2·1 per cent, respectively, as against declines of 7·1, 2·6, 3·2, 2·7, 14·2 and 1·1 per cent, respectively, from December 1948 to August 1949.

The price changes reviewed above may not be due in their entirety to the influences generated by devaluation. Part of the changes undoubtedly resulted from the financial, budgetary, trade and tariff policies and it is not possible to disentangle or assess the contribution of each of these factors. The devaluing countries have in general taken drastic action to reduce imports from hard currency areas and have adopted measures for curtailing investment and consumption expenditures. In some cases subsidies obtain on certain imports, while in others there is a system of multiple pricing as between domestic consumers and foreign buyers.

3. MONETARY AND CREDIT POLICIES

With the exception of the United States and the Union of South Africa, the trend in money supply in several important countries was on the whole upward, but the rate of increase was generally smaller than in the previous year. Money supply in the United Kingdom increased by about £70 million or 1·4 per cent as compared to 1·6 per cent in the previous year; £50 million of the rise was accounted for by deposit money (*vide* Statement 2). In Belgium there was a 5 per cent increase in money supply to BF. 163 billion as compared to about 6 per cent in 1948. The increase in deposit money amounted to BF. 5·3 billion and in currency circulation to BF. 2·3 billion.

Money supply in France, Canada, Italy and Japan rose at a substantially slower pace than in 1948. The rate of expansion in France declined from about 31 per cent in 1948 to 25 per cent in 1949, deposit money increasing from Fr. 1,175 billion to Fr. 1,412 billion and currency in circulation from Fr. 993 billion to Fr. 1,301 billion. In Canada the rise in money supply was 2 per cent as compared to 10 per cent in the previous year, the rise being due almost entirely to the $C88 million increase in deposit money. In Italy also money supply showed a rise of about 17 per cent during the year as compared to about 27 per cent in 1948. Deposit money increased from Lire 1,089 billion to Lire 1,349 billion, while currency in circulation rose from Lire 934 billion to Lire 1,017 billion. The most drastic reduction in the rate of expansion in money supply occurred in Japan where, as a result of fiscal reforms, the rate of increase dropped to 15 per cent from 89 per cent in the previous year. Deposit money increased from Y.331 billion to Y.434 billion, while currency in circulation remained more or less steady.

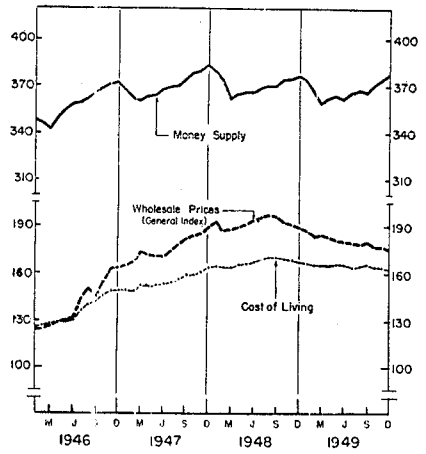
In the United States, money supply showed a small decline of $400 million during the year, the increase of $300 million in deposit money being more than

GRAPH I

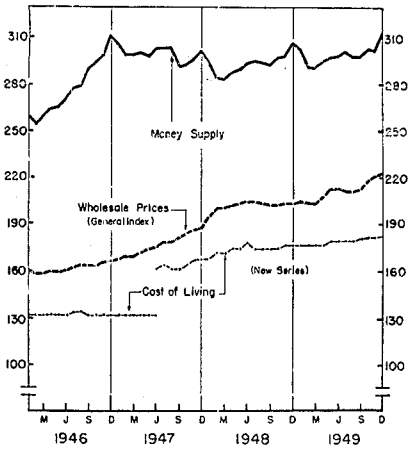
INDICES OF MONEY SUPPLY, WHOLESALE PRICES AND COST OF LIVING IN SELECTED COUNTRIES

Base:— 1937 = 100

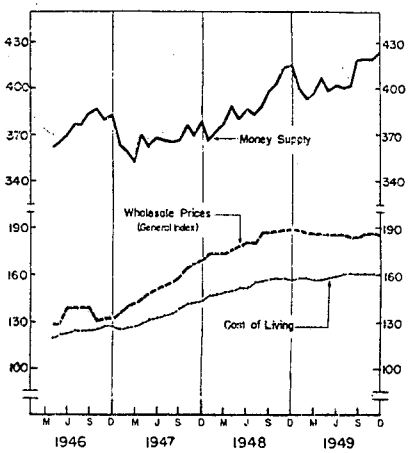
United States of America



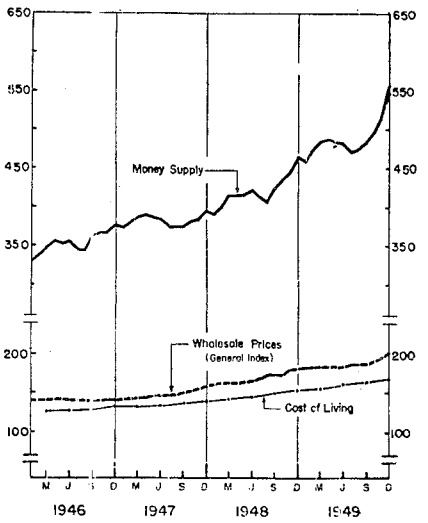
United Kingdom



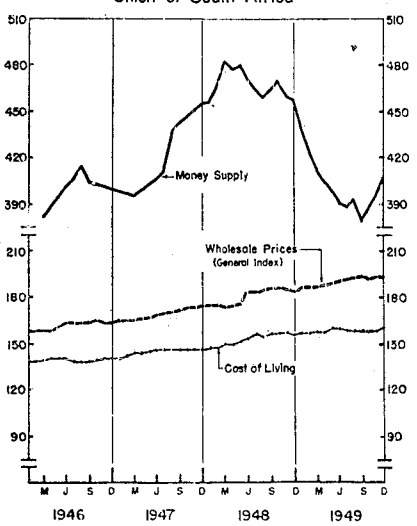
Canada



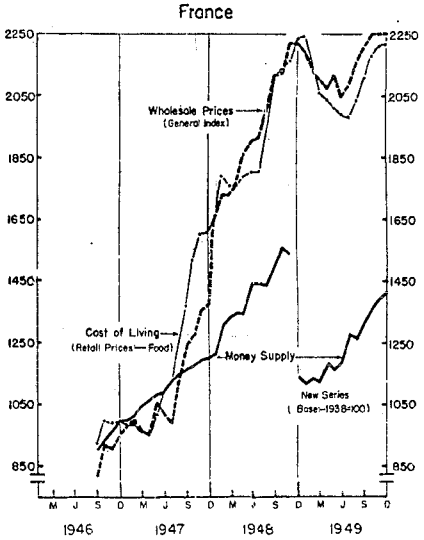
Australia



Union of South Africa



France



GRAPH 2

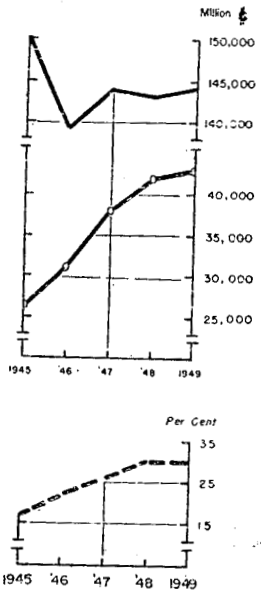
DEPOSITS AND LOANS OF COMMERCIAL BANKS

Deposits

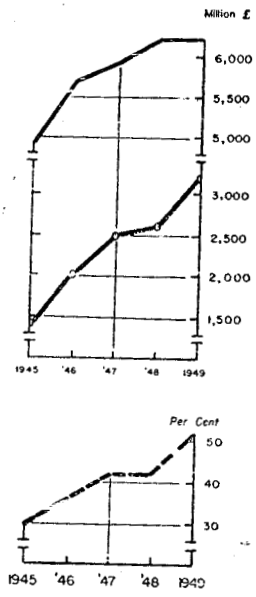
Loans and Advances and Bills Discounted

Loans and Advances and Bills Discounted as percentage of Deposits

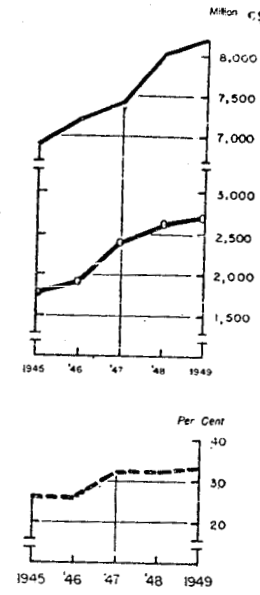
United States of America



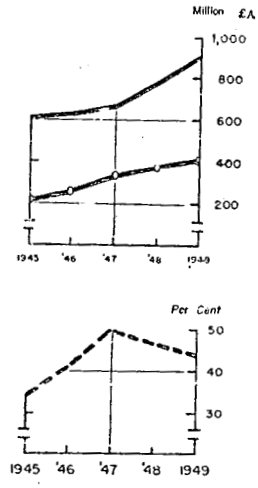
United Kingdom



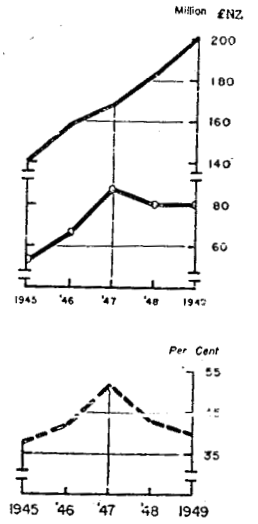
Canada



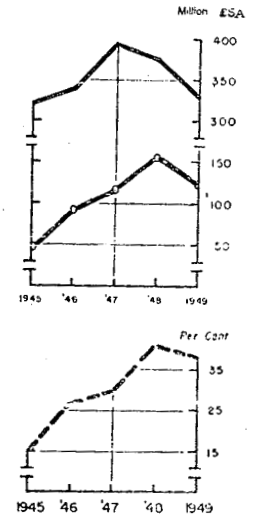
Australia



New Zealand



Union of South Africa



offset by a decline of $700 million in currency in circulation. In the Union of South Africa the decline was of a larger order, amounting to 11 per cent, in contrast to a nominal increase in the previous year. The decline in deposit money was sharp from £ SA 343 million to £ SA 301 million, currency in circulation remaining more or less constant.

Switzerland and Finland presented a contrast to the trends in other countries; the rate of expansion in money supply was more than double that in the previous year. In Switzerland it was 9·3 per cent (or SF. 980 million) in 1949 as against 4·5 per cent in 1948 and in Finland 13·3 per cent (or FM. 6·5 billion) as compared to 5·6 per cent. The rate of expansion in money supply in Australia was 19·6 per cent during the year as against 18·5 per cent in 1948, almost the whole of the year's increase being the result of £A 152 million rise in deposit money.

The general slowing down in the expansion of money supply in 1949, indicated above, is largely attributable to the measures taken to check inflationary pressures. The appearance of deflationary tendencies in the United States, Belgium, Italy, Finland and Western Germany led to a modification in those countries of the restrictive monetary and credit policies which had been in operation in the post-war years.

In the United States the signs of declining activity, visible towards the close of 1948, appeared to develop into a recession early in 1949. Falling industrial production and prices were associated with a contraction in the money supply which, in the first quarter of 1949, amounted to over $ 5 billion. To meet the situation, the Federal Reserve System took steps to relax credit controls. Margin requirements for purchasing or carrying listed stocks were lowered from 75 per cent to 50 per cent on 30th March. Consumer credit restrictions were progressively liberalised by raising the period of maximum maturity from 15 to 24 months, by lowering cash down payments on durable consumer goods (excluding automobiles) from 20 per cent to 10 per cent, and by raising the value of articles exempt from regulation from $50 to $100. At the close of June, restrictions on consumer credit were allowed to lapse along with the termination of the Anti-Inflation Act of 1948.

Reserve requirements of commercial banks were reduced by stages from May to September. Against demand deposits the minimum reserve requirements of Central Reserve City Banks, Reserve City Banks and Country Banks were reduced from 26, 22 and 16 per cent, respectively, to 22, 18 and 12 per cent, respectively, and against time deposits from 7½ per cent to 5 per cent for all classes of banks. This resulted in a release of $ 3·8 billion of reserves. At the close of June, the Open Market Committee of the Federal Reserve System declared that the practice of maintaining a relatively fixed pattern of rates was undesirable under the existing conditions and that open market transactions would be made primarily with regard to the general business and credit situation. In pursuance of this policy, short-term rates were allowed to reflect money and credit conditions. The effectiveness of these measures was reflected in the sharp decline, by July and August, in the yield on government bonds leading to a sale of bonds by the Federal Reserve System, the demand for them having been stimulated by the reduction in reserve requirements. Loans of commercial banks rose during the year by about $500 million, and, as mentioned previously, money supply at the close of the year had nearly recovered to the December 1948 level.

An event of importance was the publication early in 1950 of the Report of the Sub-Committee on Monetary, Credit and Fiscal Policies (Douglas Committee) of the Joint Economic Committee of Congress. Briefly, the recommendations of the Sub-Committee were that the U. S. Treasury and the Federal Reserve System should be guided in their monetary, credit and fiscal policies primarily by considerations of employment, production, purchasing power and price levels; that the primary responsibility for regulating the supply and cost of credit should vest with the Federal Reserve System; and that the Treasury's decisions should be consistent with the Federal Reserve policy. The Report aims at restoring monetary policy to its customary place as the prime regulator of the economic system.

The currency reforms and restrictive credit policies of earlier years coupled with a shortage of capital, had begun to affect levels of employment and business activity in Belgium, Finland, Italy and Western Germany. The position of Belgium was affected by a fall in the U.S. demand for its exports. A disturbing factor in the case of Finland was a slackening in the demand for its exports which had started in 1948 and had persisted in the early months of 1949. The situation in Italy deteriorated noticeably, the margin by which the lira fell in September being smaller than the devaluations of the sterling area and other currencies; Italian exports were affected substantially. In Western Germany, unemployment increased largely on account of the influx of refugees and a lack of investment opportunities.

The remedial measures adopted by these countries aimed at relaxing controls over bank credit, reducing interest rates and reserve requirements of commercial banks, and adjusting fiscal policies. The Central Bank discount rate in Western Germany was lowered by stages in May and July from 5 to 4 per cent (*vide* Table below). In Italy it was lowered from $5\frac{1}{2}$ to $4\frac{1}{2}$ per cent in April, and in Finland by stages from 7·25 to 5·75 per cent in February and July. In Belgium the September devaluation was followed by a downward revision of the discount rate from 3·50 to 3·25 per cent by the National Bank of Belgium. Other interest rates in these countries followed the downward adjustment in discount rates. The Belgian Banking Commission relaxed the rules governing the compulsory holding by banks of short-term government obligations. In Western Germany, the reserve requirements of commercial banks were lowered by steps from 15 to 10 per cent against sight deposits in Central Bank cities and from 10 to 8 per cent elsewhere, and against time deposits from 5 to 4 per cent at all places. The qualitative requirements for rediscounts by the central banking system were also relaxed. At the end of the year, a reduction in the reserve requirements of commercial banks from about 25 to about 23 per cent was announced in Italy. It was estimated that this might make available about Lire 30 billion of bank funds for investment purposes.

CHANGES IN CENTRAL BANK DISCOUNT RATES

Country	Date of Last Change	Rate per cent		Difference
		Before change	After change	
1. Belgium	6th October, 1949	3·50	3·25	−0·25
2. Finland	1st February, 1949	7·25	6·75	−0·50
	1st July, 1949	6·75	5·75	−1·00
3. Germany (Western Zones)	27th May, 1949	5·00	4·50	−0·50
	19th July, 1949	4·50	4·00	−0·50
4. Italy	11th April, 1949	5·50	4·50	−1·00
5. Spain	22nd May, 1949	4·50	4·00	−0·50
6. Union of South Africa	3rd October, 1949	3·00	3·50	+0·50

Source: International Financial Statistics.

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The measures taken in Western Germany led to a rise in the credit granted by the central banking system to commercial banks by about DM. 2 billion, and the volume of credit extended by commercial banks to the private sector rose during the year by DM. 6 billion, a large part of which was probably for financing investment. In Finland and Belgium there was an expansion of commercial bank credit by FM. 13·3 billion and BF. 1·3 billion, respectively, during 1949 as compared to FM. 8·8 billion and BF. 0·5 billion, respectively, in 1948.

Among countries which were not free from inflationary pressures during 1949 may be mentioned the United Kingdom, France, the Union of South Africa and Australia ; anti-inflationary measures continued to be in operation in them during the year. In the United Kingdom a disinflationary credit policy continued to be pursued by the banks. Following the devaluation of sterling, the Treasury made a fresh request to the Bank of England to impress upon banks and acceptance houses the necessity for avoiding any lending which may encourage speculation in commodities, shares or real estate. The rise in overall bank deposits during 1949 (£2 million) was nominal and 'net deposits'* rose by £51 million as against a rise of £231 million in 1948. The expansion in the advances extended to the private sector by the London clearing banks in 1949 was somewhat lower at £145 million as against £172 million in the preceding year. With a view to restoring to the money market and the banking system some of the flexibility which it had lost during the war, there was effected during the year a gradual switch-back from TDRs to Treasury bills. The total indebtedness of the Government to the banking system declined substantially. But other indications such as overall shortages pointed to the continuance of inflationary conditions.

Unusual investment activity in the secondary industries was one of the principal causes of the continuance of inflationary pressures in Australia and South Africa. In France, inflation resulted mainly from successive budget deficits. To hold inflation in check various measures were in force in these countries. Banks in the Union of South Africa had been directed as a matter of positive public policy to contract credit facilities for non-productive purposes generally and also to restrict advances in the case of less essential and over-developed industries. The Reserve Bank of the Union of South Africa raised its discount rate from 3 to 3½ per cent in October 1949. As a result commercial bank credit which had been increasing at a rapid pace from the end of the war, contracted sharply in 1949. The Commonwealth Bank of Australia continued to exercise its statutory powers over the trading banks in respect of credit policy, and issued directives to the banks to exercise caution in granting credit for financing projects for development and expansion purposes. Credit restrictions in France which had been tightened in September 1948 remained in force in 1949, with the result that the increase in the volume of bank credit was much less than in the previous year. Notwithstanding these measures, inflationary conditions in these countries continued; in Australia on account of a large favourable balance of trade, a heavy inflow of money from overseas and a high level of internal activity; in the Union of South Africa on account of a high level of consumption expenditure and expansive effects of the devaluation, and in France on account of a renewed impetus arising from the devaluation of the franc in September, an unusual drought and a growing imbalance in the national budget.

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* Excluding items in course of collection.

In Japan, to counter inflation, the progress of which had continued even after the setting up of the SCAP, the Administration adopted in December 1948, at the instance of the United States Government, a Nine-Point Programme which corresponded to the measures suggested to the recipients of ECA aid. The principal objective of this programme was the attainment of financial and monetary stability, and a principal method of achieving it was the balancing of the budget. In the budget for 1949-50, a reversal of the customary deficit financing policy of the Government was brought about through severe cuts in expenditure and heavy tax collections. The Bank of Japan enforced quantitative control on its lending and raised its rate of interest in April. These measures coupled with a fall in the demand for Japanese exports produced severe hardships to business, particularly public utilities which were largely dependent on Government help. With a view to mitigating these hardships and countering the deflationary tendencies which tended to develop, the Bank of Japan took steps in the middle of the year to liberalise its terms of lending and acquired the Reconstruction Finance Bank debentures and government bonds held by the city banks. The devaluation of several currencies in September (the Japanese yen had remained unchanged at the official level of Y. 360= $ 1 since April 1949) added to the difficulties of the country as it affected exports adversely. The situation at the close of the year did not show much improvement.

In Canada, monetary policy was, on the whole, passive during the year. Bank credit expanded, the Bank of Canada having withdrawn its earlier suggestion to chartered banks for restricting credit for capital expenditure. Investment and consumer expenditures were maintained throughout the year at a steady level, notwithstanding a tendency for a recession in the neighbouring economy in the early part of the year. The main factors responsible for the stimulation of consumer expenditure were large repayments of refundable taxes, the distribution of grain participation payments and reductions in income taxes. The budget surplus was offset by repayments of public debt.

In Switzerland, on account of large savings and a heavy export surplus, the money and capital markets remained highly liquid and monetary policy continued to be on *laissez faire* lines.

Statement 3 gives the money market rates and Statement 4 the main items of liabilities and assets of commercial banks in selected countries. Graph 2 shows the relative position of deposits and loans of commercial banks in the United States, the United Kingdom and four other Commonwealth countries.

4. INTEREST RATES AND CAPITAL MARKETS

The behaviour of long-term interest rates in 1949, as reflected in the movements of the stock market prices in different parts of the world, is indicative of the reviving importance of this instrument as a means of influencing internal economic conditions.

During the year the post-war inflationary phase had come to an end in a large number of countries, some of which had resorted to credit contraction and levering up of interest rates to achieve this result. In a few countries such as the United States, Belgium, Italy and Finland there were even certain deflationary symptoms and a marking down of interest rates generally.

In the United States, prompt monetary measures were taken to check the business recession in the early part of the year, and the easy money policy which was consequently put into effect was strengthened by deficit financing and large scale refunding transactions. The reserve requirements of commercial banks were reduced ; their liquidity was also increased by the reduced demands from business for bank assistance. These factors together with the general uncertainty in economic conditions meant greater investment in government bonds, which was met in the first half of the year by open market sales of the Federal Reserve System. However, after the reformulation of policy by the Open Market Committee of the Federal Reserve Board on 28th June, the sales were stopped and prices of securities were allowed to find their natural level. As a result the average yield on government bonds declined to 2·19 per cent in December 1949 as against 2·38 per cent in June 1949 and 2·44 per cent in December 1948. The United States could follow within limits an easy money policy with success and without fear of inducing a fresh bout of inflation because of the large volume of savings, both institutional and private. The absence of an external payments problem meant that there was no fear that this policy might result in a large scale drain of reserves. Towards the end of the year, however, in order to prevent excessive declines in short-term rates, the Federal Reserve System sold Treasury bills and certificates to meet the large demand emanating from commercial banks. In Canada, the demand for government bonds was met through sales from the Securities Investment Account till the middle of the year, after which, on the stoppage of such sales, gilt-edged prices rose. The long-term government bond yield declined from 2·93 per cent in December 1948 to 2·75 per cent in December 1949.

The Italian example showed, however, that mere volume of savings was not enough. In that country, there was a steady increase in savings during the year ; but the savings were not properly canalised and the fear of inflation led to an extra-cautious credit policy. The only change effected was the reduction of the official discount rate from $5\frac{1}{2}$ per cent to $4\frac{1}{2}$ per cent in April. The attempt to limit investment to the volume of savings was the keynote of the cautious economic policy in Belgium in the years following the end of the war. In 1949, however, there were signs of under-investment. This led to a slight lowering of interest rates as evidenced by a steady decline in long-term government bond yields, which fell from 4·72 per cent in December 1948 to 4·53 per cent in September 1949. This was followed by a lowering of the discount rate of the National Bank of Belgium on 6th October, 1949 from 3·50 per cent to 3·25 per cent. To encourage Belgian exporters, at a time when they were facing a difficult situation, partly due to the lesser extent to which the Belgian franc was devalued as compared to other currencies, the Bank reduced its rate for acceptances on exports by a larger margin than for acceptances on imports. Signs of deflation were appearing in Finland as well, and following the recommendation of the State Committee which went into the question, the Bank of Finland lowered its rate of discount in July (*vide* Table on page 10).

But where savings were unequal to investment, the problem assumed a more acute form. In France, the problem was one of attracting the hoards into the market. Inflationary pressure though checked was never completely brought under control. The already high interest rates were raised higher still. The 5 per cent Reconstruction Loan, floated in January 1949 at par with its novel provisions guaranteeing a higher rate of interest should a subsequent loan be raised at a higher rate,

stood in September at about Fr. 80 against an issue price of Fr. 100. Other securities also moved downwards, and the long-term government bond yield firmed up to 5·00 per cent at the close of 1949 from 4·69 per cent at the close of the preceding year. In the face of the weakness in the market the Electricité de France resorted to novel ideas to induce investment in its bonds. Buyers of its 4 per cent bonds at Fr. 96 were assured of higher rates of interest as production was stepped up, as well as other concessions; inspite of this, it had to rely, as some other nationalised institutions in the country, on 'counterpart' funds for its financing.

It was in the United Kingdom, however, more than in France that interest rates reflected the strained pattern of savings and investment. In April the Bank of England, at the instance of the Chancellor of the Exchequer, requested the banks to curtail the grant of credits with a view to restrict new investment. The pruning of investment so as to limit it to those industries that would help most in overcoming the shortages of basic materials and increasing exports to the hard currency areas, and those that would raise productivity was also attempted through the medium of the Capital Issues Committee to which the necessary instructions were given. Apart from these financial and physical means adopted to bring about a balanced relation between savings and investment, interest rates were allowed to rise by the withdrawal of official support from May. The break in security values which began in the following month also reflected the market's reaction to the country's acute balance of payments position. There were apprehensions that a 4 per cent basis would be established and the action of the Agricultural Mortgage Corporation in raising the rate of interest by half of one per cent to 4 per cent on loans granted by it, aggravated those fears as it appeared to indicate official recognition of the hardening of interest rates. As a result, prices went on falling and the $2\frac{1}{2}$ per cent Consols which stood at £80 at the end of 1948 touched a low of £$65\frac{3}{4}$ on 9th November, 1949. The Treasury intervened two days later and this support, though leading to an immediate rebound of prices all round, did not appreciably affect the undertone which was still weak. The yield on $2\frac{1}{2}$ per cent Consols which had touched a high of 3·62 per cent in November 1949, as against 3·14 per cent in December 1948, declined to 3·51 per cent in December. Whereas in the United States, interest rate policy was such as to allow free play to natural forces which were tending to push up security prices, in the United Kingdom, Treasury intervention was to check the natural trend towards lower gilt-edged prices and had probably the additional effect of facilitating the Exchequer Bond Conversion which was successfully accomplished in the next month, when £ 723 million out of a total £ 787 million of the $1\frac{3}{4}$ per cent Exchequer Bonds were converted into the new $2\frac{1}{4}$ per cent Exchequer Stock.

Stagnation was not confined to the gilt-edged markets alone. It was evident also in the equity markets whose behaviour showed a remarkable similarity of trend in many countries (*vide* Statement 5 and Graph 3). They were depressed during the first half of the year and recovered gradually in the second half. While there were causes peculiar to the countries concerned, there were however a few factors of general significance. The tax structure and the paucity of savings in many countries as a result of a shift of incomes to classes not accustomed to saving were largely responsible for the diminished activity in capital markets. In the United States, though there was a high volume of savings, these causes led to a greater investment in Municipal and State Bonds rather than in equities. The reduction in the amount of risk capital coming forward together with a greater degree of self-

financing by industry led to significant changes in the new issue market. Municipal and State new issues had a very good year, the total amounting to $ 2,803 million; the industrial new issue market had its worst year since 1944, the total proceeds being estimated at only $ 5,410 million as against $ 7,113 million in 1948. In the United Kingdom too, new private capital issues amounted to £137·7 million showing a decline from the previous year's figure of £251 million. In Australia, however, in contrast, the capital market was active, the new capital for Australian industries subscribed in 1949 amounting to £A56·8 million—an increase of £A12·3 million over 1948. In Japan, 1949 saw a new peak of activity in the issue market since the end of World War II. The Nine-Point Programme outlined in the early part of the year resulted in the Reconstruction Finance Bank ceasing to finance industry which therefore had to turn to the market. As a result capital stocks issued in 1949 amounted to Y. 82,226 million, while corporate debenture issues amounted to Y. 16,550 million as against Y. 515 million in 1948.

The common trend behind the movements in the share markets in the various countries would appear to be traceable to the behaviour of the United States markets, where the index number for industrial share values, which stood at 108 in January, declined to a low of 99 by June but rose again to close for the year at 119 in December. The business recession in the early part of the year there, had a depressing effect on equity markets abroad, as it was interpreted as a signal for the end of the sellers' market. Internal factors, too, influenced the behaviour of the markets in each country. In the United Kingdom, for example, the dollar crisis had a bearish effect on markets. Even after devaluation, the feeling that post-devaluation measures were inadequate and the uncertainties regarding the economic situation kept prices low, with the exception of gold shares which not unnaturally shot up after devaluation. In the result, only a part of the earlier losses was made good; the index number which fell to 98 in October from 121 in January closed for the year at 102. In Japan the devaluation of the pound sterling and other currencies had a bearish effect. The gloomy outlook for the country's economy particularly on its export trade, was aggravated by an over-supply of shares resulting from the high volume of new issues and the continuing tight money conditions. The index number for industrial shares which rose to as high as 503 in May as against 306 in January declined to 316 by December. But generally, devaluation had a favourable effect on share prices in Australia, Canada and other countries. The index numbers of industrial shares in Australia and Canada rose, respectively, to 173 and 99 in December as against the pre-devaluation level of 157 and 89 in August. Even in the United States, the bearish effect of devaluation by countries having a dollar problem was soon mitigated by support at low levels, increased corporate earnings and improved industrial relations. The index number rose by December by 10 points from the August figure of 109.

Thus, the trends in the capital markets in 1949 present an interesting picture of the reactions of the various markets to the pressing problems, both internal and external, of the year. While in a few cases the movements in the rates of interest were the result of deliberate measures to fit them into the overall policy of disinflation, in others the monetary authorities tacitly allowed interest rates to exert their influence.

5. BUDGETARY POLICY AND PUBLIC DEBT

In many countries the objectives of economic policy continued to be pursued mainly through the budgetary mechanism and physical controls, particularly of investment and foreign trade. Since 1948, however, owing to the limitations of fiscal policy, monetary policy recovered some of its traditional significance. The emphasis, however, continued to be on fiscal measures. Owing to the phenomenal growth in the volume of the public debt, efforts to minimise its budgetary incidence appear to have over-ruled other considerations such as interest rate policy and debt management. Surpluses on the revenue side of the budget have been utilised either to achieve disinflation or to finance rehabilitation. Elsewhere, persistent efforts to balance the budget on the capital and revenue sides were noticeable.

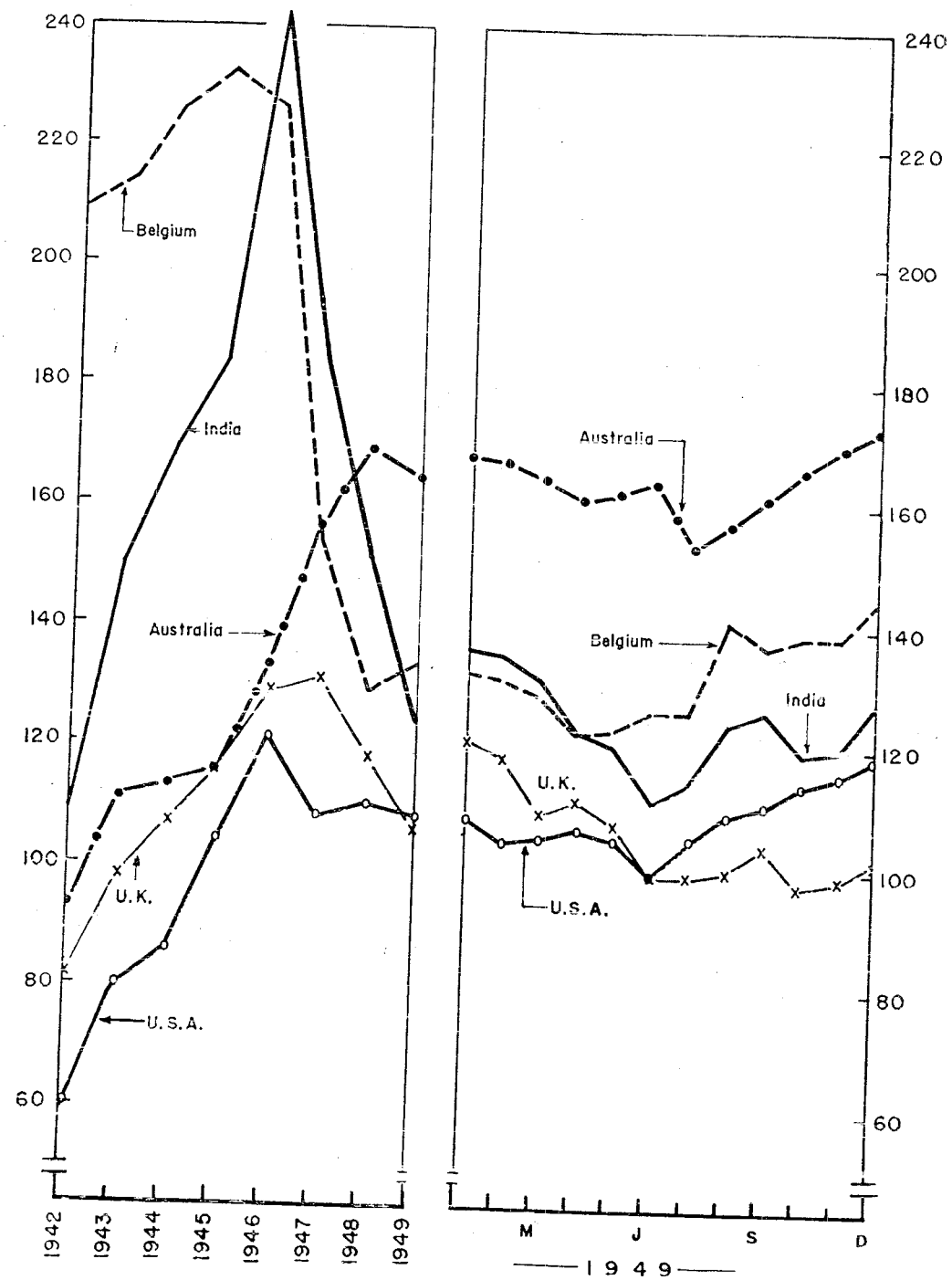
In the United Kingdom, the Scandinavian countries and Canada, the objective of budgetary policy was to attain an overall budgetary balance, including capital expenditure. In the United States, Australia, New Zealand and Ceylon overall deficits could not be avoided and were financed by the issue of loans so that their total outstanding debt increased*. In some countries, there was a net withdrawal from Treasury balances to cover the shortfall in total receipts on revenue and loan account, the large capital outlays on government account rendering this necessary. While the rate of capital formation has been maintained relatively high, there has been in many countries a decline in personal savings from the wartime levels. Therefore, it has become necessary to promote business reserves for private investment and to finance capital outlay on government account wholly or largely from revenue surpluses. This was particularly true of the United Kingdom where the budget has been effectively used as an instrument for the control of inflation.

Disinflationary budgeting is essential as a supplementary corrective to the problem of the external balance of payments. Devaluation and an export drive may not contribute adequately to balance the international accounts unless accompanied by austerity at home. In economies where total government expenditure forms a substantial proportion of the national income, the needs of the payments problem may not be fully met by a mere balancing of the budget. It may be necessary to budget for a surplus on the revenue side of the account, to mitigate in part at least the amounts that could have gone to swell private savings. Public savings would then replace private savings appropriated by the State in tax receipts. If the entire revenue receipts are expended by the State, these may result in consumption of potential national savings, which is the reverse of austerity.

But fair proportions, if not the bulk of government expenditures, are relatively inelastic. In most countries, where there were no deficits, budgetary balance was attained at continuing higher levels of expenditure, and there were significant increases in expenditures on social services, defence expenditure generally remaining at about the same level as in 1949-50. The stress was on the maintenance of social services. As no noticeable economies in overall expenditure took place, tax reliefs were small, any tax reductions made being mainly intended to benefit business in respect of replacement costs and the lower income groups.

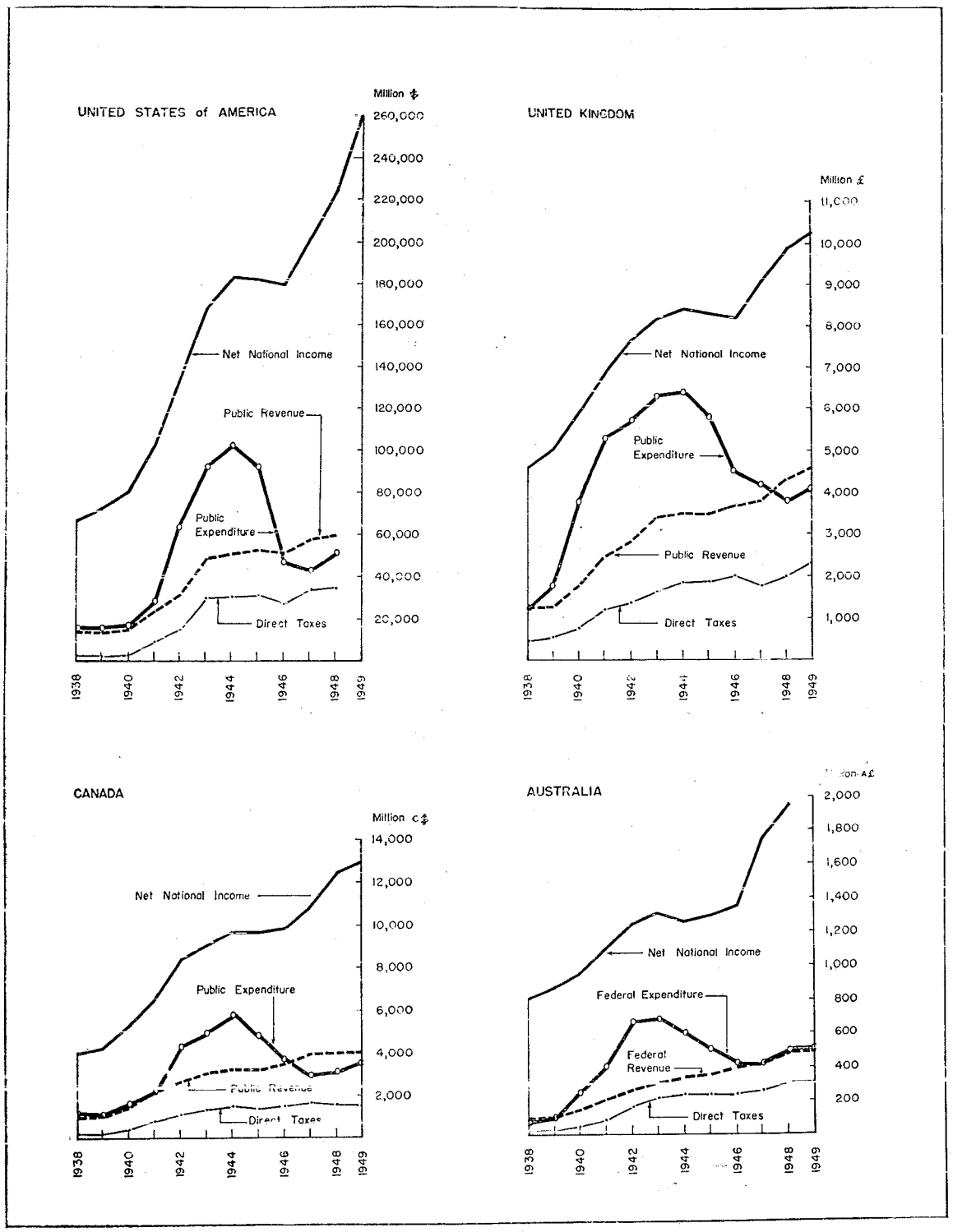
*In the case of the United Kingdom the rise in the figure of the public debt during 1949-50, notwithstanding an overall budget surplus of £62 million, was owing to the devaluation of sterling which necessitated revaluation of the dollar debt.

GRAPH 3


INDEX NUMBERS OF MARKET VALUE OF INDUSTRIAL SHARES
Base:—1937=100
240
220
200
180
160
140
120
100
80
60
Belgium
India
Australia
U.K.
U.S.A.
1942
1943
1944
1945
1946
1947
1948
1949
M
J
S
D
1949

GRAPH 4

Public Revenue, Public Expenditure and National Income
IN U.S.A., U.K., CANADA and AUSTRALIA



One of the objectives of the United Kingdom budget for 1949-50 was disinflation. In the middle of 1949 there was some tendency towards an increase of inflationary pressures which, it was feared, devaluation might tend to accentuate. The correctives applied after September 1949 helped to mitigate these pressures and an objective for 1950-51 is stated to be to hold inflation in check while maintaining full employment. At the existing levels of taxation, 'above-the-line' revenue for 1950-51 is placed at £3,898 million and expenditure at £3,455 million, leaving a surplus of £443 million as against a surplus of £549 million in 1949-50 (*vide* Statement 6 and Graph 4). Supply Services comprising defence, civil and tax collection charges are at £2,918 million or £81 million higher than in 1949-50, while Consolidated Fund Services such as interest on debt and sinking funds are at £537 million or £17 million higher than the amount actually spent in 1949-50. National Health Services accounted for an increase of £133 million while provision for defence was higher by £40 million. The ceiling for food subsidies was placed at £410 million.

The proposed tax changes in 1950-51 mainly are : (1) a reduction of one-sixth in the rates of income tax applicable to the initial ranges of taxable income, (2) a surtax payable with retrospective effect from 1949-50 on gifts made by companies to high executive officers under restrictive covenants, (3) a rise of 9d. to 1s. 6d. a gallon in the duty on petrol and other light oils and on heavy oil used for road vehicles and (4) a 33⅓ per cent purchase tax on commercial vehicles (except passenger and some other special types) and a reduction from 66⅔ to 33⅓ per cent in the tax on high-priced private cars. While tax increases are expected to yield £76½ million, tax concessions may cost £74¾ million, the resulting addition to the surplus being nominal. The effect of the changes is broadly that the relief to lower income groups is financed by vehicle owners.

'Below-the-line' payments (that is, payments for which the Treasury has power to borrow) are placed at £520 million and receipts at £70 million, the net debit to the above-the-line surplus being £450 million as compared with £487 million in 1949-50. While payments for war damages are reduced by £11 million, the biggest single item in below-the-line expenditure, loans to local authorities, is higher by £7 million at £279 million. In the past, local authorities had been partly financing outlays on housing from their own resources. These having been exhausted, increased provision was considered necessary for it, as the Government did not wish to impose any cut in housing. Taking the above-the-line estimates with those below-the-line, the 'overall' deficit for 1950-51 works out at a nominal sum of £7 million in a budgeted expenditure of £4,000 million as against a surplus of £62 million in 1949-50.

Total national debt as at the end of March 1950 was placed at £25,804 million or £636 million higher than at the close of March 1949, the rise being due to the revaluation of the dollar debt and the sterling holdings of the International Bank and the International Monetary Fund consequent upon devaluation. In 1948-49 national debt had been reduced by £453 million. The floating debt declined during the year by £182 million to £5,715 million, of which £4,843 million was in Treasury bills and £465 million in Treasury deposit receipts. The switch-back from TDRs to Treasury bills is reflected in an increase of £424 million in outstanding Treasury bills since the close of 1948-49, while Treasury deposit receipts declined by £670·5 million. Floating debt represented 22 per cent of total debt as at the close of 1949-50 and total outstanding debt was 252 per cent of the national income for 1949.

Norway has had an overall surplus since 1947. Estimates for 1950 place current revenue and expenditure at Kr. 2,975 million and Kr. 2,588 million, respectively. Taking into account net State investments of Kr. 332 million, the overall surplus works out at Kr. 55 million, as compared with Kr. 34 million in 1949. In Sweden, estimated revenue and expenditure on current account for 1950-51 are Kr. 5,139 million and Kr. 4,667 million. Net expenditure on capital account is placed at Kr. 561 million, leaving an overall deficit of Kr. 89 million as against an overall surplus in 1949-50 of Kr. 139 million.

In the United States the rising trend in the expenditure of the past three years declined in the budget year 1950-51, receipts and expenditure for the year being placed at $ 37·3 billion and $42·4 billion, respectively*. The deficit for the year, $ 5·1 billion, was $ 400 million lower than in 1949-50.

As in past years over two-thirds of the total expenditure, $ 30 billion, was accounted for by national defence, international affairs, veterans' services and benefits and interest on public debt, and was $ 2 billion less than the revised estimate for 1949-50. Defence expenditure, $ 13·3 billion, was higher by $ 400 million while payments under international programmes, $ 4·7 billion, lower by $ 1·3 billion. Outlays on social welfare, health and security, housing, education and general research, agriculture and natural resources were at $ 9 billion which was nearly $ 1 billion higher than in 1949-50. On the receipts side, the yield from taxes on individual incomes, $ 18·9 billion, was the largest single item and remained at about the same level as in 1949-50 ; receipts from direct taxes on corporations were lower by $ 0·5 billion at $ 10·5 billion, mainly as a result of a decline in profits from the peak of 1948.

The budget proposals for 1950-51 seek to reconcile two conflicting viewpoints : one urging that the budget should be balanced in times of comparative prosperity such as the present, and the other objecting to tax increases which might accentuate the fall in business investment. Consequently drastic retrenchments in expenditure or large tax increases have not been effected with a view to balancing the budget; it is proposed to be content with a moderate reduction in expenditure and some net increase in taxes leading to a reduction in the deficit. The recommendations for changes in tax laws mainly are : (1) a rise in the corporate income tax rate from 38 per cent to 42 per cent applicable to incomes in excess of $ 50,000, (2) integration of the separate estate and gift taxes into a single transfer tax, and (3) extension of the "carry-forward of loss" provision from two to five years with one-year "carry-back", providing a period of seven years for offsetting losses. The net additional revenue from the tax changes is expected to be over $ 1 billion.

Total public debt rose from $ 252·8 billion as on 30th June, 1949 to $257·1 billion at the close of December 1949. As at the latter date, interest-bearing debt amounted to $ 255 billion including marketable public issues of $155·1 billion. The post-war peak, attained in February 1946, in the amount of the public debt was $ 279·2 billion. The outstanding marketable public debt at the close of December 1949 represents a fall of $ 44·7 billion and non-marketable debt and special debt a rise of $ 21·8 billion as compared with the peak date. The outstanding Treasury bills amounted to $ 12·3 billion or an increase of $ 0·8 billion since the close

*The President's Budget Message to Congress.

of June 1949. As at the close of December 1949, Treasury bills and certificates of indebtedness comprised 27 per cent of total marketable public debt as against 22 per cent two years earlier. The estimated budget deficits for 1949-50 and 1950-51, together with certain minor adjustments, may increase the total debt to $ 263·8 billion by the close of the fiscal year 1950-51. This would represent about 114 per cent of national income.

In Canada the revised estimates for 1949-50 placed revenue and expenditure at $ 2,549 million and $ 2,438 million, respectively, leaving a surplus of $ 111 million. Notwithstanding successive reductions in rates, direct taxes accounted for about half the total revenue, and indirect taxes about 40 per cent. Interest on public debt, social security and national security represent principal items of expenditure. The expenditure on social security rose by $ 61 million in 1949-50 relatively to 1948-49, when it was $ 377 million, mainly as a result of larger family allowances and old age pensions. National defence and defence research, which was at $ 365 million in 1949-50, was higher by $ 110 million. Interest on public debt at $ 439 million was lower than in 1948-49 by $ 26 million.

During 1949-50, $ 430 million realised from sales of securities in the investment account, $ 55·9 million from the cash surplus and $ 100 million from the proceeds of the issue in New York were applied to a reduction of domestic funded debt. As there was an increase of $ 192·4 million in external funded debt comprising $ 139·8 million payable in New York and the rest, $ 52·6 million, payable in sterling, the net reduction in total funded debt was, however, only $ 393·4 million. The total public debt at the close of 1949-50 was $ 16,751 million of which funded debt was $ 15,192 million (as against $ 15,585 million at the close of 1948-49) and floating debt $ 494 million (as against $ 451 million at the close of 1948-49). The total debt was about 129 per cent of the national income.

For 1950-51 total revenue and expenditure are placed at $ 2,430 million and $ 2,410 million, respectively, with a budget surplus of $ 20 million. Only minor tax changes are proposed with no net effect on revenue. The proposed repayments of loans during the year amount to $ 745 million.

The Australian Commonwealth budget for 1948-49 was balanced at an expenditure level of £A 535 million*. For the year 1949-50 the estimated revenue is £A 539 million* on the basis of existing taxation. As a result of five major reductions in rates of direct taxation since the termination of the war and a large number of other concessions, the weight of taxation upon individual incomes is to-day considerably lighter. A majority of tax-payers pay less than half the amount payable at war-time rates on comparable incomes, while a very large number of people pay no income tax at all. The tax proposals for 1949-50 are mainly : (1) continuance for two more years of the provisions relating to additional depreciation allowances, (2) raising of maximum income tax concessional rebates from £A 100 to £A 150, (3) a reduction in the general rate of sales tax from 10 per cent to $8\frac{1}{3}$ per cent, and in the maximum rate of 25 per cent on some goods to the new general rate of $8\frac{1}{3}$ per cent subject to certain exemptions, (4) a reduction by approximately 20 per cent in the

*Inclusive of States' share of income tax amounting to £A 54 million in 1948-49 and £A 62·5 million in 1949-50. Revenue for 1949-50 also includes £A 6·7 million transferred from Trust Balances.

rates of entertainment tax, and (5) certain remissions in respect of customs, excise and primage. These tax reductions are estimated to cost £A 7 million, leaving total revenue at £A 532 million.

On the basis of existing commitments expenditure is estimated at £A 541 million. To this must be added a grant of £ A 10 million to the United Kingdom, additional payments of £A 9 million to States and a contribution to the war gratuity reserve of £A 6·7 million, which raise total expenditure to £A 567 million, leaving a gap of £A 35 million to be financed from the Loan Fund.

During 1948-49, loans raised through cash subscriptions for the State works programmes, Commonwealth advances to the States for housing, and redemption of unconverted securities amounted to £A 128 million. For 1949-50 the Loan Council has approved a borrowing programme of £A 79 million to cover loan expenditure by Governments, mainly on public works and housing, the share of the Commonwealth being £A 13 million to be used wholly for advances to States under the Commonwealth State Housing Agreement. As on 30th June, 1949, the total public debt of Australia stood at £A 2,828 million of which the Commonwealth's share was £A 1,817 million, the rest being accounted for by the States.

The revenue of the Union of South Africa for 1949-50 was £ SA 145·8 million and expenditure charged to revenue was £ SA 146·5 million, leaving a deficit of £ SA 0·7 million. While customs revenue was considerably lower owing to larger imports of capital equipment and raw materials, on which the yield was on an average less than 5 per cent, income tax revenue showed a substantial rise primarily owing to the effects of devaluation on income from gold mines. For 1950-51 the estimated revenue and expenditure are £ SA 148·7 million and £ SA 149·0 million, respectively, the deficit being £ SA 0·3 million. While income and mining taxation remain unchanged, it is proposed to increase the duty on petrol and some postal rates. However, the proceeds from the increase in petrol duty will be credited to the National Roads Board for the development of South African highways.

During 1948-49 the net external debt increased by £ SA 20 million to £ SA 28·5 million as a result of loans raised in the United Kingdom, the United States and Switzerland, while net internal debt rose by £ SA 53·3 million to £ SA 689·3 million. Thus total net debt was at £ SA 717·8 million at the end of 1948-49.

In the Dominion of Pakistan, the revised estimates for 1949-50 placed revenue and expenditure at Rs. 75·46 crores and Rs. 75·23 crores, respectively, as against the original estimates of Rs. 71·04 crores and Rs. 70·97 crores, respectively, so that the year is expected to close with a surplus of Rs. 23 lakhs in place of Rs. 6 lakhs. For 1950-51, at existing tax rates, revenue receipts are estimated at Rs. 75·28 crores and revenue expenditure at Rs. 77·18 crores, leaving a deficit of Rs. 1·90 crores on revenue account. Civil expenditure is estimated at Rs. 27·18 crores as against Rs. 24·33 crores in the revised estimates of the previous year or an increase of Rs. 2·85 crores, owing mainly to an expansion in the activities of the various spending departments of the Government. The expenditure on defence stands at Rs. 50 crores. On capital account, a further provision of Rs. 25 crores is made for equipment, etc. of the defence services.

The more important tax reliefs in 1950-51 are: (1) the repeal of the capital gains tax, (2) the abolition of the distinction between earned and unearned income for purposes of super tax, and (3) a reduction in the import duties on certain articles in short supply or which are essential for industries. New tax measures include (1) levy of estate duties, commencing with 6 per cent, on estates whose principal value is between Rs. 1 lakh and Rs. 2 lakhs, and reaching a maximum rate of 35 per cent on estates whose value exceeds Rs. 20 lakhs, (2) a rise in import duties on a few items, particularly luxuries, and (3) an increase in the duties on kerosene and motor spirit. The net additional revenue from these tax changes is estimated at Rs. 2 crores, so that the estimated deficit of Rs. 1·9 crores would be converted into a nominal surplus of Rs. 10 lakhs.

Capital outlay for 1950-51 includes Rs. 25 crores for defence, Rs. 7 crores for railways, Rs. 4 crores for industrial development and Rs. 3·29 crores for civil works, the net capital outlay being Rs. 36·52 crores. In 1949-50, subscriptions to government loans amounted to Rs. 10 crores. For 1950-51, new loans are placed at Rs. 10 crores. Excluding Pakistan's share of the debt of the Government of undivided India, the permanent debt of the Government of Pakistan floated after partition amounted to Rs. 86 crores at the end of 1949-50. The year 1950-51 is expected to close with a cash balance of Rs. 30 crores as compared with Rs. 56 crores at the beginning of the year.

For the year ended September 1949, Ceylon's budget is expected to show a surplus of Rs. 28 million, revenue and expenditure being Rs. 576 million and Rs. 548 million, respectively. The budget for 1949-50 is balanced at an expenditure level of Rs. 564 million. Tax changes in 1949-50 are : (1) a reduction in the rate of income tax from $1\frac{1}{2}$ per cent to 1 per cent in the case of low income groups, (2) relief in some import duties, (3) a rise in the betting tax from $3\frac{1}{2}$ per cent to 10 per cent, and (4) prescribed initial deductions in respect of the cost of new plant, machinery and buildings for a period of 5 years commencing from the assessment year 1949-50. To finance capital works, it is proposed to float new loans amounting to Rs. 400 million in 1949-50.

6. BANKING DEVELOPMENTS

Newly Established Central Banks.—In continuation of the post-war tendency, in 1949, new central banks were established or legislation for the purpose was introduced in four countries which did not possess a central banking institution. Their constitutions reflected the prevailing bias in favour of State control and State ownership.

The Monetary Law Act, which provides for the establishment of the Central Bank of Ceylon, was passed in December 1949. The Central Bank of Ceylon will be responsible for the administration and regulation of the monetary and banking system of the country. The Bank's capital of Rs. 15 million will be appropriated from the 'surplus assets' of the Board of Commissioners of Currency, Ceylon, which will be dissolved with the establishment of the Central Bank. The aim of policy of the Bank will be : "(a) the stabilisation of the domestic monetary values, (b) the preservation of the par value of the Ceylon rupee and the free use of the rupee for current international transactions, (c) the promotion and maintenance of a high level of production, employment and real income in Ceylon, and (d) the encourage-

ment and promotion of full development of the productive resources of Ceylon". The powers, functions and responsibilities of the Central Bank are vested in a Monetary Board consisting of the Governor, who shall be the Chairman of the Board and the chief executive of the Bank, the Permanent Secretary to the Ministry of Finance and a third member, who, like the Governor, will be appointed by the Governor-General on the recommendation of the Prime Minister. The Governor will be assisted by one or more Deputy Governors appointed by the Board with the concurrence of the Minister of Finance. The Act endows the Bank with customary central bank functions. To check undue expansion in money supply which may threaten internal economic stability or the currency standard, the Act bestows on the Bank emergency powers to suspend open market purchases of securities or the grant of credit to banks, and to raise the reserve requirements of commercial banks which, in normal circumstances, may, at the discretion of the Bank, range between 5 per cent and 20 per cent against time deposits and between 10 per cent and 40 per cent against demand deposits, to 100 per cent of the additions to the "deposit liabilities of any class" after a prescribed date in respect of any bank.

In Honduras, legislation was enacted early in 1950 for establishing a central bank, Banco Central de Honduras, with an initial capital of 500,000 lempiras (U. S. $ 250,000) provided entirely by the Government. The Bank will be entrusted with the monopoly of issue, and authorised to conduct open market operations, rediscount commercial paper maturing within one year and regulate bank credit by the control of interest rates, and adjustments in the reserve requirements and 'portfolio ceilings' of commercial banks. In addition, it will have a monopoly over trade in foreign exchange. Private individuals may maintain assets in foreign currency, but may not trade in them within Honduras.

The Costa Rican Congress passed a law in the beginning of 1950 for creating a central bank for Costa Rica. The bank will perform all the central banking functions previously performed by the Issue Department of the Banco Nacional de Costa Rica. The Foreign Trade Department of the Bank will administer the new Exchange Law passed subsequently. The Bank will allot foreign exchange primarily for official and important purposes, while for imports of lesser importance under the categories set up, the foreign exchange will have to be found in the free market into which will flow the earnings from all 'invisible' exports.

The Czechoslovak State Bank was brought into existence in April 1950 by legislation passed earlier in the year. The State Bank will take over the business of the National Bank of Czechoslovakia (which was nationalised in 1948), the Zivnostenska Bank, the Slovak Tatrabank and the Post Office Savings Bank, leaving in the field only the Investment Bank for the granting of long-term credit and the Peoples' Bank which will run deposit accounts in outlying districts. The State Bank will be the sole note issuing authority and the banking centre of the entire Republic, supervise the credit operations of the popular banking institutions and conduct Treasury services for the State. The establishment of this Bank appears to be aimed at a subordination of banking resources to the needs of economic planning.

Other Central Banking Developments.—By an Act of 8th July, 1949 the Norwegian Government decided to purchase the privately owned shares of the Norges Bank worth 29 million kroner. The amount is to be paid in cash or government bonds at the option of the shareholders. The administration of the Bank had already

been under the control of the Government, the Chairman, the Board of Directors and the Supervisory Council being appointed by the Government. The transfer of the Bank's stock to Government ownership may not in itself involve any material change in policy.

Legislation introduced in Argentina during the latter half of 1949 sought to bring the Central Bank under the jurisdiction of the Ministry of Finance and to increase the capital of the bank from 20 to 100 million pesos. The Bank will be governed henceforth by a directorate consisting of the Finance Minister as President, the Under Secretary of the Finance Ministry as Vice-President and nine directors representing banking and industrial interests. The Banco de la Nacion, the Banco de Credito Industrial, the Banco Hipeticario Nacional and the Post Office Savings Bank, which were previously under the Central Bank, will in future be under the direct control of the Finance Ministry.

In contrast with the general trend of the past decade for bringing central banks under complete governmental control, it was proposed in Australia and New Zealand in 1949 that their respective central banks should be comparatively more independent of the Government and therefore of the political policies of the day.

The new Government, which came into office in New Zealand in December 1949, proposed, among other things, 'to remove the Reserve Bank from Government control'. The regulation of bank credit by Treasury decree under Finance Acts is proposed to be abandoned and the central board of the Reserve Bank will be enabled to follow a monetary policy without having to consider its immediate political consequences.

It is proposed to entrust the management of the Commonwealth Bank of Australia, which under the existing law is entirely vested in the Governor, to a Commonwealth Bank Board consisting of the Governor, the Deputy Governor, the Secretary to the Department of the Treasury and seven other members at least five of whom will be non-officials. The Board will supplant the Advisory Council which at present is composed of Treasury and Bank officials. The overriding authority of the Government over the Bank in the last resort will, however, remain unimpaired ; in case of disagreement between the Board and the Treasurer, the Government will determine the policy to be followed by the Bank, and for which it will accept full responsibility.

Special Financial Institutions.—Specialised financial institutions to provide short-term or long-term credit or both were established in certain countries in 1949. Excepting Sweden, these countries were characterised by poorly developed capital markets, and the necessity for such institutions was keenly felt. Some of them, Skandinaviska Handels Banker of Sweden and Banco Nacional de Fomento of Honduras, are entirely State-owned, and others, the National Bank of Pakistan and the Netherlands Indonesia Company, are partly State-owned; the National Finance Corporation of South Africa is sponsored by the Government, but the capital is mainly taken up by private financial institutions.

The National Finance Corporation of South Africa was established in September 1949, with a capital of £SA 1 million mainly subscribed by commercial banks and other financial institutions and partly by the South African Reserve Bank. The Corporation's principal objectives are to mobilise savings for long-term capital projects and to impart fluidity to the capital market.

Following the deadlock in Indo-Pakistan trade subsequent to the devaluation of the Indian rupee in September, 1949, the Government of Pakistan issued an Ordinance on 8th November, setting up the National Bank of Pakistan. The general superintendence and direction of the Bank is entrusted to the Central Board of the Bank, composed of the Managing Director and three directors appointed by the Government and eight directors elected by the shareholders. The authorised capital of the Bank is Rs. 60 million ; at least one-fourth of the shares issued by the Bank are to be purchased by the Government of Pakistan and the rest may be subscribed by the public. The Bank will provide short-term credit for financing agricultural production and trade, particularly in jute. The Bank will act as the agent of the State Bank of Pakistan where the latter has no branches.

The Dutch Government sponsored the Netherlands Indonesia Company with a view to financing the economic recovery of Indonesia. Of a total capital of Fl. 300 million, one-sixth to be known as priority shares, has been subscribed equally by the Dutch and the Indonesian Governments. The Company will assist private enterprise by short-term loans and participation in the capital issued, and will help private enterprise to obtain loans.

The Banco Nacional de Fomento, the development bank of Honduras, was established along with the Central Bank of that country under legislation which became effective early in 1950. The Bank has an initial capital of 1·5 million lempiras (U. S. $ 750,000) contributed from a Fund accumulated by the Government. The Bank is empowered to make short, medium and long-term loans to agriculture and industry. It will also undertake development projects that cannot be suitably undertaken otherwise.

The Venezuela Development Bank was established in 1949 for developing the industrial and mineral resources of Venezuela. The capital of the Bank is 10 million bolivares (United States $ 3·01 million). The Bank will have access to rediscount facilities with the Central Bank of Venezuela.

In May 1949, the Swedish Parliament passed an Act for the establishment of a State Commercial Bank (Skandinaviska Handels Banker). The Bank was formed by an amalgamation of the State-owned Agricultural Bank with branch offices of the Riksbank and a number of branches of Goteborgs Handelsbank of which the State owns half the capital. The *raison d'être* of the Bank, as stated by the Special Committee appointed for the purpose, was a desire to ensure an efficient administration of State Loan Funds, mainly granted for housing and agricultural purposes, and to relieve the Riksbank, the central bank of the country, of commercial banking activities; it meant no reflection on the working of commercial banks.

7. INTERNATIONAL PAYMENTS PROBLEMS

The Problem of the Dollar Shortage and the September Devaluations.—The dollar deficit in the balance of payments, though its magnitude varied, continued to be a major problem facing most countries during the year under review. The low level of the gold and dollar reserves did not permit recourse to them to meet the deficits. The sterling area and the OEEC countries faced certain additional problems of their own, the former in regard to its payments position with the non-dollar areas and

the latter in working out the European Payments Scheme. Recovery in world production—more particularly production in ERP countries—and in world trade continued ; as in the last year this was accompanied by a decline in the share of the United States and Canada in world exports. Thus world exports by value in 1949 were almost the same as in 1948, while the share of the United States and Canada fell from 28 to 26 per cent. The volume of world exports, however, had increased by 8 per cent. Exchange restrictions on payments to the dollar area were not relaxed.

Though the year 1949 began with some hopeful signs, early in the second quarter of the year the inadequacy of the existing physical measures such as import control, export promotion, etc. to deal with the problem became more apparent, and with a projected decline in the amount of Marshall Aid, there was a feeling that a crisis was probably developing. The climax was the drastic devaluation of the pound sterling which was followed by devaluations of several other currencies. In the period after devaluation, part of the loss in the gold and dollar reserves was restored, though the whole of this improvement may not represent the effects of devaluation.

The main causes of the persistent imbalance in the transactions of the rest of the world with the United States since the end of the war may be briefly recapitulated :—

(i) Increased demand for goods for reconstruction, development and current consumption.

(ii) The attainment of a high degree of self-sufficiency, particularly in raw materials, by the United States and the consequent inability of the former raw material producing countries to earn dollar surpluses with which to pay for their deficits with other countries.

(iii) A fall in the output of commodities due to war damage and other factors in most parts of the world, and

(iv) A fall in 'invisible' earnings resulting from the liquidation of foreign investments during the war, loss of shipping, etc.

The deficit of the rest of the world with the United States in 1947 had reached a post-war peak of $ 11·3 billion. The deficit in the following year fell to $ 6·3 billion owing partly to the measures taken by the deficit countries and partly to the increased U. S. demand for foreign goods. In the last quarter of 1948, the gold and dollar assets of the rest of the world increased (by $ 192 million) for the first time in the post-war period due mainly to a relatively large disbursement under the European Recovery Programme during the closing weeks of the year.

In the first quarter of 1949, U. S. exports and imports of goods and services did not show any striking departure from the average levels in the preceding year ; but there was a rise of $ 28 million in the gold and dollar assets of the rest of the world which, probably, indicated that the factors responsible for the improvement that had set in in 1948 were continuing to operate. The second quarter of 1949, however, witnessed a drastic reversal, the reserves declining by $ 330 million or by $ 110 million in excess of the gains of the preceding two quarters. This happened in spite of the U. S. aid the level of which had remained unchanged during the interval. The depletion of the reserves resulted from an increase of $ 334 million in the current account deficit accounted for by a drop of $ 186 million in U. S. imports and a rise of $ 148 million in U.S. exports. There was also a diminution in the outflow of funds from the United States on private account.

The position of certain countries was even more serious than these overall figures suggest. The decline in the currency reserves was not evenly distributed, nor did it correspond exactly with the deficits with the United States. The overall deficits of the ERP countries with the United States increased by about $ 30 million over the previous quarter and this was more than covered by the increase in Marshall Aid dollars received during the quarter. Their dollar payments to other areas, however, increased by several times their own deficit with the United States and caused a loss of nearly $ 300 million from the reserves.

This state of affairs ensued from two factors. First, the deficits of the ERP countries with the dollar area other than the United States increased ; secondly, the deficits with the United States of other areas (other than ERP countries) which relied upon ERP countries for the financing of their trade, either because they had accumulated past credits with them or because of political dependence, increased considerably. In other words practically the whole of the rest of the world had increased deficits with the United States which exceeded the special governmental and private finance ; the Eastern Hemisphere had increased its deficit with the Western Hemisphere by more than the increase in its deficit with the United States; and finally one part of the Eastern Hemisphere had the burden of finding dollars for the increased deficits of the other part with the Western Hemisphere in addition to providing finance for itself. The loss of dollars from the reserves continued in the third quarter notwithstanding the fact that the imports of goods and services from the United States were drastically reduced by nearly $750 million or by one-sixth of those of the previous quarter.

The return to a buyers' market in most commodities in the United States brought about in its turn a fall in domestic prices, an increase in business failures, a cautious attitude as regards the size of inventories, a fall in industrial production which was particularly marked in the case of durable goods, and a weakening of the willingness to import or to pay the same prices for imports as before. Some of these tendencies are reflected in the following index numbers :—

(Base : 1937=100)

				1948			1949					
	1946	1947	1948	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U. S. Wholesale Prices ..	140	176	191	192	190	188	186	183	184	182	180	179
U. S. Industrial Production ..	150	165	170	173	173	170	169	167	163	158	154	150
U. S. Index Number of Volume of Imports ..	100	95	108	108	101	127	105	101	115	100	102	102
U. S. Index Number of Import Prices ..	161	196	220	222	222	222	222	220	218	210	210	207

A repercussion on the rest of the world of these developments in the U. S. economy was that U. S. goods offered greater competition to European goods in the markets of the world resulting in (a) an increase in the dollar deficit of these other regions and (b) an increase in the deficit of European countries with some of these regions.

Normally such a development should have resulted in competitive cuts in the prices of European goods in world markets. That it did not is partly due to the fact that there was a fairly wide area in the world where the sellers' market still persisted (as a result mainly of the prevalence of inflationary conditions) and the incentives to industry to cut prices were not strong enough.

The set-back in the American economy, though temporary, seriously affected the sterling area reserves. The sterling area was vulnerable to the vicissitudes in the American economy as dollar exports played an important part in the economies of the sterling area countries. In the second quarter of 1949 there was a decline of $93 million, as compared to the first quarter, in the receipts of the sterling area from exports to America and an increase of $85 million in payments on account of imports ; the United Kingdom and the rest of the sterling area shared equally the reduction in the receipts and the increase in payments. Reduced sterling area exports to the dollar area were mainly owing to the recession in the United States economy, while the larger dollar imports into the area ensued from several factors. In some of the sterling area countries, import controls had been relaxed and the more essential dollar consumer goods were flowing in larger quantities. Capital goods which had been indented for towards the end of the war came to be delivered in larger volume. The pressure on the sterling area reserves also stemmed from the wide use of sterling in the financing of international trade ; a period of uncertainty about its future exchange value was apt to be attended by efforts to convert it into gold or dollars. The prospects of sterling being devalued had led to a retardation of exports, which contributed to the payments difficulty. The availability of surplus sterling in the continental countries led to a loss of dollars to the sterling area through commodity arbitrage transactions in sterling area goods. These countries, being in need of dollar goods, but with no dollars to pay for them, set about obtaining the goods indirectly. They purchased sterling area products (diamonds, rubber, wool, black pepper, etc.) against their accumulated sterling balances, sometimes offering more attractive prices than the importers in the dollar area, sold them in dollar markets and acquired dollar goods from the proceeds. The loss, if any, incurred by the individual operators on the sale of sterling area goods was offset by the profits on the sale of dollar goods. Efforts to check such transactions through the exercise of destinational export controls were not fully effective in all cases, while large margins existed between the official and the free market cross rates and the marginal utility of dollar goods relatively to the marginal utility of sterling area goods was high.

The gold and dollar reserves of the sterling area declined by $ 261 million from $ 1,912 million at the end of March 1949 to $ 1,651 million at the end of the following quarter. This was the lowest level reached since 1945, the previous low being $ 1,777 million which was touched at the end of September 1948. The decline in the reserves in the second quarter of 1949 would appear to be due wholly to speculative transfers, as the direct dollar deficit of $ 302 million was more than covered by ERP grants and loans during the quarter. At the rate the reserves were being drawn upon, they may have been exhausted within twelve months. To devise ways of meeting the situation, a conference of the Commonwealth Finance Ministers was held in London on 12th July, 1949. The conference formulated a concerted plan of action to reduce the strain on the reserves, its chief feature being a voluntary undertaking by each country to limit its dollar expenditure in 1949-50 to 75 per cent of that in 1948. It was agreed to set up a consultative machinery by which Commonwealth Governments may be informed of each other's requirements, so that these may be

met, as far as possible, from the sterling area thereby minimising the strain on the dollar resources. The meeting also considered the question of taking long-term measures including the methods of increasing exports to the dollar area and reducing the cost of production.

In the third quarter the dollar payments position of the non-dollar area as a whole was probably less serious than that of the sterling area ; it showed an improvement over the second quarter. United States exports in the third quarter declined by $750 million to $ 3.7 billion, while United States imports remained at about the same level. This reduced the dollar gap to about $ 1·3 billion or to an annual rate of $ 5·2 billion. Though the estimated finance available to cover the gap was much larger, the gold and dollar assets of the rest of the world declined by $ 93 million. The decline in the United Kingdom reserves during the period was $ 226 million. As between 1st July and 18th September, the loss in the United Kingdom reserves amounted to over $300 million. In the balance of payments statistics of the United States the difference is covered under the head "Errors and Omissions" which amounted to $550 million for this period. So large an amount of "Errors and Omissions" was probably owing to American exporters insisting on speedy payment for exports, while American importers were less eager to expedite their payments to the rest of the world, the attitude of both being influenced by the possibility of devaluation. To the extent of the working of this factor, there was, in effect, an export of short-term capital from the rest of the world to the United States.

In the second week of September, representatives of the Governments of the United States, the United Kingdom and Canada met in Washington to 'examine the trade and financial relationships between the sterling area and the dollar area.' The meeting considered several short and long-term measures, which included an increase in stockpiling programmes, extension of the field in which ECA dollars may be used, simplification of customs procedures and reduction of tariffs, promotion of United States private investment in overseas countries, etc. It was agreed that the emergency measures taken by the sterling area did not provide an enduring solution to the problem of the dollar deficit, and that more fundamental correctives had to be attempted by the three countries operating individually as well as jointly. In planning the correctives the necessity of providing appropriate incentives to exporters in the sterling area and lowering the costs of production in the sterling area to bring these into line with the efficiency and costs in the United States was emphasised.

Soon after the return of the U. K. representatives to London on 18th September, sterling was devalued to 2·48828 grams of fine gold or to $2·80 to £ 1. The former parity was 3·58134 grams of fine gold or $4·03 to £1. The new value of the pound sterling meant a devaluation of 30·5 per cent, which was appreciably more than had been anticipated. The new rate was fractionally lower than the prevailing free market quotations. In the choice of the rate the U. K. authorities were probably guided, primarily, by the necessity of convincing the world that there would be no further devaluation.

Other sterling area countries, except Pakistan, followed sterling in the next few days and devalued their currencies by an equal measure. Canada and Belgium, too, decided to devalue, the former by 9·1 per cent and the latter by 12·3 per cent,

while France and Italy announced measures to unify their exchange rate structures*. The International Monetary Fund concurred in these measures. It had concluded in its Annual Report published a few days earlier, that 'the deficit countries in their own interest cannot afford to forego any suitable instrument, including any necessary exchange adjustment, that could expand their dollar exports and thus provide their people with imports.' Devaluation was immediately followed by an addition to the gold and dollar reserves of the sterling area which rose by nearly $ 80 million in twelve days; during the first quarter following devaluation, there was a further increase of $ 263 million, which restored the position to that at the beginning of the quarter preceding devaluation.

The dollar gap of the world for the last quarter of the year fell to $1·2 billion and the gold and dollar reserves of the non-dollar area rose by $ 442 million. For the year as a whole, the gap was of the order of $6·1 billion as compared to $ 6·3 billion in the earlier year. Nearly $ 5·7 billion of the gap was covered by U. S. Government grants and loans, the share of the ERP countries being $ 3·7 billion. The net flow of private funds from the dollar area accounted for about $1 billion which was divided equally between remittances and loans as against $ 0·6 billion and $1 billion respectively in 1948. The gold and dollar assets of the non-dollar area rose during 1949 by $ 47 million as against a diminution of $ 857 million in the earlier year. The following Table shows the payments position of the United States for 1948 and 1949 and indicates the manner in which the world's dollar deficit was financed.

(In millions of U.S. dollars)

Year	1948	1949
Exports of goods and services	16,791	15,914
Means of financing		
U. S. imports of goods and services	10,481	9,831
U. S. surplus on goods and services	+6,310	+6,083
Liquidation of gold and dollar assets	857	—47
Dollar disbursements (net) by :		
IMF	196	101
IBRD	176	38
U. S. Government aid :		
Grants (net)	3,761	5,085
Long and Short-term loans (net)	897	656
U. S. Private Sources :		
Remittances (net)	648	538
Long and short-term capital (net)	1,017	455
Errors and Omissions	—1,242	— 743

*A brief account of these developments and the revised parities will be found in paragraph 10.

The Payments Problems of the Sterling Area.—The net gold and dollar deficit of the sterling area and the movement in the central reserves of the area in each quarter of 1949 were as in the Table below :—

(In millions U.S. dollars)

Quarter	Net Deficit	Change in Reserves
I	330	+ 56
II	632	− 261
III	539	− 226
IV	31	+ 263
1949	1,532	− 168

The absence of any correspondence in the movements of the reserves and the deficits is explained by the fact that the reserves are drawn upon only when other means of financing, use of IMF resources, and ERP receipts, have proved to be insufficient. It is only the residual gold and dollar deficit (or surplus) which impinges on the central reserves.

The sterling area's trade with the two non-dollar hard currency countries, Belgium and Switzerland, and payments for oil imports from Persia, resulted in a loss to it of $ 270 million of gold and dollar reserves during the year or about 17 per cent of the gold and dollar deficits of the area with the dollar countries. For the larger part of 1949, the sterling area's trade with the hard currency countries was running at a deficit, and Belgium and Switzerland alone were taking away gold at a rate of between $ 50 million and $ 60 million a quarter in terms of the sterling area's (bilateral) payments agreements with them under which all deficits in excess of stated maxima have to be financed in gold. In the first two quarters of the year, large imports had taken place of iron and steel manufactures from Belgium and of drugs and precision machinery from Switzerland. It was difficult to curtail the import of these essential commodities or of oil from Persia. Moreover, as a member of the OEEC, the United Kingdom was being subjected to pressure to liberalise imports and tourist allowances in Belgium and Switzerland. As the negotiations between Belgium and Switzerland and the United Kingdom often indicated, it was by no means easy to reconcile the conflicting interests. The situation was considerably relieved, however, by devaluation. The drain of gold ceased in the fourth quarter. From October onwards, sterling area goods, which had been kept out of Belgium and Switzerland by unattractive prices, began to flow into these markets.

Statistics are not available of the sterling area's payments position with soft currency Europe. The bulk of the sterling area's trade with this part of Europe is, however, accounted for by the United Kingdom, and in 1949 the United Kingdom had with the OEEC group of countries a deficit of $ 20 million as against a surplus of £ 100 million in 1948. This change largely resulted from increased imports in the second half of 1949, particularly of food from Denmark.

During 1949, the sterling balances of the non-sterling area countries rose by £ 37 million,* which in part reflects the trend in the payments position of the sterling area. The countries whose sterling balances declined during the year include Holland, Italy and Sweden.

During 1949, the sterling balances of sterling area countries, the movements in which provide the main indication of the intra-sterling area balance of payments, declined by £ 25 million, a fall of £ 98 million in the first half being partly offset by rise of £73 million in the second. Both in 1948 and 1949, the United Kingdom had a favourable balance with the rest of the sterling area. Owing to a considerable outflow of British capital, particularly to Australia and South Africa, this was not accompanied, however, by a corresponding decline in sterling liabilities. The movement of capital involved a transfer from blocked to unrestricted accounts. In the case of the principal holders of sterling, the agreed releases from blocked accounts were lower for 1949-50 than for 1948-49.

Intra-European Payments.—Many weaknesses had appeared in the operation of the Intra-European Payments Scheme in the first year of the Marshall Plan. The basic method of granting aid on estimated balance of payments deficits was found to be unsatisfactory. It offered no incentive to improve the payments position and the estimates often proved to be inaccurate with the result that countries granting drawing rights, which were not fully utilised, lost an amount of dollars corresponding to the undrawn part of the drawing rights. The rigid bilateralism of the drawing rights encouraged purchases from countries where the buyers had unutilised drawing rights instead of in the cheapest market, which set in a distortion in trade patterns. The payments scheme gave rise to a special problem in the case of Belgium which had pursued a relatively conservative monetary policy among the ERP countries. It was estimated that in the second year Belgium's surplus with the ERP group would be about $400 million as against a deficit of about $200 million with the United States. This meant that other ERP countries would not receive drawing rights from Belgium to cover their deficits with it which had to be settled in gold and dollars.†

When the time came for drawing up the second year's scheme, there was a sharp division of opinion. At one extreme, Belgium advocated that the drawing rights should be transferable from one ERP country to any other and that they should be convertible into dollars, which meant that a dollar pool to the value of the total drawing rights should be established and conditional aid distributed from it to the countries in which the drawing rights were used. The United Kingdom, on the other hand, was unwilling to allow the conversion of drawing rights into dollars, and was prepared to make only a part of the drawing rights transferable within the ERP group. The British view having generally prevailed, the second year's scheme followed the pattern of the original scheme, with a modification that 25 per cent of the drawing rights would be transferable within Europe. To meet the special case of the Belgian surplus, Belgium was to extend credits upto a total of $ 87·5 million in favour of United Kingdom, France and Holland. It was also agreed that not more than

*This figure must be treated with caution. Part of this rise is accounted for by the writing up of the sterling assets covered by gold or exchange guarantees. Again the total figure conceals the large transfers of sterling balances by European holders to Argentina and other non-dollar countries in the Western Hemisphere.

†During 1948-49 (ERP year ending June) the United Kingdom had in fact exported considerable amounts of gold to Belgium.

$ 40 million would be spent in Belgium through the transferability of the drawing rights of third countries. In return for these concessions, Belgium received a supplementary loan from ECA of $ 112.5 million.

Since the 1949-50 Intra-European Payments Scheme represented only a small advance in multilateralism over the 1948-49 model, the same difficulties of the non-utilisation of drawing rights, etc. arose. Dissatisfaction with the cumbrousness and rigidity of the scheme led to the formulation, in January 1950, by a committee of ECA experts, of a plan for a European Currency or Payments Union which would provide for full transferability of European currencies earned on current transactions, discourage countries from increasing their deficits and combine the functions of a clearing union and a monetary fund. The constitution of the European Payments Union was drawn up in August and was signed by the eighteen members early in September 1950. The Union will have retrospective effect from July 1950, when the second Intra-European Payments Scheme terminated. The Union provides for periodical compensations at which the net position of each member *vis-a-vis* the rest is calculated. Upto certain limits, determined by their quotas, members will receive or give credit to cover their net deficits or surpluses; each member need, therefore, only take into account its overall balance of payments with the group as a whole, and not as formerly, with each member. The EPU agreement also provides for some degree of liberalisation of trade and for a removal of discrimination as between members with regard to imports.

The year under review saw attempts at the formation of groups of countries within which there would be transferability of currencies, freedom of trade, etc. The earliest of these unions was that formed by Belgium, the Netherlands and Luxembourg, popularly known as Benelux. In March 1949, it was agreed to inaugurate the union in July 1950, and that a state of "pre-union" would be established in July 1949, during which the conditions necessary for a complete economic union would be studied. During the pre-union period, the Benelux countries acted in co-operation in a number of matters including agricultural policy, waterways, uniformity of excise, etc., but fundamental differences arose between Belgium and Luxembourg on the one hand and the Netherlands on the other in certain other respects which prevented a close union. Belgium was a free enterprise economy with comparatively low costs and prices, while the Netherlands was a controlled economy and had a large payments deficit with Belgium. While this deficit continued, payments and trade between the two countries could not be wholly liberalised. After the devaluation of the guilder in terms of the Belgian franc in September 1949, the Netherland's balance of payments with Belgium improved considerably, and towards the end of 1949 almost all goods in the Netherlands were taken off the ration. There exist, however, many points of dispute between the two countries which may militate against complete economic union.

Towards the end of 1949, it was proposed to set up a union, known as "Fritalux," comprising France, Italy and the Benelux countries. Schemes were put forward for a currency and clearing union. It was proposed that the exchange rates of the five currencies should be allowed to fluctuate within limits with free mutual transferability. Little progress, however, has been achieved beyond some relaxation in trade restrictions among the Fritalux countries.

The latest of the regional groups, the "Uniscan," comprising the United Kingdom and the three Scandinavian countries, was formed in January 1950; it has

achieved a liberalisation of payments and of capital movements (with some exceptions in the case of Norway) and a relaxation of a large proportion of trade restrictions among these countries.

The original enthusiasm of the ECA authorities for these regional groups appears to have waned probably because they proved to be much less radical than had been expected ; the urge for their formation has probably abated with the emergence of the EPU and the improvement in 1949 in the intra-European balance of payments. France, which previously had a deficit with almost every European country, did not use any of its drawing rights against the United Kingdom or Belgium after June 1949. Italy's position has improved and Belgium's surplus with the European countries has been considerably reduced. At the end of 1948 the United Kingdom had a net surplus on current account with the Continent, while at the end of 1949 it had a moderate deficit. This levelling-off of the intra-European trade balances is due partly to devaluation and partly to a reduction in inflationary pressures and in the conditions of scarcity in many parts of Europe. Though it is difficult to say whether the free transferability of European currencies and the complete liberalisation of trade restrictions in Europe can be achieved by the end of 1950, as ECA hope to do, it is noteworthy that progress towards both goals is being made.

8. MONETARY RESERVES AND INTERNATIONAL MONETARY FUND RESOURCES

During the year ended 31st March, 1950, the Fund completed sales of foreign exchange of the equivalent of $ 69.8 million as against $ 107.4 million in the previous year ; $37.5 million was sold to Brazil, $ 20 million to Australia, $3 million to Egypt, $ 9 million to Yugoslavia and $ 0.3 million to Ethiopia. As a result of the Fund's policy that a member participating in the European Recovery Programme should not ordinarily request the purchase of U.S. dollars from the Fund, no member country from Western Europe had recourse to the Fund's resources. Between 1st March, 1947, when the Fund commenced operations, and 31st March, 1950, the Fund effected exchange transactions aggregating the equivalent of $ 783.39 million.

The payment of Thailand's subscription, adjustments in the subscriptions already paid, repurchase of currencies against gold by borrowers of Fund resources, and the payment of service and other charges in gold, raised the Fund's holdings of gold during the year ended 31st March, 1950 from $ 1,435.9 million to $ 1,459.5 million. On 31st March, 1950 its holdings of currencies including non-negotiable, non-interest-bearing notes, and adjustment payments on account of currency devaluations amounted to the equivalent of $ 5,565.3 million, of which $ 1,299.8 million was in U.S. dollars.

In terms of the repurchase provisions of Article V, Section 7 and Schedule B, of the Fund Agreement, the object of which is to protect the liquidity of the Fund by restoring or establishing a desirable level of holdings of currencies and to prevent the use of Fund's resources, directly or indirectly, for building up independent monetary reserves, three member countries, Costa Rica, Belgium and Nicaragua, repurchased their currencies from the Fund against gold or dollars valued at $ 24.2 million.

Gold and Dollar Holdings. —The hard currency deficit of the sterling area and of the OEEC countries has been discussed in paragraph 7. The Table below shows the estimated changes between end-1948 and end-1949 in the gold reserves and short-term dollar balances of the soft, and hard and medium currency areas.

ESTIMATED CHANGES IN GOLD RESERVES AND SHORT-TERM DOLLAR BALANCES

(In millions of U. S. dollars)

	Holdings at end-1948		Increase (+) or Decrease (−) Jan.-March		April-Sept.		Oct.-Dec.		Holdings at end-1949	
	G.R.	D.B.	G.R.	D.B.	G.R.	D.B	G.R.	D.B.	G.R.	D.B.
Soft Currency Areas										
1. Sterling Area	2,167	726	45	−33	−435	−23	109	137	1,886	807
2. ERP Countries (Excluding U.K., Western Germany, Switzerland, Belgium-Luxembourg and Belgian Congo)	1,628	986	−39	91	110	−116	36	77	1,735	1,038
3. Asia (Excluding Japan) ..	514	913	2	−110	−21	−95	74	−150	569	558
	4,309	2,625	8	−52	−346	−234	219	64	4,190	2,403
Hard and Medium Currency Areas										
1. Canada	408	775	7	96	45	−44	36	40	496	867
2. Western Germany.. ..	..	179	..	9	..	−40	..	1	..	149
3. Switzerland	1,387	499	21	6	77	4	19	−5	1,504	504
4. Belgium-Luxembourg ..	647	174	18	19	75	−27	−17	−6	723	160
5. Japan	206	81	..	47	..	33	−44	54	162	215
6. Latin America	1,488	1,256	−7	−16	99	45	72	117	1,652	1,402
	4,136	2,964	39	161	296	−29	66	201	4,537	3,297

G.R.=Gold Reserves; D.B.=Dollar Balances

Note. —Dollar balances are inclusive of official and private balances. The changes shown above reflect predominantly movements in official balances ; private balances showed only slight though opposite variations. 'Sterling Area' excludes Eire and Iceland, which are included under ERP countries. The Table excludes gold and dollar holdings of all European countries, other than ERP and those included in the sterling area, and international institutions.

Source : Adapted from the Table on page 273 of the Federal Reserve Bulletin, March 1950.

In 1949 the countries listed in the Table gained $ 282 million and $ 111 million, respectively, in their gold reserves and dollar balances. The net accumulation of gold was primarily a result of a sharp contraction in the net flow of gold to the United States, which fell below the level of new production abroad. The net United States purchases of gold from other countries during the year was $ 230 million as against $1.5 billion and $ 2.8 billion, respectively, in 1948 and 1947.

While the overall gain in the gold and dollar balances amounted to $ 393 million, the soft currency areas lost $ 119 million in gold and $ 222 million in dollar balances, and the loss of gold by the sterling area amounted to $ 435 million in the half

year, April to September 1949. The loss of short-term dollar balances was predominantly a loss sustained by Asia (excluding Japan and the sterling area countries). In Asia, the Philippine Republic suffered a steady drain of dollar resources and China liquidated a substantial proportion of both its gold and dollar holdings.

The hard currency area (excluding the United States) registered net gains of $ 401 million and $ 333 million, respectively, in their gold and short-term dollar balances during 1949. Canada, Switzerland and Latin America were the principal sharers of the increase in gold holdings, while Japan and Latin America were the main beneficiaries of the increase in dollar balances. In Latin America the dollar position improved as a result of tighter import restrictions and, in some cases, of exchange adjustments.

A tendency towards an increase in the gold and dollar holdings noticed in 1948 continued in the early part of 1949. This was followed by a set-back in spring when, in addition to the sterling area, which had already lost $ 33 million in short-term dollar balances in January-March 1949, other OEEC countries (excluding those grouped under hard currency area) lost $ 116 million in dollar balances. The recession in the United States in 1949 affected its imports, especially of raw materials, from South-East Asia, while its exports to Europe remained virtually unaffected. The heavy depletion of reserves—especially of the sterling area—precipitated the round of devaluations in September. Thereafter the decline was arrested ; both sterling area and ERP countries gained substantially in their gold and dollar holdings in the fourth quarter of 1949. Asian countries, especially the Philippine Republic, however, continued to lose dollar balances heavily.

9. GOLD POLICY

To permit its gold producers to obtain part of the benefit of premium prices which prevailed in free markets for gold, South Africa decided early in 1949 to allow an export of 100,000 ozs. of gold at a price of $ 38.20 per oz. This met with disapproval from the International Monetary Fund as it conflicted with its policy regarding external transactions in gold at premium prices. The Fund's policy, declared as early as June 1947, aimed at discouraging such transactions as they threatened to disturb the exchange relationships amongst its members and encouraged the evasion of measures designed to conserve monetary reserves. The Fund did not wish to interfere with transactions in gold for *bona fide* industrial, professional and artistic purposes. But, as gold allegedly meant for such purposes may be easily diverted to hoarding, the Fund asked its members to exercise control over the marketing of such gold in order to prevent its becoming a medium of hoarding, particularly in countries which restricted gold imports or were anxious to prevent a leakage of foreign exchange. While the members of the Fund generally adopted suitable measures in regard to external transactions in gold, it was apprehended that the sale of gold by South Africa would not help to further the Fund's objective. After a series of discussions between the Fund and South Africa, South Africa agreed to the adoption of certain steps to ensure that the gold was not diverted to uses for which it was not intended and that the importer had obtained prior permission of the authorities in his country before importing the gold. Belgium consulted the Fund with respect to a plan for the sale in Belgium of gold produced in the mines of Belgian Congo at premium

prices in terms of Belgian francs. In this case, too, the proposals were modified after discussion with the Fund so as to prevent the sales of gold externally at premium prices.

An attempt was made by the gold producing interests to win support for an increase in the international official price of gold. It was argued that, while the prices of commodities other than gold had materially risen since before the war, the dollar price of gold had remained unchanged which meant a hardship to gold producers. An increase in the international price of gold might indirectly strengthen the payments position of the world through an increase in the purchasing power of the existing reserves and might encourage a dishoarding of privately held gold. The devaluation of the currencies of the gold producing countries eliminated, in part, the disparity between the price of gold and commodity prices, as it meant a rise in the price of gold in terms of the domestic currencies of the devaluing countries. Neither the Fund nor the U. S. Government was agreeable to a rise in the dollar price of gold. Such a step was likely to stimulate the production of gold involving an application of increased resources to the industry and the U. S. authorities saw no particular advantage in inducing this in a background of scarcity of essential commodities. To the U. S. national economy it offered no advantage as it would merely mean the same volume of gold financing a larger share of the U. S. export surplus. The problem of the U. S. export surplus had other possible solutions and the United States Government had launched a huge foreign aid programme which was calculated not only to help remedy the immediate payments problems of the countries concerned but also to develop their economies as a long-term solution to their difficulties. This offered a more rational basis for the distribution of aid than a rise in the price of gold, the benefits of which would accrue primarily to the gold producing countries. The Fund generally agreed with this view observing that 'a rise in the dollar price of gold could have no positive effect in correcting the maldistribution of gold, unless and until the present payments difficulties have been met'.

South Africa desired, however, to put to the test of international opinion its point of view regarding the "injustice" of denying to the producers of gold, part at least, of the premium which ruled in external transactions. At the Fourth Annual Meeting of the Board of Governors of the International Monetary Fund held at Washington in September 1949, the South African representative introduced a resolution to allow sales of newly mined gold at premium prices in external markets with a provision that at least fifty per cent of it should be sold to one or more members of the Fund at prices determined by the Fund.

The Executive Board of the Fund, to which the resolution was referred for study, believed that the proposal might result in an increase in the flow of gold to the premium markets the capacity of which to absorb gold was substantial. This, by reacting adversely on the current exchange receipts or the reserves of the gold absorbing countries, may add to their payments difficulties. It was felt that after the devaluations of September the position of gold producers had materially improved and that there was no economic justification for effecting a uniform change in the par values of currencies on top of the devaluations, which a change in the international price of gold would amount to.

Canada amended its emergency Gold Mining Assistance Act to assist the mines which suffered from a decline in output through no fault of their own. In Australia the gold mines received subsidies to enable a dividend of 6 per cent in place of the preceding year's dividend of 4 per cent. After devaluation, the subsidies were withdrawn in Southern Rhodesia and Canada.

Early in 1949 the Hongkong Government took steps to suppress the open market in gold in the colony. Although physical movements of gold into and out of the colony had been restricted earlier, the market had continued to finance its movements in nearby centres, notably Macao. About the same time the Middle East markets developed considerably as a result of a liberalisation of the regulations concerning the transit of gold through Syria and Lebanon. This market dealt chiefly in sovereigns. As the year progressed, there was an increase in gold hoarding activity and the premium on gold prices both in the Far Eastern and the Middle Eastern markets shot up. From July onwards, however, a downward trend set in in Hongkong on account of heavy selling by the Chinese Nationalist Government for financing the war effort. After the devaluations, prices tended to move up temporarily; with the disappearance of the Chinese demand for gold, the downward trend reappeared. The Syrian and Lebanese Governments were important purchasers of gold at premium prices in the latter part of the year to strengthen their monetary reserves.

Gold Production.—Statement 7 gives the figures of the estimated production of gold in the major gold producing countries for the years 1939 to 1949. The recovery in gold production of the principal producing countries noticed since 1946 continued during 1949, the total estimated output of 24.9 million ounces for the year representing an increase of 700,000 ounces over the preceding twelve months and an increase of 1.9 million ounces over the output in 1945 when, under the impact of wartime restrictions and mounting production costs, gold production had touched the lowest level. It was, however, far short of the war time peak of 40.7 million ounces reached in 1940. Canada and South Africa together accounted for 645,000 ounces of the net increase in production of 700,000 ounces in 1949. Mainly as a result of this, the share of the British Commonwealth countries in the total production of gold rose from 73.5 per cent in 1948 to 74.0 per cent in 1949.

Of the total output of 24·9 million ounces in 1949, industrial arts absorbed about 7.5 million ounces as against 4.9 million ounces in 1948, while the amount which went into private hoards was placed lower at 3 0 million ounces as against 5.5 million ounces in the previous year. Increased industrial demand was mainly met from sales of "semi-processed" gold by South Africa and the Belgian Congo, while the drop in the quantity added to the hoard was in part at least due to a tightening of the restrictions on external sales of gold at premium prices. The balance of 14.4 million ounces valued at $ 504 million was added to the monetary reserves. If the additions to the gold stocks of the International Monetary Fund and the United States of America are excluded, the net flow into the monetary reserves of the rest of the world would amount to 9.5 million* ounces valued at $ 332·5 million.

10. EXCHANGE RATE ADJUSTMENTS

The currency devaluations of September 1949 are shown in Statement 8. Other exchange adjustments of the year may be briefly recorded. In June 1949, following a period of fluctuation of about a year†, when it was left free to find its own level, the Mexican peso was devalued, with the concurrence of the International Monetary Fund, to 8.65 pesos per one United States dollar; the par of exchange prior to the period of fluctuation was 4.85 pesos to one United States dollar.

*Estimated by the Union Corporation Ltd., South Africa.
†From 16th July, 1948 to 17th June, 1949.

Simultaneously with the September devaluations, the French and Italian Governments introduced changes in their exchange systems so as to eliminate multiplicity of exchange rates then prevailing. The official rate for the French franc was based in effect on the dollar rate in the free market in Paris and would vary in accordance with the rate quoted from time to time in the Paris free market. On 19th September Italy modified its multiple rate system by practically eliminating the possibility of large deviations between the official and free rates. The old system under which exporters sold half of their exchange receipts at the official rate while importers obtained all their requirements in foreign exchange at the free rate continued. The official rate, which had hitherto been based on the previous month's average rate in the free markets of Rome and Milan, would be determined daily on the basis of the average closing rates of the previous day in the free markets.

The Governments of Austria, Peru, Paraguay, Chile and Bolivia modified, with the concurrence of the Fund, their multiple exchange systems as a step in the direction of unitary rates of exchange. Argentina, which is not a member of the Fund, reduced the basic rate of the peso in terms of United States dollars by the same margin as sterling but introduced new differential rates in its multiple rates structure.

The British Honduras dollar, which had been at par with the United States dollar, was devalued on 31st December, 1949, with the approval of the Fund, the new rate being 1.43 British Honduras dollars per one United States dollar. The Icelandic krona had been devalued by 30.5 per cent in September along with the pound sterling. Experience showed that this measure of devaluation was insufficient to correct its balance of payments deficits. On 20th March, 1950 the Icelandic Government proposed, and the Fund concurred, in a further change in the par value of the krona by 42.6 per cent from 9.34 krona per one United States dollar to 16.28 krona per one United States dollar.

The Indonesian Government introduced on 11th March, 1950, a multiple exchange rate system designed to encourage exports. Under this system the exporter would receive payment in domestic currency from the Javasche Bank for the full foreign exchange proceeds at the official rate of 3.80 guilders to one United States dollar. He would also receive a negotiable exchange certificate amounting to half the sum paid out to him in domestic currency. The holder of the exchange certificates may either import goods himself or make payments for service transactions, provided he has obtained the necessary import licence or the foreign exchange permit, or can sell them to banks; in view of the strong demand for them from importers the banks have been willing to purchase them at high premiums. The exchange certificates are valid for 30 days.

On 28th February, 1950 the Soviet Union announced a change in the par value of the rouble in terms of gold to 0.2222 grams of fine gold from 0.1676 grams of fine gold. Accordingly, the exchange rate of the rouble in terms of the United States dollar was changed from 5.30 roubles to 4 roubles per United States dollar or an appreciation of 32.5 per cent. The new rate came into force on 1st March, 1950. This was a solitary instance during the year under review of a country appreciating its currency in terms of the United States dollar.

On 24th May, 1949, the Fund announced the establishment of an initial par value for the Yugoslav dinar at 50 dinars per United States dollar.

II. FINANCE FOR RECONSTRUCTION AND DEVELOPMENT

During the year, the United States Government aid continued to be the main source of finance for reconstruction and development, and Western Europe, the principal recipient. The amount of this aid was substantially lower than in the previous year. There was some increase in the aid extended to non-European countries by Governments and international institutions but in the main the emphasis was not so much on increasing Government aid as on such schemes as the Point Four programme, the Spender Plan and on incentives to the investment of private foreign capital in these areas.

The United States Government made aid available through the Export-Import Bank and under the Foreign Aid Appropriation Act of 1949, the allocations to the ECA for the fiscal year 1949-50 aggregating $ 4,280 million. Under the European Recovery Programme, the Economic Co-operation Administration allotted, for the period 1st April, 1949 to 6th March, 1950, a sum of $ 3,970·4 million. For the fiscal year 1950-51, the ECA has been granted a sum of $ 2,849 million.

During the first year of the ERP, shipments of food and agricultural commodities constituted a major part of the aid ; during the second year, their place was taken by raw materials, semi-finished products, machinery, vehicles, etc. The bulk of the shipments in both years came from the United States, Canada and Latin America, and the United Kingdom and France received more than half of the total shipments.

Five per cent of the counterpart funds was utilised by the United States Government for stockpiling, nearly two-thirds of the local currency deposits that were approved for withdrawal were used for reconstruction and development expenditure and about one-third for debt retirement.

The ECA encouraged the development of the overseas territories of the participating countries by allotting funds for the finance of specific projects either from the quota of the metropolitan country or from special funds set apart for colonial development, technical assistance and the production of strategic materials. An allotment of $ 4·4 million was made to French West Africa for the purchase of railway equipment for facilitating the movement of stocks of timber and coffee, from the interior to the coast for shipment abroad. A sum of $3·6 million was advanced to the Newmont Mining Corporation which undertook to develop lead and zinc production in French Morocco. The sum will be repaid over a period of seven years by deliveries of lead and zinc for the United States stockpiling programme. A procurement authorisation of $ 550,000 was accorded to the United Kingdom to cover the purchase of mining equipment for developing cobalt mines in Northern Rhodesia. The United States received a five-year option to buy 10 per cent of the resulting increase in the output of cobalt for its stockpiling programme.

The progress of the Western European countries, during the second year of Marshall Aid, has been remarkable. For all participating countries, the average rise in industrial production amounted to 15 per cent over the 1938 level, production in certain individual industries reaching all-time records. Agricultural production, despite drought conditions, nearly recovered to the pre-war level. Overall employ-

ment in Western Europe continued to remain at a high level, though there was substantial unemployment in Italy, Western Germany, Belgium and Greece.

The Export-Import Bank provided funds for development purposes, though on a comparatively minor scale. The new credits established by the Bank during 1949 totalled $ 241 million, $ 63·0 million being to Latin America, $ 20 million to Yugoslavia, $ 104·0 million to the Middle East (of which $ 100 million went to Israel and the rest to Saudi Arabia), $ 21 million to Afghanistan, $ 0·25 million to the Philippines and $ 33 million as loans and credit authorisations to certain countries including Japan and Liberia.

Loans by the International Bank for Reconstruction and Development amounted to $ 94 million in 1949-50 as against $ 141 million in 1948-49, the amount loaned to the non-European countries during the two years being $ 61·5 million and $109·1 million, respectively.

In 1949-50 four out of a total of eight loans were granted to European countries, the recipients being Finland (two loans), the Netherlands and Yugoslavia, and the total amount $ 32·5 million. Though the Bank's policy is generally not to grant loans to ERP countries, while the European Recovery Programme continues, it is willing to supplement ERP aid by providing finance for projects which may add to Europe's productive capacity. Some ERP countries conducted negotiations with the Bank for loans for financing development schemes in overseas territories.

In July 1949, the Bank made a loan of $ 15 million to the Dutch Finance Corporation for National Reconstruction (Herstel Bank) to finance imports of equipment for twenty-four different industrial projects. A loan of $ 12·5 million to the Bank of Finland in August 1949 was granted for financing imports of equipment and materials required for the reconstruction and modernization of Finland's wood working industries, for an electric power development programme and for increasing the production of limestone powder which is required as a fertilizer. This was followed in October by two more loans of $ 2·3 million and $ 2·7 million to the Republic of Finland and the Federal People's Republic of Yugoslavia, respectively, for the development of timber resources.

Loans to the under-developed economies totalled in 1949 $ 61·5 million, $17·5 million being to two Latin American countries (Colombia and El Salvador) and $44 million to India, the first and only Asian country to receive a loan from the Bank. The Colombian loan, which amounted to $ 5 million, was granted in August 1949 and was meant to finance the importation of agricultural machinery, to the Caja de Credito Agrario, Industrial Y. Minero, an autonomous development bank in which the Colombian Government holds the major interest. The El Salvador loan, which amounted to $ 12·5 million, was granted in December 1949 to the Rio Lemba Hydro-Electric Commission. The duration of the loan was twenty-five years and it was for financing the imports of materials and equipment required for the construction of a hydro-electric plant. The amount granted to India was received in two separate loans. The first, which was granted in August, amounted to $34 million, $ 31·7 million in United States dollars and $ 2·3 million in Canadian dollars and was meant for the purchase of equipment for the reconstruction and development of Indian railways. The second loan, which was for $ 10 million, was made in September and was meant for the purchase of agricultural machinery.

Both loans were granted to the Government of India. A third loan to India of $ 18·5 million for the Bokaro Dam project was sanctioned in April 1950.

During the year, the Bank sent missions to Turkey, Brazil, Philippines, Thailand, India and Pakistan to study and assess their economic and financial condition with particular reference to the specific projects for which loan applications had been made. Upon request from certain members, the Bank provided them with technical assistance. As part of this programme of assistance, it organised, at the request of the Government of Colombia, a mission for a comprehensive economic survey to help the Colombian Government in formulating a long-term development programme and to make recommendations regarding the administrative measures and the economic and financial policies essential to the success of the programme.

Canada, United Kingdom, Denmark and Belgium permitted the Bank to utilise part of their capital subscription made in their respective national currencies. This increased the loanable resources of the Bank by $ 11·5 million to $ 1 billion as at 31st December, 1949. The available dollar resources of the Bank being sufficient to meet its commitments, the Bank did not enter the United States market for fresh borrowing during the year. As some borrowers desired to utilise part of the dollar proceeds of the loans for the purchase of equipment in Switzerland, the Bank made available to them Swiss francs, through the sale of 2½ per cent Swiss franc bonds worth $ 6·6 million on 6th March, 1950. This was the second time that the Bank entered the Swiss capital market. By United States legislation, at the instance of the Bank, IBRD bonds were placed in the same category as the United States Government, State and municipal bonds as approved documents for investment; the member banks of the Federal Reserve System were authorised to deal in and underwrite obligations issued by the Bank, securities issued or fully guaranteed by the Bank were designated as "exempted securities" under the Securities Act of the United States and the margin for carrying bonds of the Bank was reduced to 10 per cent of the face value ; a number of States added the bonds of the IBRD to the list of legal investments for various types of investing institutions.

Compared with the preceding year, there was virtually no change in the rate of the United States private investment abroad in 1949. It amounted to $ 1,057 million in 1948 and was $ 1,059 million in 1949. Steps, however, have been taken, both in the United States and in the prospective borrowing countries, to induce investment of U. S. private capital. In the United States, the Export-Import Bank has been authorised to guarantee foreign investments against the risks of confiscation and non-convertibility of earnings. The possibilities of eliminating double taxation are being investigated. The ECA has raised the limit of its guarantee for conversion into dollars of the American capital in Europe to 175 per cent of the original value of the investments. The United States Government is negotiating a series of investment treaties with prospective borrowers to ensure that the United States investor will be fairly treated in such matters as nationalisation. Some prospective borrowers have given assurances of fair treatment to foreign capital and have, in some cases, taken measures relaxing their exchange control (e.g. France and England).

The geographical distribution of foreign aid has not been even. During the past four years, most of United States Government aid and the IBRD loans have gone to Europe. The inadequacy of the plans of development in their technical

details was advanced as one of the reasons why there were no successful loan applications to the IBRD from any of the Far-Eastern countries till 1949. It was generally felt that large scale financial aid to under-developed areas should be preceded or at least accompanied by technical assistance. This consideration was believed to have led to the enunciation of the United States "Point Four" programme in January 1949 and of the UNO scheme of technical assistance.

Legislation has since been passed for implementing the programme. The United States Government has been authorised "to participate in programmes, in co-operation with other interested Governments, for the interchange of technical knowledge and skills which contribute to the balanced and integrated development of the economic resources and productive capacities of economically under-developed areas", and a sum of $ 35 million has been voted to meet the cost of the programme for the year ending 30th June, 1951. The UNO has allotted $ 86·0 million to implement its scheme of technical assistance to under-developed economies.

The South and South-East Asian nations initiated a co-operative plan for their economic development at the Commonwealth Foreign Ministers' Conference held at Colombo in January 1950. The object of the plan according to Mr. C. Spender, Australian Minister for External Affairs, its sponsor, is to stimulate the productive capacities of the countries of South and South-East Asia principally through the expansion of trade within this region. Towards the attainment of this objective, he suggested the adoption of a joint programme of technical and financial assistance and for the supply of capital equipment and the consumer goods requirements of the region, the working of the plan being co-ordinated with the activities of the United Nations and of its associated agencies.

It was decided at the conference to set up a permanent consultative committee of the Commonwealth Governments which would meet from time to time, and on whose recommendations financial and technical aid to individual countries would be extended, the administrative responsibilities being vested in a working committee with headquarters at Canberra. It was decided to welcome the participation of the non-Commonwealth countries of Asia in the programme of development. It was also agreed that aid should be given by the Commonwealth as a whole, the contributions to the aid by member countries being on a *pro rata* basis. Burma received a loan of £ 6 million which was the first under the plan. India's share in it was £ 1 million.

Information about the Communist countries is meagre. The available details of the Russian loan to China made under the pact of 14th February, 1950, indicate that the Soviet Union has agreed to lend China the equivalent of U. S. $ 300 million for the purchase of Russian machinery, material and equipment for the country's industrialisation. One-fifth of the total amount will be advanced each year for five years, one-tenth of the principal will be repaid each year for ten years. Interest, which will be one per cent, and principal will be repaid in tea, raw materials, cash (Chinese money) and United States dollars.

PART II

INDIAN CURRENCY AND FINANCE

INTRODUCTORY

12. *General Economic Situation.*—In the political sphere, the most noteworthy event of the year 1949-50 was the declaration, on 26th January, 1950, of the Indian Union as a sovereign democratic republic. By a decision taken earlier, which had been ratified by the Constituent Assembly (Legislative) on 17th May, 1949, the Union continued to be within the Commonwealth of Nations. The year also marked the completion of the process of integration of the former "Indian States" in the Indian Union; most of them amalgamated to form viable administrative units, while some merged with the neighbouring Provinces, with some being taken over as Centrally administered areas. Two of the largest among them, though acceding to the Centre like the rest, retained their individual entity. The Kashmir issue remained unsolved.

On the economic front, the country was faced with considerable difficulty. The post-war price inflation progressed further, more specially in the first half of the year, and it was accompanied by wage inflation. The price level as measured by the Economic Adviser's index (*base* : year ended August 1939=100) recorded a rise from 370·2 in March 1949 to 393·3 in October 1949. Industrial production was hampered by shortages of essential raw materials in a background of scarce supply of consumer goods. The rapid depletion in the foreign exchange resources of the country led to the adoption in May 1949 of a restrictive import policy. Although industrial production in many directions showed improvements, the cotton textile industry and jute manufactures, the two major industries of the Union, continued to be depressed, a number of mills having had to work below full capacity or to close down partially or wholly. The high cost of raw materials and the rising cost of labour resulted in reduced industrial profits. Savings still remaining at a low level, stagnation continued in the capital markets. Notwithstanding the improvement in the output and procurement of foodgrains, foodgrain imports from abroad rose from 2·8 million tons in 1948 to 3·7 million tons in 1949. Trade between India and Pakistan came to a virtual standstill as a result of Pakistan's decision not to devalue its currency. Imports of cotton from Pakistan ceased almost completely, while imports of raw jute after devaluation and until the conclusion of the Trade Agreement of April 1950 were confined to exiguous sources of smuggling, the volume of which was not significant.

The year, however, closed with some signs of improvement. The general price level, after an initial rise following devaluation and a subsequent decline, remained at the close of the year at about the pre-devaluation level. A marked expansion in exports, which followed devaluation, led to a distinct improvement in the balance of payments position. On the capital markets, there appeared some indications of a revival of investment enquiry and of a return of confidence. Helped by an improvement in the transport situation and better labour-management relations, production, industrial as well as agricultural, was on the whole well maintained. Indices bearing on the general economic situation are given in Statement 9.

13. *Controls.*—The policy of reinstituting controls which Government had adopted in August 1948 in respect to cloth and cotton and later to foodgrains was

extended, during the year under review, to sugar. Until the middle of 1949, the price of sugar had remained more or less stable around Rs. 28-8 per maund, at which level the Indian Sugar Syndicate agreed with the Government to maintain it. In July 1949, the price shot up to Rs. 35-0 per maund, and persisted at about that level. To meet the situation, Government issued an order early in September, freezing sugar stocks with the factories. Allocations were made from the available supplies to the States, and the maximum ex-factory price was fixed at Rs. 28-8 per maund. Dealings in futures and options in sugar were prohibited and State Governments were advised to take action to secure stocks lying with dealers and to arrange for their distribution at prices based upon ex-factory prices.

The Essential Supplies (Temporary Powers) Act, 1946 was amended on 27th June, 1949 to bring within its purview raw cotton (ginned and unginned), cottonseeds, coke and other derivatives of coal. With effect from 5th November, 1949, forward contracts in cottonseeds were prohibited. This was followed by several measures under the Eight-Point Programme of 5th October, 1949.

14. *Devaluation and the Eight-Point Programme.*—A major event of the year was the Government's decision, taken with the concurrence of the International Monetary Fund, to devalue the rupee in terms of the U. S. dollar from 30·225 cents to 21 cents and in terms of gold from 0·268601 grams to 0·186621 grams of fine gold. This followed the devaluation of sterling in an equal degree, and the value of the rupee in terms of sterling remained unchanged at 1*s.* 6*d.* The new exchange rate, which was announced on 20th September, 1949, became effective on 22nd September as the stock, bullion and commodity exchanges, banks, Government Treasuries and other financial institutions remained closed on 19th, 20th and 21st September by order of the Government.

It was feared that devaluation might lead to a rise in the rupee prices of certain export goods the supply of which was relatively inelastic. While conflicting with the anti-inflationary objective of the Government, there was an apprehension that this might dissipate into private hands the windfall of profits which emanates from devaluation in such cases. With a view to appropriating for the exchequer a part at least of these profits, and keeping in check at the same time, any tendency for a rise in internal prices, an Ordinance was issued on 22nd September, 1949, empowering Government to impose export duties on vegetable oils, oilseeds, vanaspati, shellac, steel and tobacco and to enhance the existing export duties on raw jute and jute manufactures. In terms of this Ordinance, Government imposed, with immediate effect, an export duty of 8 annas per lb. on mustard oil and 45 per cent *ad valorem* on all controlled categories of iron and steel, except sheets for which the export duty was fixed at 30 per cent *ad valorem*. Government also raised the existing export duty on hessian from Rs. 80 per ton to Rs. 350 per ton with effect from 28th September. Under the direction of the Government of India, the West Bengal Government prohibited on 23rd September, 1949, forward trading in jute manufactures in West Bengal. Forward trading in raw jute remained prohibited by an Act passed in September 1949.

This was followed by the announcement in Parliament on 5th October by the Finance Minister of an Eight-Point Programme, which aimed broadly at holding the price-line and conserving the country's resources in foreign exchange. The eight points were : (1) formulation of the future pattern of trade so as to reduce expendi-

ture of foreign exchange to a minimum, having regard to the essential requirements of the country, (2) employment of India's bargaining power for the purpose of bringing down to reasonable levels the prices of industrial materials imported from countries whose currencies had appreciated in relation to Indian currency, (3) prevention of speculative price increases by legislative and administrative measures and by regulation of credit facilities, (4) imposition of customs duties, consistently with the principle of non-discrimination on articles exported to hard currency areas, so as to ensure a maximum amount of foreign exchange for the country and at the same time secure that the advantage resulting from devaluation was distributed among the foreign importer, the Indian manufacturer and the Indian exchequer, (5) action to further the stimulus to investment, which devaluation generally provides and thereby to assist production and promote development by an intensified savings drive by propaganda, and failing this by compulsion and by provision of suitable governmental assistance for the extension of banking facilities to rural areas, (6) extension of facilities for voluntary settlement of taxes payable in respect of war profits to assessees whose cases had not been referred to the Income Tax Investigation Commission, (7) introduction of economy measures for securing an aggregate reduction of approximately Rs. 40 crores in governmental expenditure (revenue and capital) for 1949-50 and not less than twice that sum for 1950-51 as compared with the budget estimates for 1949-50, and (8) reduction of 10 per cent in the retail prices of essential commodities, manufactured goods as well as foodgrains, by a reduction of ex-farm and ex-factory prices or by reduction of distribution costs and incidental charges or by both.

The measures taken under Point 1 were mainly in the form of restrictions on imports. In implementation of Point 5, a scheme of compulsory savings applicable to Government employees was brought into force from 1st December; the Budget for 1950-51 contained proposals for tax relief and other concessions to industry (*vide* para. 40) and the Government appointed the Rural Banking Enquiry Committee in November to make recommendations, among other things, for the extension of banking facilities to rural areas (*vide* para. 22). Steps taken in terms of Point 7 will be found in the chapter on Public Finance.

The measures taken to check speculative activity in terms of Points 3 and 4 included: (1) the fixation by the issue of an Ordinance on 10th October of the ceiling prices of jute goods for export abroad at Rs. 55 per 100 yards of hessian (of 40" size and 10 ozs. in weight) and Rs. 1,550 per ton of sacking, (2) the banning of forward trading in cottonseeds with effect from 5th November, (3) the raising with effect from 18th November of the export duty on raw cotton from Rs. 40 to Rs. 100 per bale, (4) the imposition with effect from the same date of an export duty of 30 per cent *ad valorem* on black pepper, and (5) the prohibition with effect from 15th February, 1950, of "futures and options" in *gur*, *gur shakkar* and *rab*.

The policy of price reductions suggested in Point 8 covered, among other commodities, foodgrains, cloth and yarn, pig iron, steel and coal (*vide* para. 20). In the case of foodgrains, an announcement made by the Government on 28th October envisaged a reduction in the prices of foodgrains by 3 to 15 per cent, partly through a cut in the cost of transport and incidental charges and partly through a reduction in procurement prices. The reduction in incidental charges became effective from

1st November, while the cut in procurement prices was brought into force in varying degrees by different States when the crops were harvested in their respective areas. The Government of Bombay effected from 7th January, 1950 a reduction in the price of millets (mainly jowar, bajra and maize) by about 8 per cent and of paddy by 5 to 10 per cent, and from 16th March a reduction of 10 per cent in the case of *rabi* foodgrains including wheat and barley. The Government of Madras effected from 4th December, 1949 a reduction in the procurement prices of paddy and millets by 3 annas and 4 annas per maund, respectively. Other State Governments which took steps in the same direction included (1) Madhya Bharat, which effected a reduction in the case of *kharif* crops (jowar, bajra and maize) by 3 to 6 per cent and (2) Madhya Pradesh, which effected a reduction in the case of rice and jowar by a fraction over 3 per cent.

It is noteworthy that devaluation was not followed by a general upsurge in prices. Though the general index rose to 393·3 in October 1949, it is difficult to say how much of this rise represented progress of the upward trend in prices, which had begun in April 1949, and how much was due to the first impact of devaluation. But the general index declined thereafter by stages to 381·3 in December 1949. Practically the whole of this improvement was, however, lost during the following three months, the general index touching 392·4 in March 1950.

15. *Industrial Policy.*—The Industries (Development and Regulation) Bill (referred to in last year's Report), which embodies the more important principles underlying the Government's policy in regard to the control of industries, is expected to be introduced in the November session of Parliament as amended by the Select Committee appointed in March 1949. The Bill provides for the creation of a Central Industries Board which will exercise certain powers in regard to the regulation of 27 industries listed* in a schedule to the Bill. In the case of these industries, existing undertakings will be required to get themselves registered ; any new undertaking, or any expansion of an existing undertaking of a nature virtually amounting to a new undertaking, will not be permitted without a prior licence taken in that behalf from the Central Industries Board. The issue of licences will be subject to certain conditions including the location and minimum standards in respect of size ; the Board may revoke, amend or vary a licence in cases of failure to take effective steps to establish the undertaking within the stipulated time. The decisions of the Board will, however, be subject to appeal to the Government. With reference to the scheduled industries, the Board will exercise the functions and powers now exercised by the Controller of Capital Issues. The Central Government will also have the power to inspect any industrial undertaking.

*(1) Aircraft, (2) Arms and ammunition, (3) Coal, including coke and other derivatives, (4) Iron and steel, (5) Motor and aviation fuel, kerosene, crude oils and synthetic oils, (6) Salt, (7) Ships and other vessels propelled by the agency of steam, or by electricity or other mechanical power, (8) Sugar, (9) Telephones, telegraph apparatus and wireless communication apparatus, (10) Textiles made wholly or in part of cotton or jute, (11) Automobiles, including tractors, (12) Cement, (13) Electric lamps and fans, (14) Electric motors, (15) Heavy chemicals, including fertilizers, (16) Heavy machinery used in industry, including ball and roller bearing and gear wheels and parts thereof, boilers and steam generating equipment, (17) Locomotives and rolling stock, (18) Machine tools, (19) Machinery and equipment for the generation, transmission and distribution of electric energy, (20) Non-ferrous metals, including alloys, (21) Paper and newsprint, (22) Pharmaceuticals and drugs, (23) Power and industrial alcohol, (24) Rubber goods, (25) Tea, (26) Textiles made of wool, and (27) Vanaspati.

pect of ten* of the scheduled industries, the Central Government will be ...d with additional powers. Subject to certain conditions, the Central Govern...t may (1) cause an investigation to be made by the Board, (2) issue, on receipt the Board's report, directions to the industrial undertaking concerned, and (3) in case of non-compliance of such directions, take direct control if the Board so recommends. The circumstances under which Government may cause an investigation to be made into the affairs of any undertaking include a substantial fall in production, a marked deterioration in the quality of the goods produced, an undue rise in prices or the need to conserve resources of national importance. On the recommendation of the Board, the Government may prohibit the undertaking from resorting to any action or practice which might reduce its production capacity or economic value, or control the prices of its output or regulate its distribution. In emergencies this may be done even when the undertaking concerned is under investigation ; in cases of non-compliance or of evidence that the undertaking is being managed in a manner detrimental to public interest, the Government may, on a decision taken in this behalf by the Board, take over direct control of it. These additional powers, or any of them, may, in consultation with the Board and after approval by a resolution in Parliament, be made applicable to any one of the scheduled industries, or any industry may be transferred from one category to the other.

16. *Food Policy.*—In last year's Report, mention was made of the adoption by Government in March 1949 of a policy of self-sufficiency in foodgrains to be attained by the end of 1951. The importance of achieving the aim of this policy was stressed by the virtual standstill in the trade with Pakistan which followed the latter's decision not to devalue its currency. In July 1949, the Government appointed a Commissioner for Food Production with special powers to implement the new policy in which he was to be assisted by an expert Food Production Board ; the Government also directed the States to create a similar machinery for quick and effective action. The revised basic food plan envisaged an increase in production of about 4·4 million tons by the close of 1951, of which 3·6 million tons were to be secured through intensive cultivation, 0·3 million tons from reclamation of weed-infested and new lands, 0·26 million tons through irrigation and 0·23 million tons by diversion of the area under sugarcane to foodgrains. To assist the State Governments in implementing the new policy, the Centre's financial assistance in the shape of loans and grants which hitherto had been restricted only to the Provinces was extended to the States and Unions of States on an *ad hoc* basis. The Government obtained in September 1949 a loan of $10 million from the IBRD for acquiring tractors and other mechanical equipment for bringing under cultivation weed-infested land.

These measures seem to have had, on the whole, a favourable effect (*vide* para. 18). The procurement of foodgrains in 1950 is expected to be 5·4 million tons or about one million tons more than in 1949. The improvement in

*(1) Aircraft, (2) Arms and ammunition, (3) Coal, including coke and other derivatives, (4) Iron and steel, (5) Motor and aviation fuel, kerosene, crude oils and synthetic oils, (6) Salt, (7) Ships and other vessels propelled by the agency of steam, or by electricity, or other mechanical power, (8) Sugar, (9) Telephones, telegraph apparatus and wireless communication apparatus, and (10) Textiles made wholly or in part of cotton or jute.

production and the expected improvement in procurement has enabled Government to announce a reduction of about 60 per cent in food imports for 1950 from 3 million tons in 1949 to 1·5 million tons.*

During the year under review, the Government appointed two Committees, one to enquire into the systems of procurement and distribution in the several States and the other to examine the quality of the foodgrain rations issued to consumers and related matters such as arrangements for transport, storage, etc.

17. *Planning and Development Policy.*—The Government's policy in regard to development projects, consistently with their overall drive for economy, laid emphasis on the need to concentrate on schemes of immediate importance. While this meant going slow with blue prints relating to projects of secondary value, progress continued to be made, during the year, in the execution of the more essential schemes, particularly the multi-purpose projects.

The Rs. 130-crore Bhakra Project which, when completed in 1957-58, may irrigate 3½ million acres and yield half a million kilowatts of electric power, is expected to commence producing electricity in 1953 and to provide irrigation earlier. The first stage of the Damodar Valley Project is expected to be completed in 1952 when the Bokaro Thermal Station will commence production of power. The Hirakud Project, the preliminary work in respect of which has been nearly completed, is expected to yield first results early in 1953. Fair progress has been made in the Tungabhadra Project in Southern Deccan and the Lower Bhavani Project in Coimbatore, while investigations on the Kosi project are nearing completion.

A major development in this sphere was the creation, towards the close of the year, of the Planning Commission, as envisaged in the President's Address to Parliament on 31st January, 1950. The Partition and the developments which followed had rendered the various blue prints drawn up in the immediate post-war period largely inapplicable and it was obvious that a new Plan should be formulated on the basis of the available resources in men and materials of the Indian Union. This will constitute the principal task of the Commission. The Commission will determine the nature of the machinery which will be necessary for the successful implementation of each stage of the Plan, review its progress from time to time and recommend adjustments of policies and measures so as to secure the most effective and balanced utilisation of the country's resources. The Commission has already started work, one of the first problems to engage its attention being the determination of priorities among the more essential development projects. The Commission will make recommendations to the Cabinet and, in so doing, will act in close understanding and consultation with the Ministries of the Central and State Governments. The responsibility for taking decisions and implementing them will, however, rest with the Governments concerned.

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*Since raised to 2 million tons.

II. PRODUCTION AND PRICES

A. PRODUCTION

18. *Agriculture.*—(*a*) *Grow More Food Campaign.*—During the year 1948-49 efforts were continued to increase food production under the Grow More Food campaign by extension of cultivation to culturable waste and fallow lands, and by increasing the yield from lands already under the plough by the adoption of better farming methods and intensive cultivation. 71,497 acres of weed-infested land were reclaimed during the year by the Central Tractor Organisation, which also undertook mechanical cultivation of land and in 1949 cultivated 23,652 acres in the Punjab, 52,200 acres in the Matsya Union† and 2,410 acres in Delhi. Good progress was recorded under the schemes for increasing the output from land already under cultivation, which included, among others, the multiplication and distribution of improved seeds, application of chemical fertilizers and green manuring, composting of farm yard manure and town refuse, protection of plants from pests and diseases, construction and repairs of minor irrigation works and land improvement. Under the compost scheme, the quantity of manure prepared amounted to 7 lakh tons in the urban areas and 28 lakh tons in the villages. The total of new wells constructed and old ones repaired and restored came to 36,003 and of tanks to 4,996. The total area benefited by the several Grow More Food schemes was estimated at 89,71,520 acres and the additional production at 7,70,914 tons. The expenditure incurred on the Grow More Food campaign amounted to Rs. 689·69 lakhs in 1948-49 as against Rs. 429·68 lakhs in 1947-48.

(*b*) *Agricultural Production.*—Agricultural production in 1948-49 (July to June) was adversely affected by the failure of monsoon over large tracts in Western India and Gujerat and by floods in Uttar Pradesh and Bihar. A cyclone in November 1948 caused substantial damage to the standing crops over large areas, the damage done being very heavy in Madhya Pradesh. The production of foodgrains declined from 44·39 million tons in 1947-48 to 44·26 million tons in 1948-49 (*vide* Statement 10). Among individual foodgrains, the output of jowar, bajra, maize and barley fell and that of rice improved by about 2 million tons from 19·58 million tons in 1947-48 to 21·73 million tons in 1948-49. Production of raw sugar declined to 4·99 million tons in 1948-49 from 5·80 million tons in 1947-48. During the 1949-50 season, the outturn of *kharif* crops suffered appreciably as a result of heavy rains in Uttar Pradesh, floods in Bihar and a cyclone in Madras. In Madras, further losses were caused by the failure of the north-east monsoon. The *rabi* crops, however, progressed well generally. The total foodgrains production was estimated to be better by about 2 million tons than in the preceding season. Among individual commodities, the estimated output of rice, wheat, jowar, bajra, maize and barley showed an increase over that in the 1948-49 season, whereas that of gram, ragi and raw sugar showed a decline.

(*c*) *Production of Industrial Raw Materials.*—Statement 11 shows the trends in production of industrial raw materials between 1938-39 and 1949-50. Production of five main oilseeds (sesamum, groundnut, linseed, castorseed, rape and mustard) fell, despite the rise in their prices, to 4·52 million tons in 1948-49 from 5·12 million tons in 1947-48, due, probably, to unfavourable seasonal conditions. Raw cotton

† Integrated with the United State of Rajasthan from 15th May, 1949.

production showed a sharp fall from 21·88 lakh bales in 1947-48 to 18·64 lakh bales in 1948-49 resulting in an acute shortage of the raw material for the textile industry. Efforts made to increase the production of raw cotton seemed to have proved fruitful to some extent. The output during the 1949-50 season is estimated at about 28 lakh bales. With a view to increasing the production of raw cotton to the maximum extent possible, it has now been decided to expand its production by about 8 lakh bales during the 1950-51 season by extending the area under cotton, by the use of fertilizers and improved seeds, and by mixed cropping of cotton with groundnut. Reference was made in last year's Report to the effects of Partition on the production of raw jute in the Indian Union. A three-year scheme for an expansion of raw jute production was inaugurated in 1948-49. This has yielded good results. Raw jute production rose to 20·55 lakh bales in 1948-49 from 16·58 lakh bales in 1947-48. Production during the year 1949-50 is estimated at about 31·17 lakh* bales as against India's total requirements of 70·50 lakh bales. Recently the Indian Central Jute Committee, after completing a survey of jute-growing areas, has drawn up a plan for attaining a target of 50 lakh bales by intensive cultivation in existing areas, by utilising fallow and double-cropped lands and by diverting land from *aus* paddy in West Bengal to jute. Measures for intensive cultivation include the setting up of seed multiplication farms, the construction of retting tanks, the adoption of plant protection methods, the supply of manure and seeds at subsidised rates, etc. Lac production decreased from 972,000 maunds in 1947-48 to 806,000 maunds in 1948-49. Rubber production increased from 15,000 tons in 1948 to 16,000 tons in 1949.

19. *Industry.*—The recovery in industrial production noticed in 1948 continued during 1949, most of the industries recording further improvements with the important exceptions of cotton textiles and jute manufactures.

The recovery in steel, cement and coal was appreciable. As compared with the preceding year, the output of finished steel rose by 9 per cent from 854,000 tons to 927,000 tons, cement by 35 per cent from 1·55 million tons to 2·10 million tons, and coal by 6 per cent from 29·8 million tons to a record figure of 31·5 million tons (*vide* Statement 12). The output of electric energy improved from 4,572 million kilowatt hours to 4,920 million kilowatt hours. Other industries which showed increases include paper, aluminium, electric motors, transformers, electric lamps, bicycles, refractories, sulphuric acid, superphosphates and caustic soda.

The progress in recovery is attributable in the main to a distinct improvement in transport and in the labour situation. Improvement in the capacity of rail transport enabled the removal of the control on priorities. The tonnage lifted by Indian railways during the first nine months of 1949-50 was 15·5 per cent higher than in the corresponding period of the preceding year. Better labour-management relationship since the Industrial Truce of December 1947 is reflected in the decline in the number of man-days lost on account of strikes from 78 lakhs in 1948 to 66 lakhs in 1949. The corresponding figure for 1947 was 166 lakhs. Other factors assisting recovery in production included the installation of additional production units in some industries (e.g., cement and superphosphates) and the expansion of the existing units in some others (e.g., electric motors, diesel engines, heavy engineering and

* All-India Final Forecast.

sulphuric acid) and certain governmental measures such as a further liberalisation in the depreciation allowances granted to industry in the computation of the income assessable to income tax, exemption from excise duty of any additional output of sugar by a factory in the 1949-50 season over the preceding season, the grant of coal freight concession from 1st December to cement, paper and cotton textile industries in the form of a rebate of 12½ per cent, and the grant in November by Government of a loan of Rs. 5 crores to the Steel Corporation of Bengal and the Indian Iron and Steel Company.

An important development in the field of Government's policy relating to industries was the action taken to fix in November 1949 provisional production targets for 1950 in respect of major industries. For ten* of these industries, Target Committees have been appointed and for coal, cotton textiles and heavy engineering industries, working parties consisting of representatives of industry, labour and Government have been appointed to make recommendations for improvements regarding production, quality, labour efficiency, rationalisation and reduction of costs. In pursuance of the policy to provide further incentive to industry, the Central budget for 1950-51 allowed substantial tax relief and other concessions to industry (*vide* para. 40). The Industries (Development and Regulation) Bill of March 1949, which had aroused considerable opposition, has since been amended by the Select Committee to eliminate some of its more restrictive features (*vide* para. 15).

While the improvement noticed in 1949 has been generally well maintained, the output in two major industries, namely, cotton textiles and jute manufactures continued, however, to be depressed. The output of cloth and yarn dropped from 4,319 million yards and 1,448 million pounds, respectively, in 1948 to 3,904 million yards and 1,359 million pounds in 1949 or a fall of 9·6 per cent and 6·1 per cent, respectively. The output of jute goods showed a sharper decline from 1,091,000 tons to 946,000 tons or a fall of 13·3 per cent. The figures for the first quarter of 1950 show that the downward trend continues. The major factor affecting both industries has been the continued shortage of raw materials, particularly since the Indo-Pakistan trade dead-lock from September 1949. In the jute industry, member mills which had registered complements of more than 220 looms remained closed for a week each month between 11th July and 5th December, 1949, by a decision of the Indian Jute Mills Association. Thereafter, the mills functioned on all working days of the month, though the working hours per week were reduced from 48 to 42½. As regards the textile industry, a few mills had to close down, wholly or partially, due partly to the non-availability of cotton. To relieve the situation, a zonal system of distribution of cotton to mills was introduced on 19th November, 1949, and the movement of cotton from one zone to another was prohibited except under a licence. In addition to augmenting internal production of cotton, imports of larger quantities from overseas were allowed and the necessary foreign exchange was allocated to import 10 lakh bales of cotton during the half year ending June 1950. Actual imports during the period amounted to 6·4 lakh bales.

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* (1) Aluminium, (2) Diesel oil engines, (3) Motor and cycle tyres and tubes, (4) Power alcohol, (5) Plywood, (6) Refractories, (7) Glass, (8) Paper, (9) Sulphuric acid, and (10) Superphosphates.

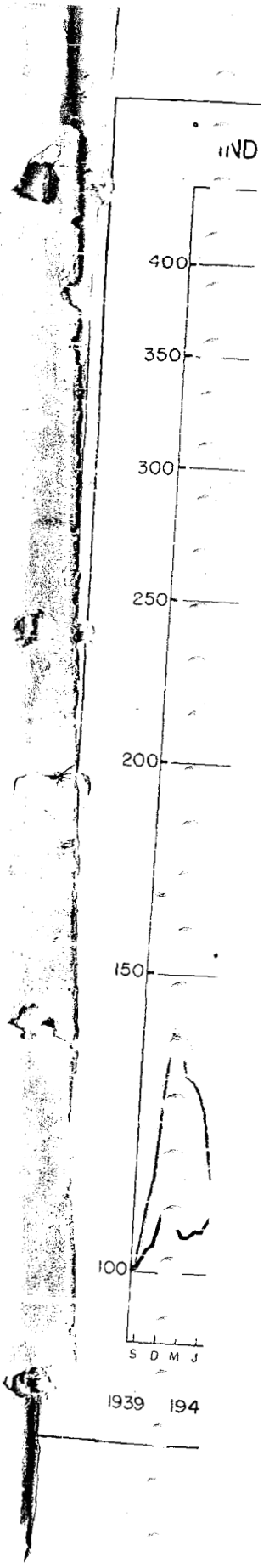
B. PRICES

20. *Trends.*—Price trends during the year under review fall broadly into three phases : a rise from April to October 1949, a decline in the succeeding two months, and lastly a resumption of the uptrend (*vide* Statement 13 and Graphs 5 and 6).

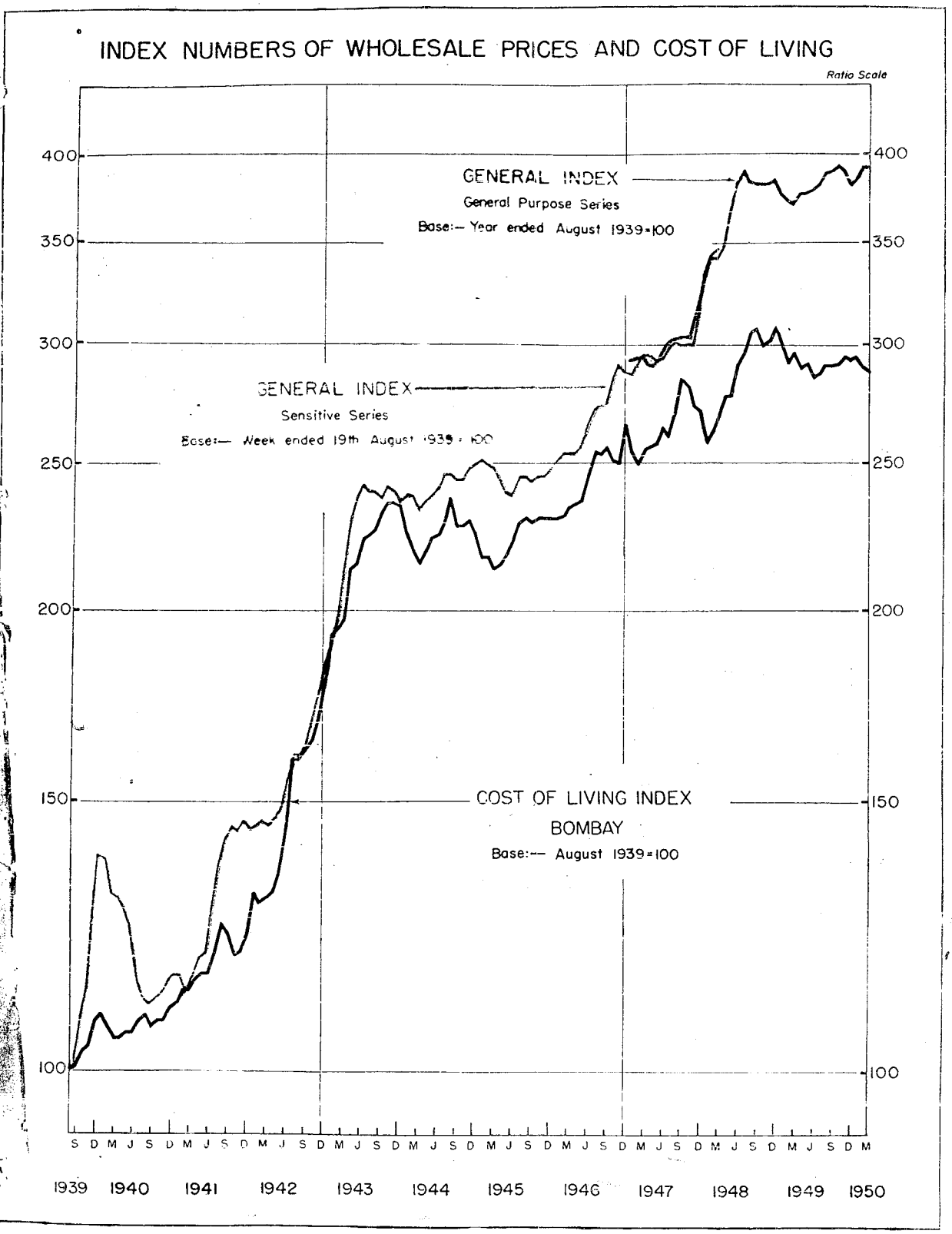
The improvement in the price situation noticed during the closing months of 1948-49 was short-lived and the price index recorded an almost continuous rise from April to October 1949. The Economic Adviser's general index which stood at 370·2 in March 1949 touched 389·8 in September 1949, which exceeded the post-decontrol peak level reached in July 1948, and climbed to 393·3 in October 1949. This represented a rise of 6·2 per cent over the price index at the close of the financial year 1948-49. The jump in the general index in October 1949 resulted in part, from a sharp rise in the prices of certain export goods, in particular, tea, black pepper, oils and oilseeds. Between August and October, the index of tea rose from 384 to 428 ; of black pepper from 2547 to 3208 ; of linseed from 454 to 485 ; and of groundnut oil from 789 to 821. In the upward movement of the general price index from April to October 1949 all constituent group indices participated. Food Articles rose by 8·0 per cent, Industrial Raw Materials by 3·3 per cent, Semi-Manufactures by 3·0 per cent, Manufactured Articles by 7·0 per cent and the Miscellaneous group by 14·3 per cent. The rise in the prices of import goods was assisted by the more restrictive import policy adopted in May 1949, when the Open General Licence for imports from the soft currency area was cancelled. Among controlled commodities, cloth prices were revised upwards, effective from 1st April, the increases ranging from 2 to 2·5 per cent in the case of coarser varieties to 5 per cent in the case of superfine varieties. Steel prices were raised by Rs. 50 per ton with effect from 1st June in order to equalise the prices of indigenous steel with those of imported steel.

In November 1949 the Economic Adviser's general index declined by about three points to 390·2 and by about nine points in December 1949 to 381·3. The main contribution to this fall came from foodgrain prices and partly from the prices of Manufactured Articles. The controlled prices of foodgrains (*vide* para. 14) and of certain essential commodities, namely, cloth and yarn, sugar, steel and pig iron, were revised downward during this period. The maximum ex-mill price of cloth and the maximum margin allowed to distributors of cloth produced from November 1949 were reduced by 4 per cent and 6 per cent, respectively, with effect from 1st November, 1949 ; the corresponding reductions in the case of yarn were 4 per cent and 2½ per cent. With effect from the same date, the maximum ex-factory price for E-27 grade sugar was fixed, for the 1949-50 season, at Rs. 28-8 per maund as against Rs. 29-5 in the preceding season. The ex-works fair retention prices of pig iron were reduced by about 7 per cent on 1st November, and the selling prices of almost all categories of iron and steel by Rs. 30 per ton on 12th December. The prices of steam coal (Nos. I and II grades), slack coal and soft coke were reduced by 9 to 15 annas per ton with effect from 23rd November.

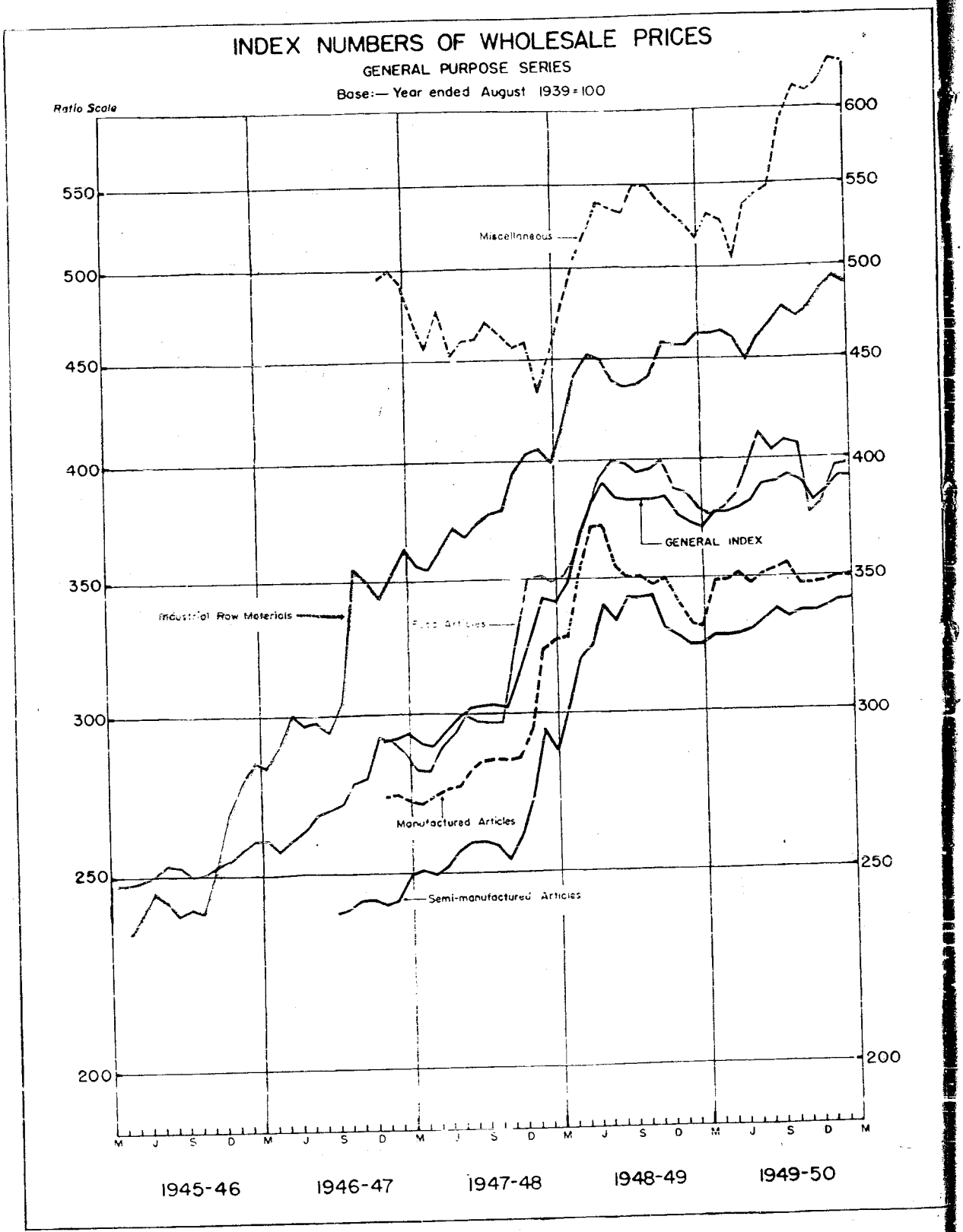
The downtrend in the price index was reversed in January 1950, practically the whole of the improvement of the preceding two months being lost by the close of March 1950. The general index moved up from 381·3 in December 1949 to 392·4 in March 1950. All the constituent groups participated in the rise. Food Articles moved up by 5·9 per cent, Industrial Raw Materials by 2·6 per cent, Semi-Manufactures and Manufactured Articles by about 1 per cent each and the Miscellaneous group by 3·4 per cent.



GRAPH 5


INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING
Ratio Scale
GENERAL INDEX
General Purpose Series
Base:— Year ended August 1939=100
GENERAL INDEX
Sensitive Series
Base:— Week ended 19th August 1939 = 100
COST OF LIVING INDEX
BOMBAY
Base:— August 1939=100
400
350
300
250
200
150
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 J S D M J S D M J S D M
1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950

GRAPH 6


INDEX NUMBERS OF WHOLESALE PRICES
GENERAL PURPOSE SERIES
Base:— Year ended August 1939=100
Ratio Scale
600
550
500
450
400
350
300
250
200
Miscellaneous
GENERAL INDEX
Industrial Raw Materials
Manufactured Articles
Semi-manufactured Articles
M J S D M J S D M J S D M J S D M J S D M
1945-46
1946-47
1947-48
1948-49
1949-50

21. *Post-devaluation Price Trends.*—Statement 14 compares the group indices as in March 1950 with the corresponding indices in August 1949 and March 1949. In March 1950 the general index was above the pre-devaluation figure (389·0) by 0·9 per cent (as against a rise of about 7 per cent in the United Kingdom during the same interval). This is the resultant of a rise of 6·4 per cent in Industrial Raw Materials, a rise of 2·2 per cent in Semi-Manufactures, a rise of 16·4 per cent in the Miscellaneous group, and a fall of 3·5 per cent in Food Articles and a fall of 0·3 per cent in Manufactured Articles. The rise in the prices of Industrial Raw Materials was assisted by the cessation of imports of cotton and jute from Pakistan following devaluation. It was also due partly to the rise in the sterling prices of industrial raw materials.

The net increase in the general index during 1949-50 was 6·0 per cent relatively to the level at the close of the preceding year. The corresponding increase in 1948-49 was 8·7 per cent.

III. CAPITAL MARKETS, MONEY AND BANKING

22. *General.*—After an initial recession, the capital market in India showed some improvement during the latter part of the year under review. Equities, after touching, between mid-June and mid-July, the lowest levels since the stock market recession which had begun in August 1946, showed on the whole an upward trend for the rest of the year. The Reserve Bank's index of variable dividend securities (*base :* 1938=100), which had risen to 286 in August 1946, was at 126 in March 1949 ; after declining to 110 in July, it recovered to 115 by March 1950 (*vide* Statement 16). The gilt-edged market was somewhat weak from June to November, in sympathy with a fall in British funds, but the undertone over the year as a whole was steady. The Reserve Bank's index of government security prices (*base :* 1938=100) was at 100·9 in March 1950 as against 101·5 a year earlier, the range of variations during the year being less than 1 per cent. There were signs of a return of public confidence in the capital market during the year. Official support to the gilt-edged market was more restricted than in previous years. But the flow of savings was still small as a result of the reduced capacity to save on the part of the income groups who, in the past, had been the main support of the investment market, and the post-war redistribution of national income in favour of the rural and lower income groups which are unaccustomed to banking or investment habits. On Government loan account there was a net outgo of Rs. 20 crores during the year, the net outgo in 1948-49 and 1947-48 being Rs. 42 crores and Rs. 16 crores, respectively. The response to private issues was small, the improvement in equities being largely due to professional support rather than to any distinct revival of genuine investment demand. Where private issues were successful, the interest offered was higher than in the recent past ; for example, the Calcutta Electric Supply Corporation issued debentures for Rs. 2·66 crores at 5 per cent subject to tax.

In the field of banking, deposit liabilities of scheduled banks, which had shrunk rapidly from July 1948, continued to decline during the first three quarters of the year under review, the fall during this period amounting to Rs. 62 crores. In the last quarter the downtrend was arrested, the amount of deposit liabilities recording a nominal rise of Rs. 1 crore, though the usual trend is for deposit liabilities to fall

during this part of the year. Over the year as a whole deposit liabilities fell by Rs. 61 crores as against a fall of Rs. 71 crores in the previous year. The level of, and the busy season expansion in, advances were lower than in 1948-49. Total advances, including bills discounted, of scheduled banks declined during the year by Rs. 34 crores in contrast to an increase of Rs. 39 crores in the previous year. The busy season expansion in advances from the end of November to the end of March 1950 was Rs. 67 crores as against an expansion of Rs. 94 crores from the end of September to the end of March in the preceding season. The fall in the volume of credit and in the seasonal demand would appear to be largely related to a tightening of import restrictions from May, and the stalemate in Indo-Pakistan trade during the second half of the year. In comparison with the busy season of 1948-49, relatively easy conditions prevailed in the money market during the busy season of 1949-50. This may be attributed partly to a smaller seasonal demand for funds and partly to a larger influx of funds arising from Treasury bill maturities early in the busy season and to some extent to the comparative stability in deposit liabilities in the last quarter of 1949-50, following an improvement in the balance of payments position, as against a decline in deposit liabilities in the earlier year.

Cheque clearances declined by Rs. 489 crores as against an increase of Rs. 536 crores in the previous year ; the annual velocity of circulation of deposits, as measured by the ratio of cheque clearances to average demand liabilities of scheduled banks, was 10·4 during the year as against 9·9 for 1948-49. As a result of an improvement in the payments position which followed the devaluation of the rupee, the fall in the foreign exchange reserves during the year was Rs. 73 crores as against a fall of Rs. 119 crores in the previous year after allowing for transfers to the United Kingdom and Pakistan. Holdings of rupee securities by the Reserve Bank, after making allowance for Rs. 7·94 crores of *ad hoc* Treasury bills created during the week ended 1st April, 1949 in connection with the purchase from the United Kingdom of military stores (referred to in last year's Report), rose by Rs. 15 crores as against a rise of Rs. 69 crores (allowing for adjustments for extraordinary financial transactions) in the previous year.

The net profits of the ten largest Indian scheduled banks (those with deposits of Rs. 10 crores or more each) work out at Rs. 441 lakhs in 1949 as against Rs. 482 lakhs in 1948 or a decline of Rs. 41 lakhs. Their gross earnings increased by Rs.126 lakhs, and their establishment expenses also rose by about Rs. 82 lakhs. In the first and final quarters of the year there were minor banking crises following, in each case, suspension of payments by a scheduled bank ; these were tided over by timely assistance from the Reserve Bank. During the latter crisis, the Reserve Bank announced, with a view to strengthening the banking system of the country, its support of a proposal for an amalgamation of four scheduled banks in Bengal, namely, the Bengal Central Bank, Comilla Banking Corporation, the Comilla Union Bank and the Hooghly Bank. The amalgamation, on the basis of the latest available balance sheets, would create a bank with a capital of Rs. 2½ crores and reserves of Rs. 1 crore.

The number of offices of scheduled banks declined by 128 during the year, representing probably the weeding-out of the uneconomic branches which may be said to be an inevitable development after nearly a decade of banking expansion during the war and immediate post-war years. Such a weeding-out should contribute to a strengthening of the banking system. In fulfilment of the obligations imposed on

it by the Banking Companies Act 1949, the Reserve Bank of India, in addition to adopting other measures, assumed the responsibility of regular inspection of banks, to ensure the development of banking on sound lines.

Following the announcement of the devaluation of the Indian rupee, the Reserve Bank impressed upon banks the necessity of withholding credit for speculative purposes which may contribute to a rise in prices. In terms of Section 27 (2) of the Banking Companies Act, scheduled banks were called upon to furnish the Reserve Bank from 30th September with information relating to credit facilities of Rs. 1 lakh and over sanctioned to individual borrowers. Monthly returns of advances against essential commodities and bullion were also called for subsequently.

The Rural Banking Enquiry Committee* was appointed in November 1949 principally to explore ways and means of mobilising rural savings and stimulating their investment. The Committee were required to consider (1) the measures which could be taken immediately for extending banking facilities to rural areas, (2) the existing arrangements for cash work at Government Treasuries and Sub-Treasuries, including those managed by the Imperial Bank, and (3) the future arrangements for such work in the Provinces and in the States whose financial integration with the Indian Union took effect on 1st April, 1950, with special reference to the possibility of entrusting the work to a bank or banks.

23. *Government Securities Market.*—The Bombay gilt-edged market was fairly steady in the first quarter of the year under review and prices improved somewhat with the setting in of the slack season. The 3 per cent Conversion Loan of 1946 improved by about 12 annas to a peak of Rs. 98-11 on 17th June. Subsequently, for about four and a half months the market displayed a generally easy tendency, in sympathy with a fall in the prices of British funds. The conversion operations of the first week of July were attended with partial success. About Rs. 32 crores, out of a total outstanding of Rs. 67 crores of the 3 per cent Rupee Loan, 1949-52 which was offered for conversion, were exchanged for the $2\frac{1}{2}$ per cent Loan, 1955 and the $2\frac{3}{4}$ per cent Loan, 1962 at issue prices of Rs. 99-12 and Rs. 99-8, respectively. The September devaluation did not have any appreciable effect on the market and by the end of October the fall in the prices of government securities, from the levels touched in mid-June, ranged upto Rs. 1-13 in the case of the 3 per cent Conversion Loan of 1946. Thereafter, official assurances regarding the continuation of the cheap money policy and expectations of tax concessions in the Central budget for 1950-51 imparted strength to the market, which was helped by the recovery in British funds following Treasury intervention early in November. As a result, the earlier losses were substantially made good. By the middle of January the 3 per cent Conversion Loan had recovered to Rs. 97-15 from Rs. 96-14 at the end of October. At this stage a fresh issue of Rs. 15 crores of the $2\frac{1}{2}$ per cent Loan, 1955 was created primarily to meet institutional demand. The growing stringency in the money market resulting from normal seasonal factors led, however, to an easing of gilt-edged prices for the greater part of the last quarter of the year under review. This stringency coupled with the strained Indo-Pakistan relations following the 'incidents' in the two Bengals prevented the bullish reaction to a reduction of an anna in income tax announced in the Central budget being sustained.

* The Committee has since published its Report.

In comparison with the levels at the close of March 1949, shorts, mediums and medium-longs closed, on the whole, with moderate gains, some of them, e.g., the 2¼ per cent Loan, 1954, the 3 per cent Loan, 1957 and the 2½ per cent Loan, 1961, being marked up by 9 annas. The 2¾ per cent Loan, 1976, among long-dateds lost 12 annas. In the non-terminable section, the 3 per cent Conversion Loan and the 3 per cent Rupee Paper shed 14 and 15 annas, respectively. By the close of the year the yield on the 3 per cent Conversion Loan had adjusted to a little over 3 per cent (3·09).

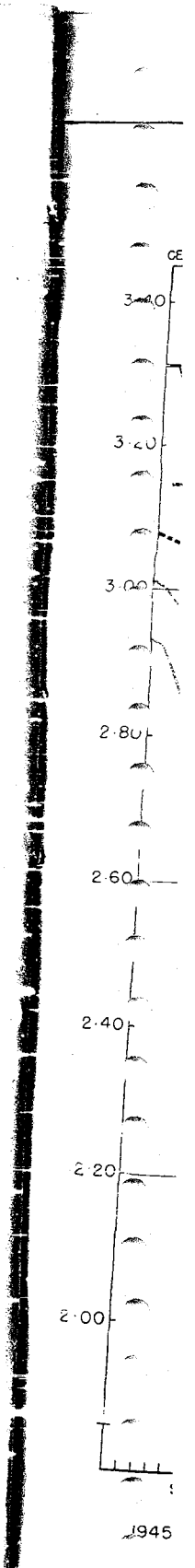
The Government of India's attempts at fresh borrowing in the market during the year were attended with partial success ; the total borrowings amounted to Rs. 47 crores as against a budget target of Rs. 85 crores. As disbursements on loan account amounted to Rs. 67 crores, there was a net outgo of nearly Rs. 20 crores, as against a net outgo of Rs. 42 crores in 1948-49.

The average monthly and annual yields and the highest and lowest prices, during 1949-50, of all outstanding Government of India securities are given in Statement 17 and the annual average prices of representative Government of India securities since 1939-40 are shown in Statement 19. The monthly average yields on selected government securities are depicted in Graph 7.

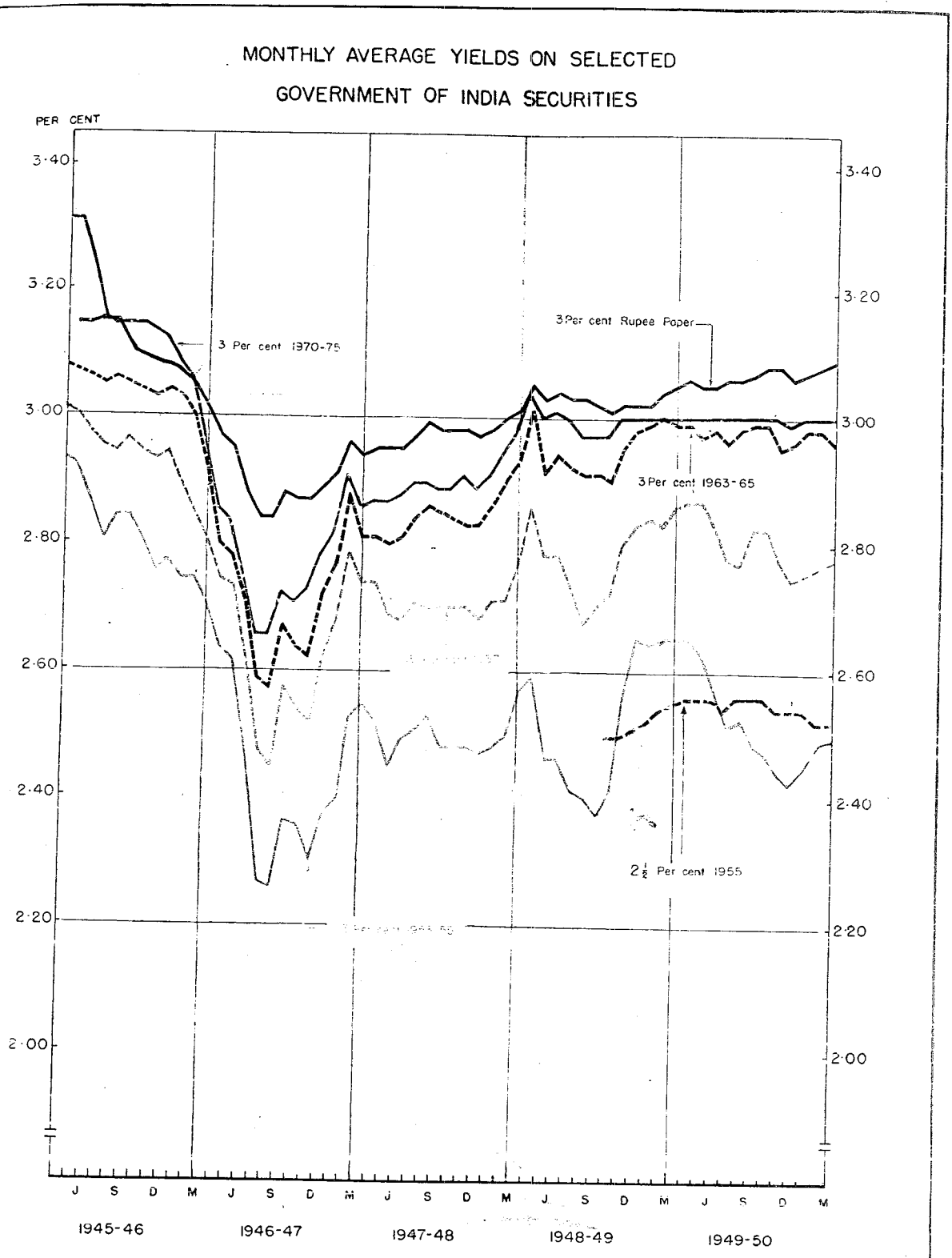
24. *Industrial Share Market.*—Industrial share prices witnessed a continuation of the downward trend, which had commenced in August 1946, till about the middle of July 1949, when many equities touched their lowest for the post-war period. Since then there has been a gradual and almost continuous recovery, and a part of the losses during the three-year recession in stock prices has been made good.

The recessionary business tendencies in the United States in the first half of 1949 and the drop in prices in the more important world markets had a bearish influence on the domestic equities market. In this context, with a market mainly confined to professional activity, the continued deterioration in India's payments position, the liquidation of a bull syndicate, and the bear-hammering in Tata Deferreds which followed, and a drop in silver prices in early July following the sale of silver by the Reserve Bank of India brought about a precipitous fall in share values. Tata Deferreds and Bombay Dyeings touched their lowest post-war levels of Rs. 1091-4 and Rs. 902-8, respectively, on 8th July and 28th June, respectively. Thereafter, except for a few temporary set-backs, share prices tended to be generally upward. This enabled the authorities of the Calcutta Stock Exchange to withdraw, with effect from 5th and 12th August, respectively, the floor prices they had fixed for the Miscellaneous and Jute sections. The improved sentiment was a result of several factors which included a liberalisation of depreciation allowances to industry announced on 10th August, reports of higher production, both industrial and agricultural, and the announcement on 10th September of a twelve-point official programme to overcome the textile crisis resulting from an accumulation of stocks. The favourable reception to the Krishnamachari Committee's scheme of financial integration of the States with the Indian Union and the Finance Minister's statement in the Constituent Assembly on 9th September, on the need to revise the structure of direct taxation so as to remove unnecessary handicaps in the way of industrialisation, helped to sustain the improvement.

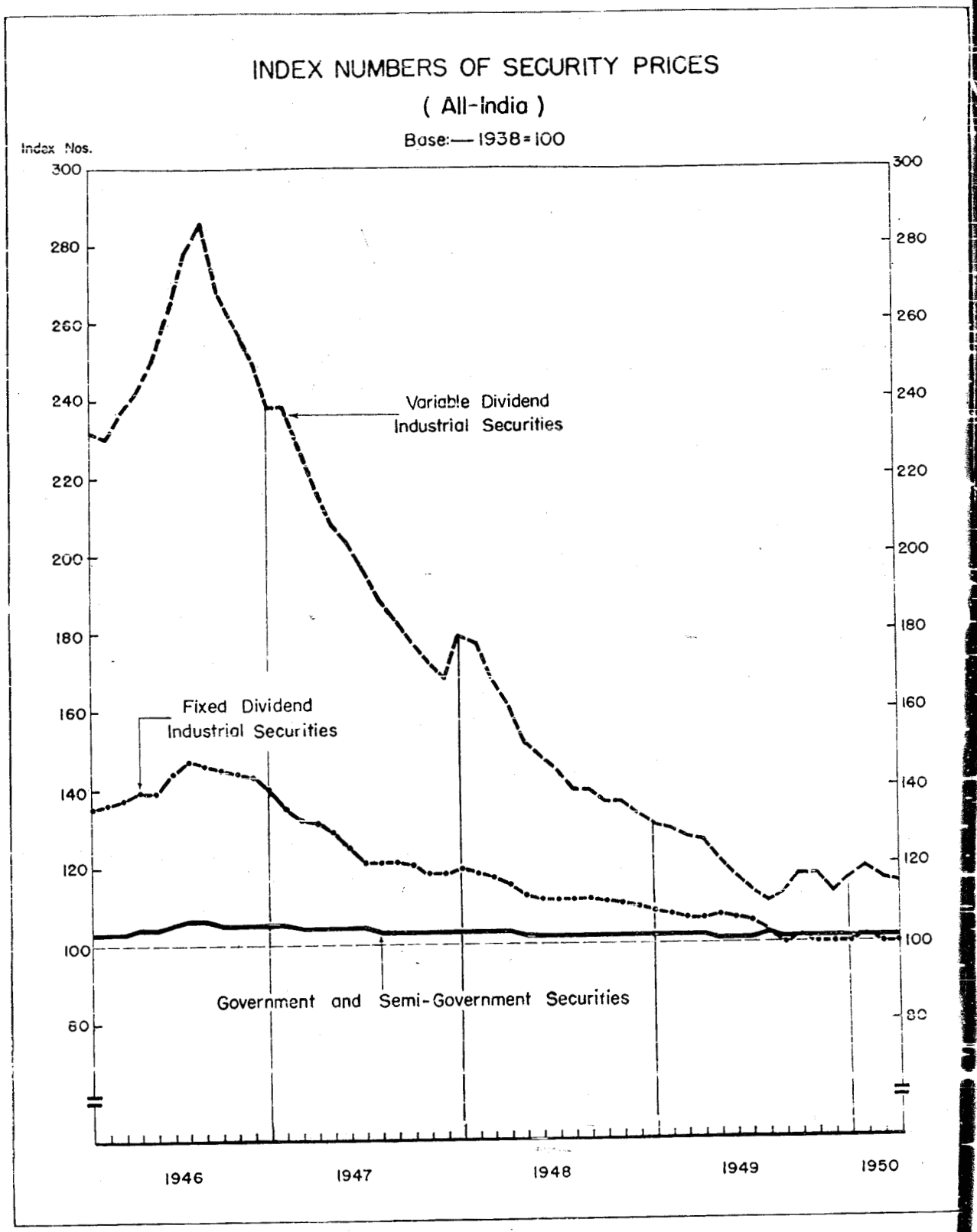
Devaluation brought about a spurt in equity prices, indicating the market's expectations of brighter prospects for industry. Jute, tea and coal shares in Calcutta

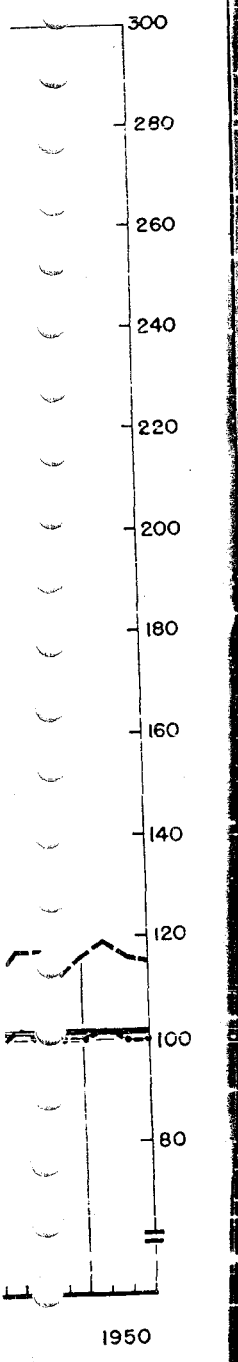


GRAPH 7


MONTHLY AVERAGE YIELDS ON SELECTED
GOVERNMENT OF INDIA SECURITIES
PER CENT
3·40
3·20
3·00
2·80
2·60
2·40
2·20
2·00
3 Per cent 1970-75
3 Per cent Rupee Paper
3 Per cent 1963-65
2½ Per cent 1955
J S D M J S D M J S D M J S D M J S D M
1945-46
1946-47
1947-48
1948-49
1949-50

GRAPH 8


INDEX NUMBERS OF SECURITY PRICES
(All-India)
Base:— 1938=100
Index Nos.
300
280
260
240
220
200
180
160
140
120
100
80
Variable Dividend
Industrial Securities
Fixed Dividend
Industrial Securities
Government and Semi-Government Securities
1946
1947
1948
1949
1950



and plantation shares in Madras witnessed substantial buying. But Pakistan's decision not to devalue its rupee soon led to nervous liquidation with a consequent reaction in prices. The sentiment was further depressed by a reduction in the controlled prices of pig iron and cloth by official fiat and by a Memorandum issued by the Commerce Ministry, which suggested, *inter alia*, a limitation of the dividends payable on deferred shares of joint stock companies to twice that on ordinary shares. In Calcutta, the absence of futures trading in hessians, which was banned by the West Bengal Government after devaluation, added to speculative activity and prices were affected adversely.

By the middle of November, however, the market resumed its upward trend and evinced a substantial improvement during the next 3½ months mainly on expectations of tax concessions in the Central budget, other contributory factors being a fixation of production targets for 1950 in certain key industries, a reduction in coal prices and coal freights and prospects of higher dividends following the expected lapse of the Dividend Limitation Act. The Finance Minister's assurance on 12th December that Government had an open mind on subjects like State-trading, company law reform and control of industry, and the allocation of foreign exchange to import 10 lakh bales of raw cotton from overseas, including the hard currency areas, encouraged market sentiment. The reaction to the announcement of the budget proposals, however, was slight, the market having already discounted the concessions that were granted. During March the market was dominated by the tension in Indo-Pakistan relations and stock prices showed sizeable declines, the shrinkage in the profits of some of the well-known textile companies adding to the bearish trend.

The closing quotations for the year of many leading equities were considerably higher than the low levels of June 1949 and a few scrips showed gains compared with the previous year's closings. The post-devaluation improvement in equity prices was substantial. The undertone was firm and to a large extent this was an indication of the market's reaction to the realistic approach by Government to problems confronting the country in the political as well as economic spheres.

Graph 8 depicts the price trends since January 1946 in government and semi-government securities and in fixed dividend and variable dividend industrial securities. Statement 18 shows price trends by quarters in some of the leading industrial shares on the Bombay, Madras and Calcutta share markets during 1949-50. Indices of security prices as compiled by the Office of the Economic Adviser upto December 1949 are shown in Statement 15. The Reserve Bank index numbers of prices of industrial securities are given in Statement 16. The percentage fall in the first quarter of 1949-50 and the percentage rise in the subsequent three quarters in the prices of some of the leading groups are indicated below; in contrast with other scrips jute shares fell progressively as a result of the stalemate in the Indo-Pakistan trade.

	March 1949-July 1949	July 1949-March 1950
Banks	— 9·2	+ 0·8
Plantations	—17·7	+10·3
Textiles	—14·4	+ 5·4
Coal	—17·9	+ 3·0
Iron and Steel	—22·4	+32·4
Sugar	—21·6	+ 8·6
Cement	— 8·1	+11·4
Jute	— 1·0	—24·2

25. *Control of Capital Issues.*—Control over capital issues continued during the year under review and the Capital Issues (Continuance of Control) Act passed in March 1950 extended the control upto 31st March, 1952 for all territories which come under the legislative jurisdiction of Parliament. The amount sanctioned during the calendar year 1949 was Rs. 63·03 crores in respect of 326 companies, or half of that sanctioned in the previous year (Rs.125·57 crores) and one-fourth of that in 1946 (Rs. 240·47 crores). This progressive decrease apparently reflects the stagnant conditions of the capital market. As in the previous years, immediate schemes predominated, and group-wise, a majority of the schemes related to industrial ventures (*vide* Statements 20 and 21).

26. *Industrial Finance Corporations.*—With the continued apathy of the capital market, the role of the Industrial Finance Corporation of India in meeting the medium and long-term requirements of industry assumed greater importance. Of the total resources of the Corporation amounting to Rs. 10·31 crores, loans and advances on 31st March, 1950 stood at Rs. 3·15 crores as against Rs. 29·90 lakhs on 31st March, 1949. Investments in government securities amounted to Rs. 6·96 crores. The rates of interest charged by the Corporation on loans and advances were substantially lower than the overall cost of borrowing from the open market and other sources, and compared favourably with the terms on which debentures were issued by a few companies during the year. The Corporation assisted industrial concerns in the preparation of their schemes of expansion and reorganisation and indicated in several cases possible means of effecting economies. It watched the progress of the borrowing industrial concerns by carrying out periodical inspections and calling for progress reports. With a view to augmenting its resources, the Corporation placed on the market on 1st August, 1949, 3¼ per cent Bonds, 1960, the total amount raised being Rs. 5·30 crores by the end of the year.

Following the establishment of the Industrial Finance Corporation of India in July 1948, Bombay, Bihar and Uttar Pradesh were reported to be making arrangements for setting up similar institutions. In Madras the Industrial Investment Corporation was established in March 1949. The authorised capital of the Corporation is Rs. 2 crores, Rs. 1·02 crores being contributed by the State Government. The Government have guaranteed the share value and a minimum taxable dividend of 3 per cent per annum for a period of ten years. The main functions of the Corporation would be to grant long-term loans to industries, particularly to concerns which ordinarily find it difficult to obtain credit on economic terms owing to their being new enterprises, and to underwrite shares and debentures of industrial concerns. Saurashtra set up in January 1950, by an Ordinance, the Industrial Finance Corporation which is expected to commence operations soon. Of an authorised capital of Rs. 2 crores, 50 per cent would be issued, the State Government and the State-owned banks providing Rs. 51 lakhs and the other financial institutions the rest.

27. *Money Rates and Money Conditions.*—The year opened with the 1948-49 busy season moving towards its peak. Abnormal stringency prevailed in the Bombay short-term money market as a combined result of the normal seasonal requirements, unusually large imports, heavy tax collections and the locking up of funds in goods which could not be moved owing to transport bottlenecks. In consequence the inter-bank call rate among smaller scheduled banks hardened from 1¼ per cent to 1½ per cent on 2nd April and among the larger scheduled banks from 1 per cent to 1¼

per cent on 9th April. The busy season was unusually prolonged and scheduled banks' credit continued to increase from Rs. 496 crores on 25th March, 1949 to an all-time high of Rs. 514 crores on 6th May, 1949, inter-bank borrowings reaching their busy season peak of Rs. 38 crores on the same day. Towards the end of April the stringency in the money market began to resolve itself and the call money rate among the larger banks eased to 1-1¼ per cent on 23rd April. With the setting in of the slack season it slipped back to 1 per cent and ¾ per cent on 7th and 28th May, respectively, and on 2nd June reverted to the pre-busy season level of ½ per cent. The call money rate among the smaller banks generally followed the same trend easing to 1¼ per cent on 7th May and to ¾ per cent on 8th June.

Among other short-term rates, the rate on 3 months' fixed deposits, which was at 1-1¼ per cent on 1st April, rose to 1¼-1½ per cent on 23rd April. It fell temporarily to its earlier level of 1-1¼ per cent from 18th June to 16th September, when it again rose to 1¼-1½ per cent. The 6 months' fixed deposit rate ruled steady at 1½-1¾ per cent throughout the first three quarters of the year.

Slack season conditions were reflected in the response to Government Treasury bills, the sale of which was resumed on 26th July after having been suspended since 9th November, 1948. The sales of Treasury bills from 26th July to 27th September amounted to Rs. 36 crores, the rate of interest being 8 annas per cent per annum except for the last two auctions when the rate was slightly higher at Re. 0-8-9 and Re. 0-8-11 per cent per annum, respectively.

The 1949-50 busy season on the whole witnessed less stringent money conditions than the previous one, owing to Treasury bill maturities of Rs. 36 crores early in the season, the stalemate in the Indo-Pakistan trade, more severe import restrictions which were reimposed from May 1949, and the effects of devaluation. The improvement in the payments position after devaluation contributed to the steadiness in the public's deposits with the scheduled banks, in contrast with a fall in their volume during the preceding busy season, which had resulted from heavy payments deficits.

Money conditions grew tighter from January 1950. The 3 months' and 6 months' deposit rates rose to 1½-1¾ per cent and 1¾ per cent, respectively, on 17th January, at which levels they closed for the year. On 21st January, the call money rate among the smaller banks hardened to 1¼ per cent. The call money rate among the larger banks hardened, though not continuously, to ½-¾ per cent on 24th February and ¾-1 per cent on 24th March. This peak rate was lower than the peak rate in the previous busy season by ¼ per cent. The 12 months' rate remained unaltered at 1¾-2 per cent throughout the year.

The Calcutta money market ruled easy and featureless with the call rate remaining unaltered at ½ per cent throughout the year.

The Bank rate of the Reserve Bank of India and the Imperial Bank of India Hundi rate remained unchanged at 3 per cent and 3½ per cent, respectively, throughout the year.

The Bazar Bill rate in Bombay remained steady at 7½ per cent till 9th February, 1950 and rose thereafter to 8¼ per cent. In Calcutta this rate remained at 12-15 per cent from the beginning of the year and fell to 10-12 per cent on 2nd August, 1949, remaining thereafter at that level till the close of the year.

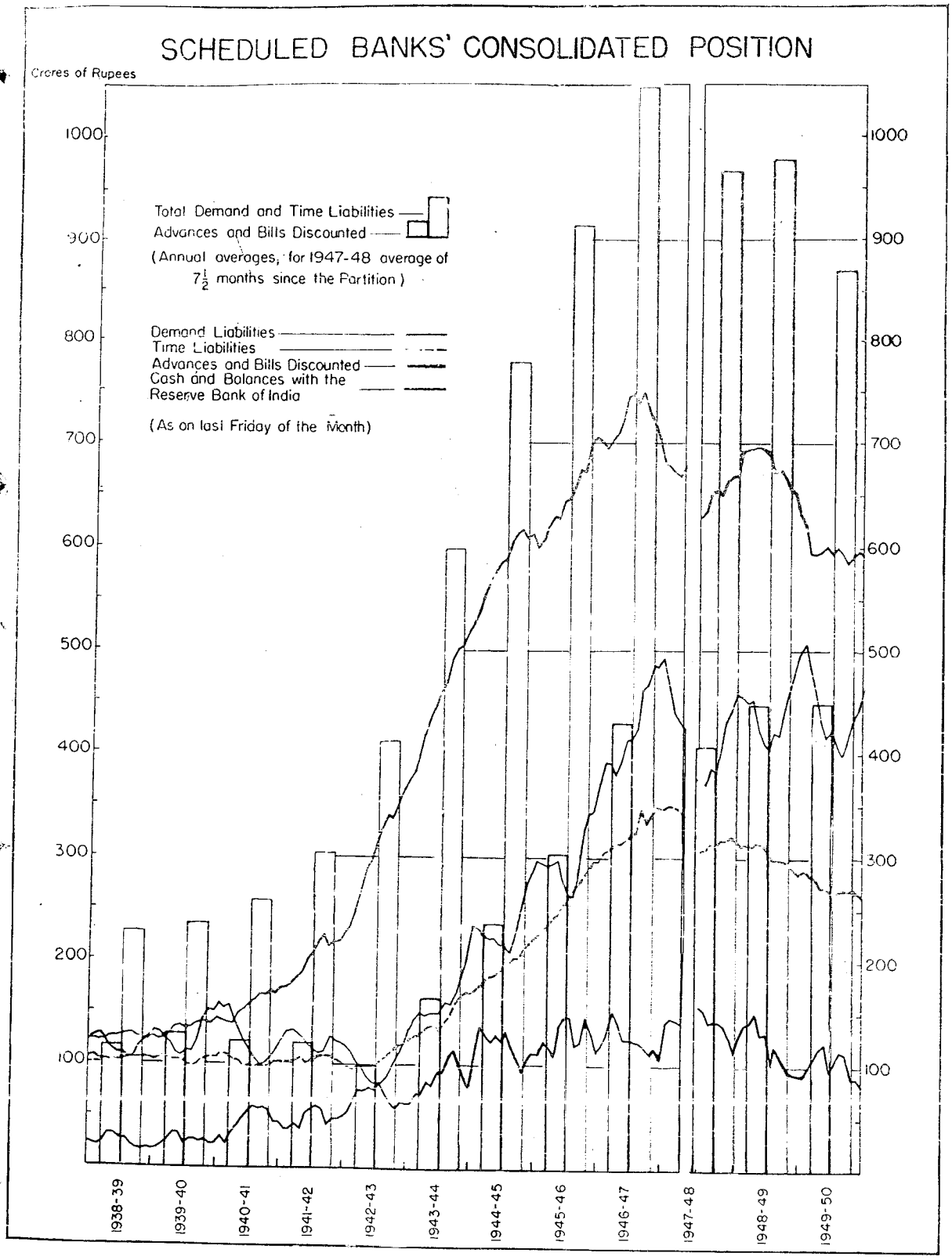
Statement 22 shows the money rates since 1935-36 and the rates prevailing on the first day of each month of the year under review.

28. *Scheduled Banks.*—The number of scheduled banks as on 31st March, 1950 was 100, one less than a year previously. During the year three banks, the Miraj State Bank, the Sangli Bank and the Bank of Indore, were included in the Second Schedule to the Reserve Bank of India Act, and four banks, the Discount Bank of India, the Exchange Bank of India and Africa, the Calcutta Commercial Bank, and the Noakhali Union Bank, were excluded from it. 96 new offices of scheduled banks were opened, of which 66 were in the erstwhile Provinces and the rest in the acceding States, and the number of offices of the banks added to the list of scheduled banks was 28. On the other hand, the number of offices of scheduled banks fell by 252, 67 of them on account of the exclusion of four banks from the list of scheduled banks. As a result the total number of offices of scheduled banks decreased from 3,040 at the end of March 1949 to 2,912 at the end of March 1950—a fall of 128 offices.

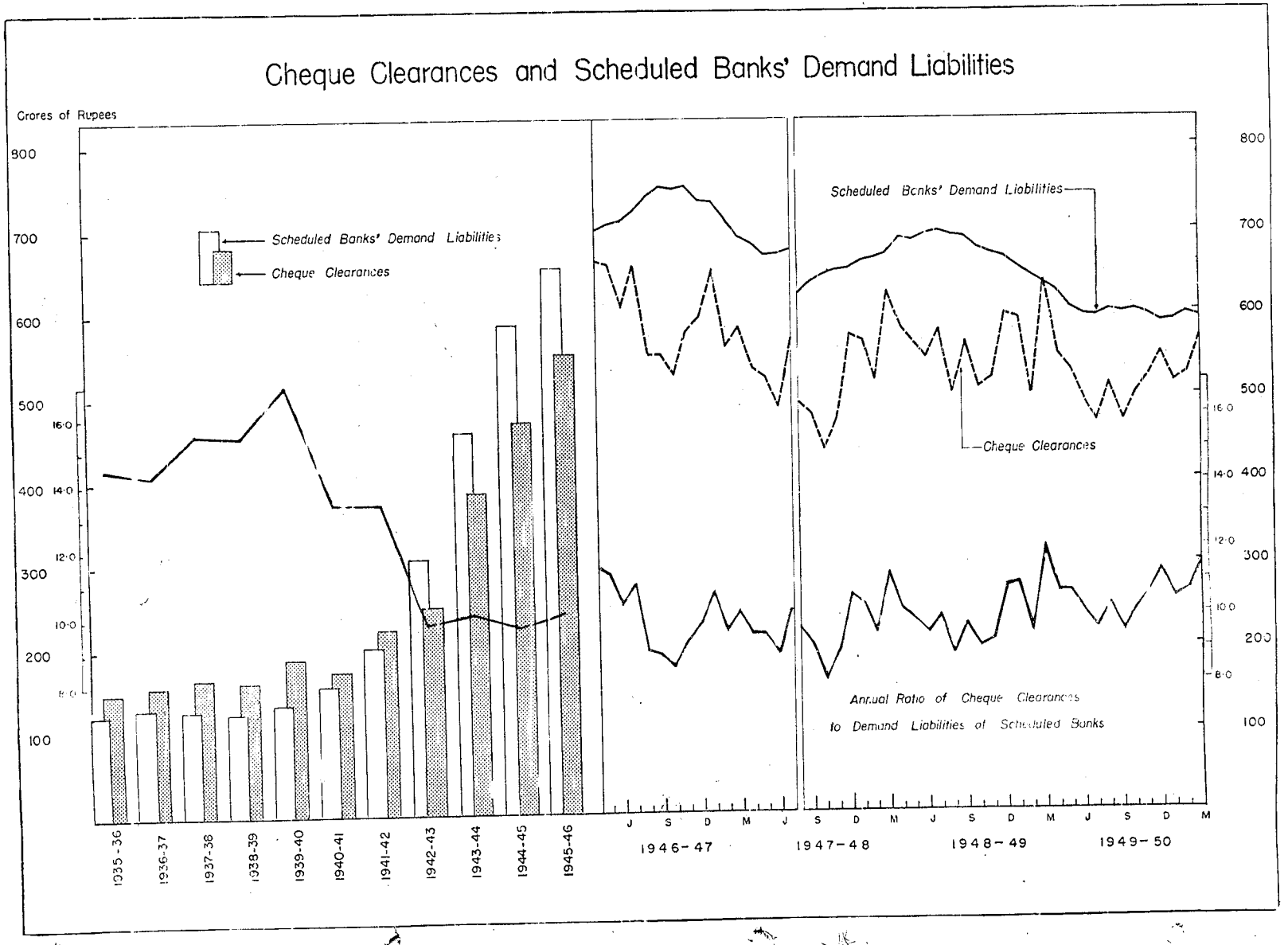
Statement 23 shows the weekly consolidated position of scheduled banks in the Indian Union. Statement 24 gives the annual statistics of scheduled banks since 1937-38 and monthly statistics during the year 1949-50, and Statement 25 shows the indices of these statistics. Preliminary results of surveys conducted during the year under review of deposits, investments and advances of scheduled banks are given in Statements 26, 27 and 28. Statement 29 shows the assets and liabilities of joint stock banks, scheduled as well as non-scheduled, as on the last Friday of each month. The data in this Statement are compiled, for the period September 1948 to February 1949, from returns submitted under Section 8 (1) of the Banking Companies Control Ordinance of September 1948 and, for subsequent months, under Section 27 (1) of the Banking Companies Act, 1949, and relate to offices of banks in the Provinces of India and in such of the acceding States to which the Dominion banking laws were applicable. These figures are not comparable with the weekly statistics of scheduled banks (*vide* Statement 23) obtained under Section 42 (2) of the Reserve Bank of India Act, which relate to all offices of scheduled banks in the Indian Union, or with the monthly cash reserve returns submited under Section 277L of the Indian Companies Act, which include, in respect of non-scheduled banks, data for all offices whether in the Indian Union or outside. Graph 9 shows the consolidated position of scheduled banks from the pre-war year, 1938-39.

The severe contraction in the deposit liabilities of scheduled banks which commenced towards the end of July 1948 continued during the first three quarters of the year under review. Total deposit liabilities fell by nearly Rs. 67 crores from Rs. 915·86 crores on 25th March, 1949 to Rs. 849·31 crores on 23rd December of the same year ; nearly Rs. 50 crores of this fall was under demand liabilities. In the next two months the downtrend was arrested and there was a sizeable rise of Rs. 16 crores—almost wholly in demand liabilities—in total deposits, in spite of the growing impact of the busy season. This would appear to be largely attributable to the emergence of export surpluses as a result of devaluation. In March, owing to the usual year-end demand for funds, there was a decline in deposit liabilities by Rs. 10 crores. For the year as a whole total deposit liabilities declined by Rs. 61 crores as against a decline of Rs. 71 crores in the previous year, the annual averages of demand and time liabilities being approximately Rs. 598 crores and Rs. 273 crores, respectively, the corresponding figures for the preceding year being Rs. 675 crores and Rs. 304 crores, respectively. The decrease in deposit liabilities during 1948-49 and 1949-50 contrasts with an average annual increase of Rs. 91 crores during the war and the immediate post-war periods, 1939-40 to 1947-48.

GRAPH 9


SCHEDULED BANKS' CONSOLIDATED POSITION
Crores of Rupees
Total Demand and Time Liabilities
Advances and Bills Discounted
(Annual averages, for 1947-48 average of 7½ months since the Partition)
Demand Liabilities
Time Liabilities
Advances and Bills Discounted
Cash and Balances with the Reserve Bank of India
(As on last Friday of the Month)
1000
900
800
700
600
500
400
300
200
100
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
1947-48
1948-49
1949-50

GRAPH 10


Cheque Clearances and Scheduled Banks' Demand Liabilities
Crores of Rupees
800
700
600
500
400
300
200
100
16·0
14·0
12·0
10·0
8·0
Scheduled Banks' Demand Liabilities
Cheque Clearances
Annual Ratio of Cheque Clearances to Demand Liabilities of Scheduled Banks
1935-36
1936-37
1937-38
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
J S D M J
1946-47
S D M J S D
1947-48
M J S D M
1948-49
J S D M
1949-50

The survey of the ownership of demand, savings and time deposits as on 31st December, 1949 shows that total deposits of 88 scheduled banks, which submitted returns, amounted to Rs. 826 crores; they comprised Rs. 478 crores in demand deposits, Rs. 134 crores in savings deposits and Rs. 214 crores in time deposits, or 58 per cent, 16 per cent and 26 per cent of the total, respectively (*vide* Statement 28). About half (51 per cent) of the demand deposits were owned by business concerns and 29 per cent were personal deposits ; nearly three-fifths (59 per cent) of time deposits were personal and 24 per cent owned by business concerns. Savings deposits were almost entirely personal (97 per cent). Owing to certain changes in the forms calling for the requisite data, the December 1948 and June 1949 figures are not comparable with the December 1949 figures. To enable a comparison being made, certain adjustments have been effected in the data given in the Table below. The distribution of demand deposits in the three categories mentioned in the Table shows a fair degree of stability, business deposits representing 44 per cent in December 1949, 42 per cent in June 1949 and 46 per cent in December 1948. On the same dates personal deposits accounted for 41 per cent, 43 per cent and 40 per cent, respectively, and other deposits 15 per cent, 15 per cent and 14 per cent, respectively.

DEMAND DEPOSITS OF SCHEDULED BANKS

(In crores of rupees)

	December 1948 (86 Banks)	*Percentage to total*	June 1949 (89 Banks)	*Percentage to total*	December 1949* (88 Banks)	*Percentage to total*
Business	281·2	*45·6*	236·0	*42·2*	246·8	*44·0*
Personal†	248·2	*40·3*	240·4	*43·0*	228·5	*40·7*
Others	86·9	*14·1*	83·4	*14·9*	86·1	*15·3*
Total	**616·4**	*100·0*	**559.8**	*100·0*	**561.4**	*100·0*

* Adjusted to include the demand liability portion of savings deposits of each ownership group in proportion to the savings deposits held by the group.

† Includes accounts with balances of less than Rs. 500 which were unclassified.

On the assets side the movement in cash on hand and balances with the Reserve Bank followed the usual seasonal pattern. The two together averaged Rs. 87·71 crores in April, moved up rapidly thereafter and, with the progress of the slack season, touched a peak of Rs. 122·39 crores in August. Subsequently, there was a general decline, except in November, when they rose by Rs. 12 crores as a result of heavy Treasury bill maturities, and stood at Rs. 84·50 crores in March 1950 as against Rs. 88·44 crores a year earlier. The excess of balances with the Reserve Bank over the statutory minimum showed a similar trend : they rose from Rs. 15·41 crores in April to Rs. 53·47 crores in August and were down at Rs. 16·10 crores in March 1950. The average excess balances during the year under review were lower than in the previous year, being, respectively, Rs. 31 crores and Rs. 37 crores. The cash ratio moved up from 9·62 per cent in April to 14·07 per cent in August ; it fluctuated between 11 per cent and 13 per cent during the following 5 months and dropped to 10·22 per cent in February and to 9·86 per cent in March. The average for the year (11·53 per cent) was about the same as in the previous year (11·67 per cent).

As a result of the unusually heavy seasonal demand for funds, mentioned earlier, scheduled banks advances and bills discounted continued to rise throughout April

and touched an all-time high of Rs. 514·40 crores on 6th May, their ratio to total deposit liabilities being 57 per cent, as against Rs. 496·46 crores on 25th March, 1949. Thereafter, with the onset of the slack season, the amount of the advances and bills discounted shrank rapidly to Rs. 412·73 crores on 16th September, 1949, on which date their ratio to deposit liabilities was 48 per cent. During the fortnight following the devaluation of the rupee, this amount rose temporarily by Rs. 10 crores. During October and November, it resumed its decline and touched Rs. 395·26 crores on 25th November, which represented 46 per cent of total deposits, the lowest for the year. The total decline in credit from 6th May to 25th November was Rs. 119 crores. The decline in credit in October and November is attributable to the delayed commencement of the busy season owing to the trade dead-lock between India and Pakistan. The busy season commenced in December and bank credit rose rapidly, by Rs. 67 crores, in the last four months of the year, advances and bills discounted rising to Rs. 462·32 crores at the end of March 1950 (as against Rs. 496·46 crores a year earlier). During these four months the ratio of bank credit to deposits moved up, the ratio on the last Friday of March being 54 per cent.

The preliminary results of the quarterly surveys, undertaken during the year, of loans and advances including bills purchased and discounted (*vide* Statement 26), show that about 48-52 per cent of the total advances are accounted for by commerce. Advances to industry, which come next, represented 30-32 per cent. Agricultural advances constituted a negligible part (2-4 per cent). Personal and professional advances, and 'all others' averaged 9 and 7 per cent, respectively. Advances to commerce after showing a decline of Rs. 6·8 crores during the quarter ended 30th September, 1949, increased by Rs. 2·4 crores by December, and rose further by Rs. 34·7 crores to Rs. 257·1 crores on 31st March, 1950; these movements mainly reflected the impact of seasonal factors. Advances to industry declined by Rs. 22·0 crores to Rs. 132·1 crores by September; the bulk of the decline was accounted for by a fall in advances to the sugar (Rs. 10·2 crores) and jute (Rs. 7·6 crores) industries. The fall in advances to the sugar industry is attributable to the seasonal factor and in the case of the jute industry to a shortage in the supply of raw jute resulting from the Indo-Pakistan trade dead-lock. For the quarter ended December 1949 industrial advances rose slightly and in the following quarter by Rs. 23·6 crores, owing mainly to a recovery in the advances to the sugar industry by Rs. 18·4 crores. Advances to agriculture, about 90 per cent of which was for commercial crops, declined from Rs. 17·6 crores in June to Rs. 8·5 crores at the end of December, and recovered to Rs. 11·5 crores at the end of March. The classification of loans and advances by nature of security offered shows that about 86-88 per cent of the total advances were secured; advances against merchandise represented more than 40 per cent of total advances, government securities and shares each accounting for about 12 per cent and bullion (including gold and silver ornaments) 2 per cent.

Investments of scheduled banks in government securities, which amounted to Rs. 462·64 crores in September 1948, when the first returns under the Banking Companies Control Ordinance were received, rose to Rs. 466·92 crores in October, and thereafter fell continuously to Rs. 321·01 crores in May 1949. This sharp decline of over Rs. 145 crores since October 1948 would appear to be attributable to the exceptionally heavy demand for bank credit and the declining resources of banks during this period. Since May, with the advent of the slack season, banks began to repurchase government securities, and their investments in them rose to Rs. 367·05 crores by September 1949; but were still Rs. 100 crores less than in

October 1948. In the following six months, in accordance with the seasonal trend, government investments of scheduled banks showed a downward trend and stood at Rs. 332·51 crores at the end of March 1950. Other investments stood at Rs. 22·78 crores at the end of the same month as against Rs. 17·30 crores in September 1948; the variations during the year 1949-50 were small. The proportion of total investments of scheduled banks to total deposit liabilities, which stood at 57 per cent in October 1948, fell considerably by March 1950, when the ratio was 44 per cent.

Surveys of investments of scheduled banks as at the close of June 1949 and the close of December 1949 (*vide* Statement 27) show that as at either of these dates, investment in government securities amounted to nearly 89 per cent of total investments, foreign investments 5-6 per cent, shares and debentures 3 per cent and trustee securities 1 per cent. Investments in government securities were distributed as follows: short-dateds (maturing within 5 years) 28-30 per cent, medium-dateds (maturing between 5 and 15 years) 53-54 per cent, and long-dateds (maturing after 15 years) 17-18 per cent. Total investments as at the close of December 1949 were over Rs. 15 crores above those as at the close of June 1949 (Rs. 387 crores). This increase ensued from a rise of Rs. 14 crores in government securities, of Rs. 2 crores in trustee securities, shares and debentures, and of about Rs. 4 crores in 'others', and a decline of a little over Rs. 4 crores in investments abroad. The increase in government securities was made up of a rise of Rs. 12 crores in short-dated securities and of Rs. 2 crores in medium-dated securities. As between the two dates the amount of the long-dated securities remained stable, but their proportion to total government securities declined from 18 per cent at the close of June 1949 to 17 per cent at the close of December 1949. The decline in investments abroad comprised a fall of nearly Rs. 5 crores in investments in the United Kingdom and of Rs. 1 crore in Pakistan.

29. *Non-Scheduled Banks.*—The number of non-scheduled banks submitting returns under the Banking Companies Act continued to decline from 399 in March 1949 to 364 in March 1950 (*vide* Statement 29). Their total deposits declined almost continuously during the year under review by Rs. 10 crores, a part of this decline being accounted for by the fall in the number of banks submitting returns. The time liabilities of non-scheduled banks were double their demand liabilities, at the end of March 1950, total deposit liabilities amounting to Rs. 36·24 crores and time liabilities Rs. 23·57 crores. In the case of scheduled banks the reverse was the case: their demand liabilities accounted for over two-thirds of the total deposit liabilities. The sample survey of the ownership of deposits, as on 31st December, 1949, covering 109 non-scheduled banks shows that the total deposits of these banks (Rs. 29 crores) comprised Rs. 8·4 crores in demand deposits, Rs. 5·2 crores in savings deposits and Rs. 15.4 crores in time deposits or 29 per cent, 18 per cent, and 53 per cent, respectively, of the total deposits (*vide* Statement 28). The ownership distribution of demand deposits was similar to that of scheduled banks: 57 per cent of demand deposits belonged to business concerns and 26 per cent were personal deposits, and 63 per cent of time deposits were personal deposits and 27 per cent business deposits; 88 per cent of savings deposits were personal deposits.

The cash ratio of non-scheduled banks remained generally between 7 and 8 per cent, the peak for the year, which was attained in December 1949, being 9 per cent. Non-scheduled bank credit was on the downtrend throughout the year; its ratio to deposit liabilities remained around 80 per cent with no seasonal variations. This ratio contrasts with a peak ratio of 57 per cent for scheduled banks during the same year. The surveys of advances show that total advances of non-

scheduled banks amounted to Rs. 30·2 crores on 30th June, 1949, Rs. 31·7 crores on 30th September 1949, Rs. 43·5 crores on 31st December, 1949 and Rs. 40·1 crores on 31st March, 1950 (*vide* Statement 26). Advances to commerce represented 41-43 per cent of total advances, and personal advances which came next about 23-29 per cent. Advances to industry accounted for 16-19 per cent. About 77-79 per cent of the advances were secured and 19-22 per cent of the collateral was merchandise. Real estate accounted for about 17-21 per cent of the total advances, as against 4-5 per cent in the case of scheduled banks, and advances against bullion including gold and silver ornaments were 15-18 per cent, as against 2 per cent in the case of scheduled banks.

Investments of non-scheduled banks showed little variations ; their investments in government securities ranged between Rs. 10·47 crores and Rs. 9·11 crores during the year, their percentage to total investments being between 75 and 80 per cent ; the decline in total investments was Rs. 2·31 crores. The surveys of investments of non-scheduled banks, from a sample of 62 banks for the June 1949 survey and 101 banks for the December 1949 survey, reveals that government securities represented nearly 79 per cent of total investments, shares and debentures about 10 per cent, fixed deposits (with other banks) 4 per cent, and trustee securities and foreign securities about 2½ per cent and 1 per cent, respectively (*vide* Statement 27). Long-dated government securities accounted for 35 per cent of total investments in government securities, medium-dateds 46 per cent and short-dateds 20 per cent at the end of December 1949.

30. *Clearing House Statistics.*—Statement 30 shows the cheque clearances through the more important clearing houses since 1918-19. Cheque clearances in the Indian Union declined to Rs. 6,198 crores in 1949-50 from Rs. 6,687 crores in the previous year, or a fall of Rs. 489 crores (7 per cent); it contrasts with a rise of Rs. 536 crores during the preceding year and would seem to reflect in part the lower level of business activity brought about mainly by restrictive import policies and the Indo-Pakistan trade dead-lock. The bulk of the decline for the year, namely Rs. 438 crores, was in Calcutta and Bombay, the former accounting for Rs. 299 crores of it and the latter Rs. 139 crores. The decline in Calcutta would appear to have been affected, in addition to the factors referred to above, by the banking crisis of February 1950 and by the 'incidents' in the two Bengals towards the end of the year. The decline at other centres was relatively small, being 10 per cent of the total.

Statement 31 shows the monthly figures of the number and amounts of cheques cleared during the year through the clearing houses in India, including nineteen managed by the Imperial Bank of India and one by the Bank of Mysore. In 1948-49 though the increase in the amount of clearances relative to 1947-48 was substantial, being Rs. 536 crores, the increase in the number of cheques cleared was small, being 6,75,617. In 1949-50, while the amount of cheque clearances declined substantially, by Rs. 489 crores, the number of cheques cleared increased by 12,12,524, relatively to 1948-49.

The Table on page 67 gives the ratio (velocity of circulation) of cheque clearances to the demand liabilities of scheduled banks from 1938-39 to 1947-48 for undivided India, and thereafter for the Indian Union. The annual velocity of circulation of demand liabilities in the Indian Union was 10·4 per cent in 1949-50 and 9·9 per cent in 1948-49. The higher velocity in 1949-50 reflects a relatively

larger reduction in demand liabilities than in cheque clearances. The velocity of circulation has been fairly constant since 1942-43, being around 9-10 per cent, and considerably below the pre-war level of about 15 per cent.

Year	Average Demand Liabilities of Scheduled Banks (Rs. crores)	Indices	Total Clearing House Returns (Rs. crores)	Indices	Ratio of 4 to 2
1	2	3	4	5	6
		Undivided India			
1938-39	124	100	1,921	100	15·5
1939-40	133	107	2,253	117	16·9
1940-41	156	126	2,073	108	13·3
1941-42	200	162	2,666	139	13·3
1942-43	306	247	2,979	155	9·7
1943-44	457	369	4,579	238	10·0
1944-45	585	472	5,627	293	9·6
1945-46	655	529	6,572	342	10·0
1946-47	726	586	7,221	376	9·9
1947-48	707	571	6,480	337	9·2
		Indian Union			
1948-49	675	100	6,687	100	9·9
1949-50	598	89	6,198	93	10·4

Graph 10 shows the average annual velocity of scheduled banks' demand liabilities for the years 1938-39 to 1946-47 and monthly velocity (at the annual rate) for the years 1947-48 to 1949-50.

31. *Internal Remittances.*—Statement 32 (A) shows the remittances during the year by telegraphic transfers, both issued and encashed, by the several offices and branches of the Reserve Bank of India. The remittances were lower during the second half of the year under review than during the corresponding period of the preceding year. Telegraphic transfers issued amounted to Rs. 347·58 crores in the second half of 1949-50 as against Rs. 385·68 crores in the second half of the preceding year, and telegraphic transfers paid to Rs. 472·41 crores and Rs. 556·16 crores, respectively. In the first half of the year under review telegraphic transfers issued were higher by Rs. 50·61 crores than in the second half, and telegraphic transfers paid were lower by Rs. 7·28 crores. The Calcutta office accounted for the larger share of both telegraphic transfers issued and paid in both half years of 1949-50.

Statement 32 (B) gives transfers of funds by demand drafts, telegraphic transfers and mail transfers in the Indian Union through the Imperial Bank of India on its own account. The total of these remittances rose by 6·9 per cent in 1949-50 from Rs. 1,088·04 crores to Rs. 1,163·44 crores. Remittances within Bengal and Bombay circles were lower by Rs. 8·30 crores and Rs. 9·46 crores, respectively, during the

year, owing probably in part to a restricted movement of several commodities consequent on the reintroduction of controls. Total remittances encashed at each of the three centres, Bombay, Madras and Bengal, were higher by Rs. 38·78 crores, Rs. 22·24 crores and Rs. 14·38 crores, respectively, the total at these centres amounting to Rs. 423·81 crores, Rs. 262·52 crores and Rs. 477·11 crores, respectively.

Statement 32 (C) shows the share of the general public, the scheduled banks and non-scheduled banks, the co-operative banks and societies and the Governments in remittances by (i) telegraphic transfers, and (ii) drafts and mail transfers, effected through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies together, for each of the half years ended September 1948, March 1949 and September 1949. The total remittances through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies during the half year ended 30th September, 1949, on account of the general public, showed a decline, while those on account of co-operative banks and societies showed an increase. Remittances on account of the Government declined. The amount of remittances by telegraphic transfers during the half year ended 30th September, 1949 showed an increase as compared with the previous half year, while the amount of remittances by drafts and mail transfers was lower than in the preceding half year. The total amount of remittances during the half year ended 30th September, 1949 stood lower at Rs. 732·40 crores as compared with Rs. 741·19 crores during the previous half year. Of the total remittances during the half year ended 30th September, 1949 the percentage shares of scheduled banks, non-scheduled banks, general public, Government, and co-operative banks and societies were 60·9, 0·7, 17·5, 7·0 and 13·9, respectively.

The scheme of remittance facilities in operation since October 1940 continued to be availed of by scheduled and co-operative banks ; the intra-provincial drafts continued to be largely used.

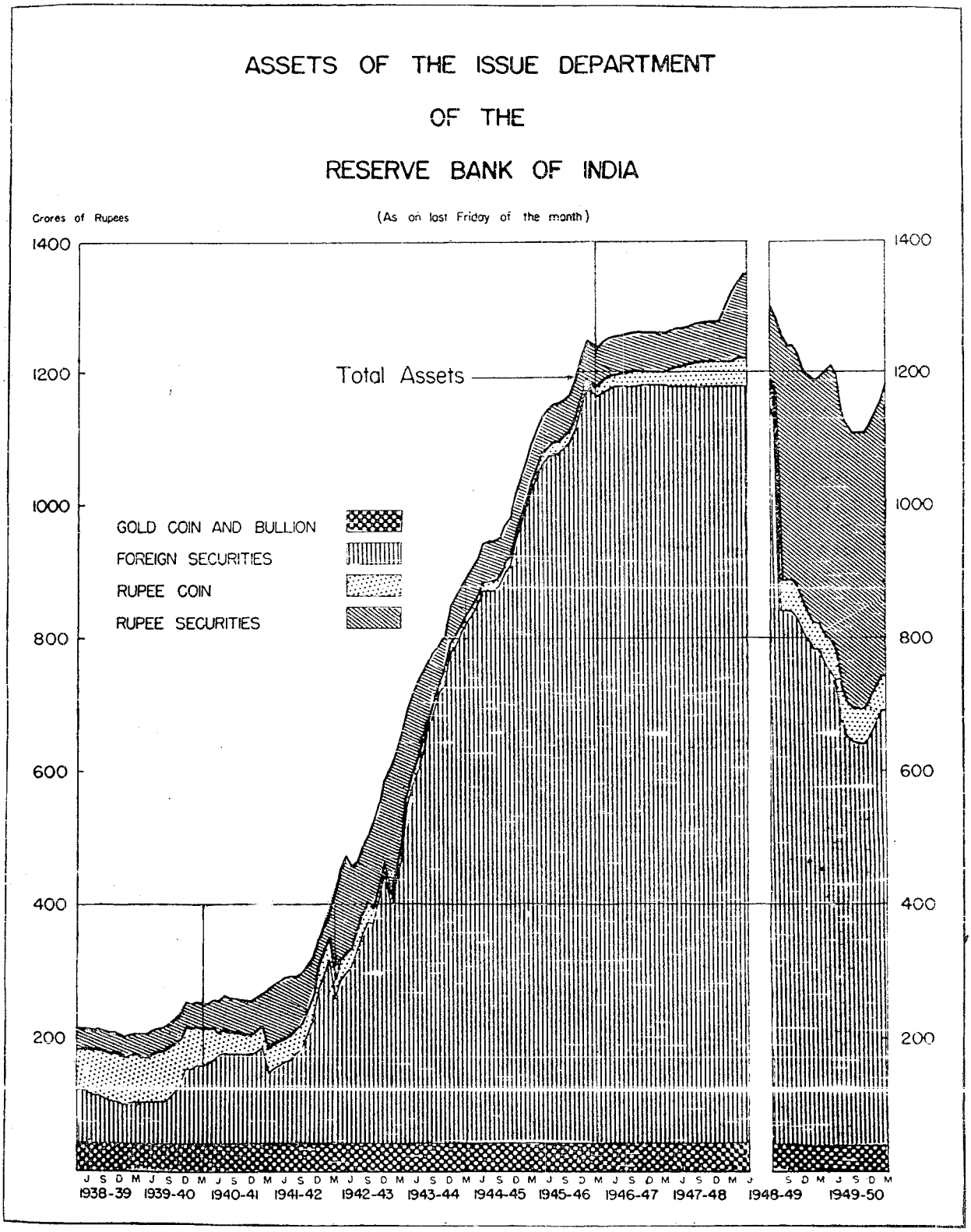
32. *Encashment of Foreign Circle Notes.*—Statement 33 shows the encashment of foreign circle notes in 1949-50. The total encashment during the year amounted to Rs. 96·27 crores. The largest amount of notes was encashed at Bombay (Rs. 31·72 crores), about half of which were from the Calcutta circle.

33. *Reserve Bank of India: Banking Department.*—Statement 34 shows the monthly averages of liabilities and assets of the Banking Department of the Reserve Bank of India for each month of 1948-49 and 1949-50 and the annual averages for the years 1935-36 to 1949-50. Statement 35 gives the weekly (Friday) figures for 1949-50.

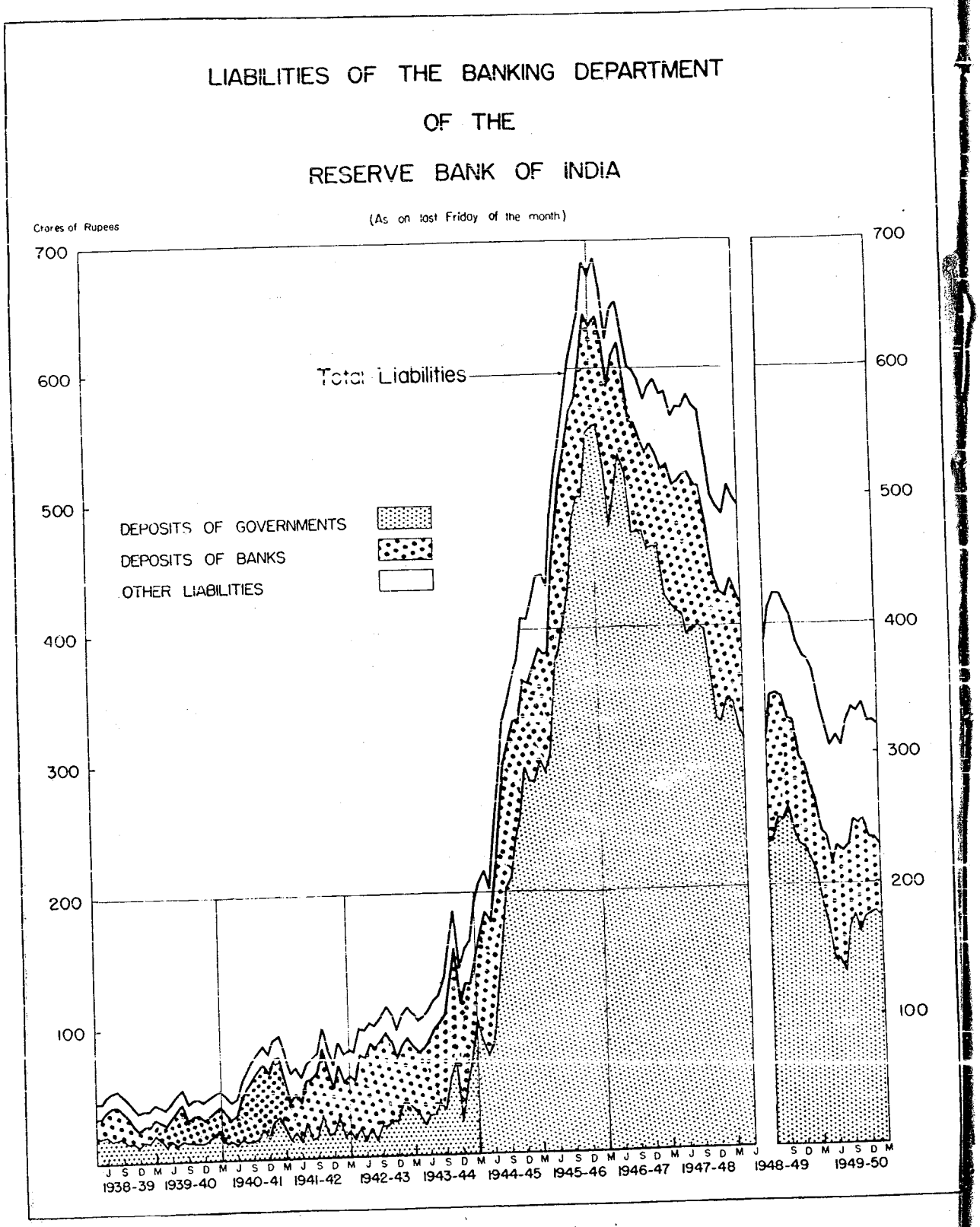
Total deposits with the Reserve Bank of India declined from Rs. 332·29 crores on 25th March, 1949 to Rs. 271·58 crores on 8th July ; they recovered gradually to Rs. 314·29 crores on 28th October but declined again to Rs. 291·44 crores on 31st March, 1950. The fall over the year amounted to about Rs. 41 crores, being the net result of a drastic reduction of Rs. 55 crores in Central Government balances and a fall of Rs. 2 crores and Rs. 5 crores, respectively, under 'banks' and 'other deposits', on the one hand, and a substantial increase of Rs. 21 crores in the balances of the State Governments, on the other.

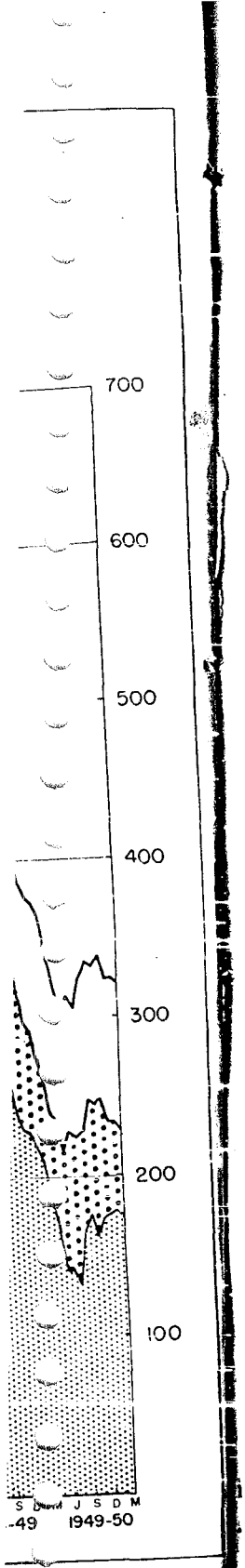
The monthly average of Central Government deposits declined continuously from Rs. 166·09 crores in April to Rs. 104·58 crores in August, but recovered

GRAPH II


ASSETS OF THE ISSUE DEPARTMENT
OF THE
RESERVE BANK OF INDIA
Crores of Rupees
(As on last Friday of the month)
1400
1200
1000
800
600
400
200
Total Assets
GOLD COIN AND BULLION
FOREIGN SECURITIES
RUPEE COIN
RUPEE SECURITIES
J S D M J S D M J S D M

GRAPH 12


LIABILITIES OF THE BANKING DEPARTMENT
OF THE
RESERVE BANK OF INDIA
(As on last Friday of the month)
Crores of Rupees
700
600
500
400
300
200
100
Total Liabilities
DEPOSITS OF GOVERNMENTS
DEPOSITS OF BANKS
OTHER LIABILITIES
J S D M J S D M J S D M



thereafter to Rs. 133·68 crores in September and to Rs. 150·40 crores in October. This improvement may be attributed partly to large sales of Treasury bills and partly to the various steps taken to curtail expenditure. For the rest of the year Central Government deposits showed a generally downward trend, the fall in March being particularly heavy (Rs. 18 crores), largely as a result of the year-end adjustments of the States' share of income tax which amounted to over Rs. 35 crores. The balances on 31st March, 1950 to the Central Government's credit were Rs. 129·28 crores as against Rs. 183·93 crores a year previously. The deposits of State Governments also showed a downward trend in the first few months of the year, falling from an average of Rs. 28·07 crores in April to Rs. 14·58 crores in July. From August, however, they showed an upward trend and touched the highest level of Rs. 35·27 crores in the last month of the year. In keeping with the seasonal trend, deposits of banks rose almost continuously during the first five months of the year, from Rs. 51·07 crores on 1st April, 1949 to a peak level of Rs. 93·79 crores on 26th August. There was a decline in September followed by a recovery in the next two months ; for the rest of the year, again in response to seasonal factors, they declined almost continuously and closed at Rs. 52·92 crores on the last Friday of March, which was about Rs. 2 crores lower than the corresponding figure for the previous year.

On the assets side, the average for the year under review of notes and coins held was Rs. 24·12 crores, which was slightly higher than the previous year's average (Rs. 22·12 crores). During the first quarter of 1949-50 the balances held abroad declined by Rs. 74·57 crores from Rs. 202·52 crores on 25th March to Rs. 127·95 crores on 17th June, this contraction being mainly due to a continuation of the heavy import surpluses following the earlier liberalisation of import restrictions. A tightening of import controls in May coupled with the attempts to stimulate exports, and the devaluation of the rupee in September led to an improvement in the foreign exchange position during the remaining 9½ months of the year ; the impact on "balances held abroad" was an increase by Rs. 80 crores. Total foreign exchange assets of the Reserve Bank, excluding a payment of the balance of Rs. 12 crores to the United Kingdom for the purchase of military stores, decreased by Rs. 94 crores from 25th March, 1949 to 17th June, but increased for the rest of the year by Rs. 20½ crores.

Loans and advances to Governments in India were on the whole higher than in the preceding year; they rose to Rs. 12·10 crores on 22nd July, 1949 which was the peak for the year. Other loans and advances fluctuated between Rs. 6 crores and Rs. 11 crores. In the first few months of the year under review, with the progress of the slack season, the Reserve Bank's investment portfolio declined from Rs. 125·97 crores on 25th March, 1949 to Rs. 83·64 crores on 19th August. Thereafter it moved between Rs. 84 crores and Rs. 96 crores, but closed lower for the year at Rs. 75·67 crores, owing mainly to transfers during March to the Issue Department against expansion of currency. Holdings of Rupee Securities in both Issue and Banking Departments, after allowing for the creation of *ad hoc* for Rs. 7·94 crores in connection with the payment to the United Kingdom, mentioned above, rose by Rs. 15 crores during the year as compared to an increase of Rs. 50 crores in the previous year.

34. *Issue Department.*—Statement 37 shows the average of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of

1948-49 and 1949-50, and the annual averages since the commencement of the operations of the Bank in 1935. Statement 36 gives weekly (Friday) figures in respect of these for 1949-50. During the year under review there were no adjustments in respect of India notes returned from Pakistan. Fluctuations in the assets and liabilities of the Issue Department, mentioned below, may therefore be taken to relate only to the Indian Union.

India notes in circulation which stood at Rs. 1169·35 crores on the 25th March, 1949 rose to Rs. 1198·15 crores in the middle of May. With the advent of the slack season they gradually contracted, the decline between 13th May to 28th October being about Rs. 125 crores. Thereafter with the commencement of the busy season the downtrend was arrested and notes in circulation registered a sharp increase of over Rs. 90 crores between November 1949 and March 1950 ; during the corresponding period of the preceding year note circulation increased by about Rs. 37 crores. [A fraction of the increase—about Rs. 4 crores—was due to a gradual replacement of the Hali Sicca rupee in Hyderabad, Deccan, by the Indian rupee with effect from 26th January, 1950.] Over the year as a whole, note circulation contracted by about Rs. 6 crores as against a contraction of Rs. 8 crores in the previous year.

On the assets side, gold coin and bullion valued at the statutory rate of Rs. 21-3-10 per tola remained unchanged at Rs. 40·02 crores throughout the year. Holdings of foreign securities, which amounted to Rs. 741·62 crores as on the last Friday of March 1949, declined steadily as a result mainly of transfers to the Banking Department against contraction of currency and on 16th September stood at Rs. 600·34 crores, at which level they remained till 23rd December. Later the amount of foreign securities rose owing to reverse transfers from the Banking Department against expansion of currency, mentioned above, to close at Rs. 650·34 crores for the year. The percentage of foreign securities to total notes issued and the percentage of gold and foreign securities to total notes issued declined from 62·26 and 65·62 per cent, respectively, at the end of 1948-49 to 55·03 and 58·42 per cent at the end of 1949-50.

Rupee securities rose gradually from Rs. 367·45 crores on 25th March, 1949 to Rs. 413·72 crores on 13th May, mainly owing to transfers from the Banking Department against expansion of currency. They rose further to Rs. 418·72 crores on 8th July and thereafter remained generally steady around Rs. 415-418 crores till the end of February 1950. In March they again rose by Rs. 25 crores as a result of transfers from the Banking Department against expansion of currency. On the whole rupee securities closed higher for the year at Rs. 440·27 crores on 31st March, 1950 as against Rs. 367·45 crores on 25th March, 1949.

The amount of rupee coin held (including Government of India one-rupee notes) was higher on the average as compared with the preceding year's figure and after fluctuating between Rs. 42·28 crores on 1st April, 1949 and Rs. 54·48 crores on 30th December, 1949 stood at Rs. 51·10 crores at the end of March 1950.

Statement 38 shows the extent and direction of changes in a number of items of liabilities and assets of the two Departments of the Bank together. Graphs 11 and 12 illustrate the relative movements in the various components of the assets of the Issue Department and the liabilities of the Banking Department, while Graphs 13 and 14 show the combined assets and the combined liabilities of the Bank.

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March, 1949
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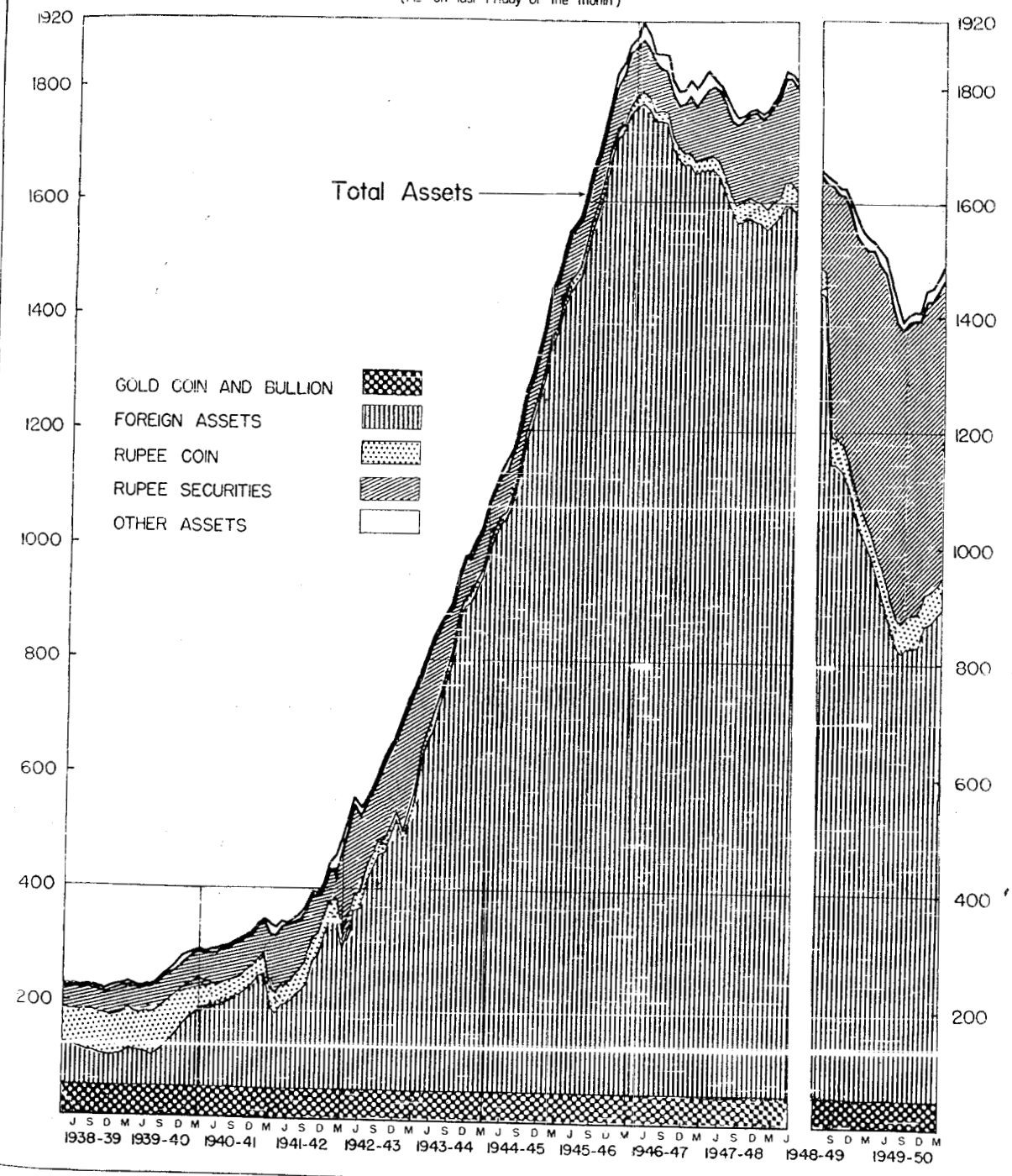
GRAPH 13

ASSETS OF THE RESERVE BANK OF INDIA

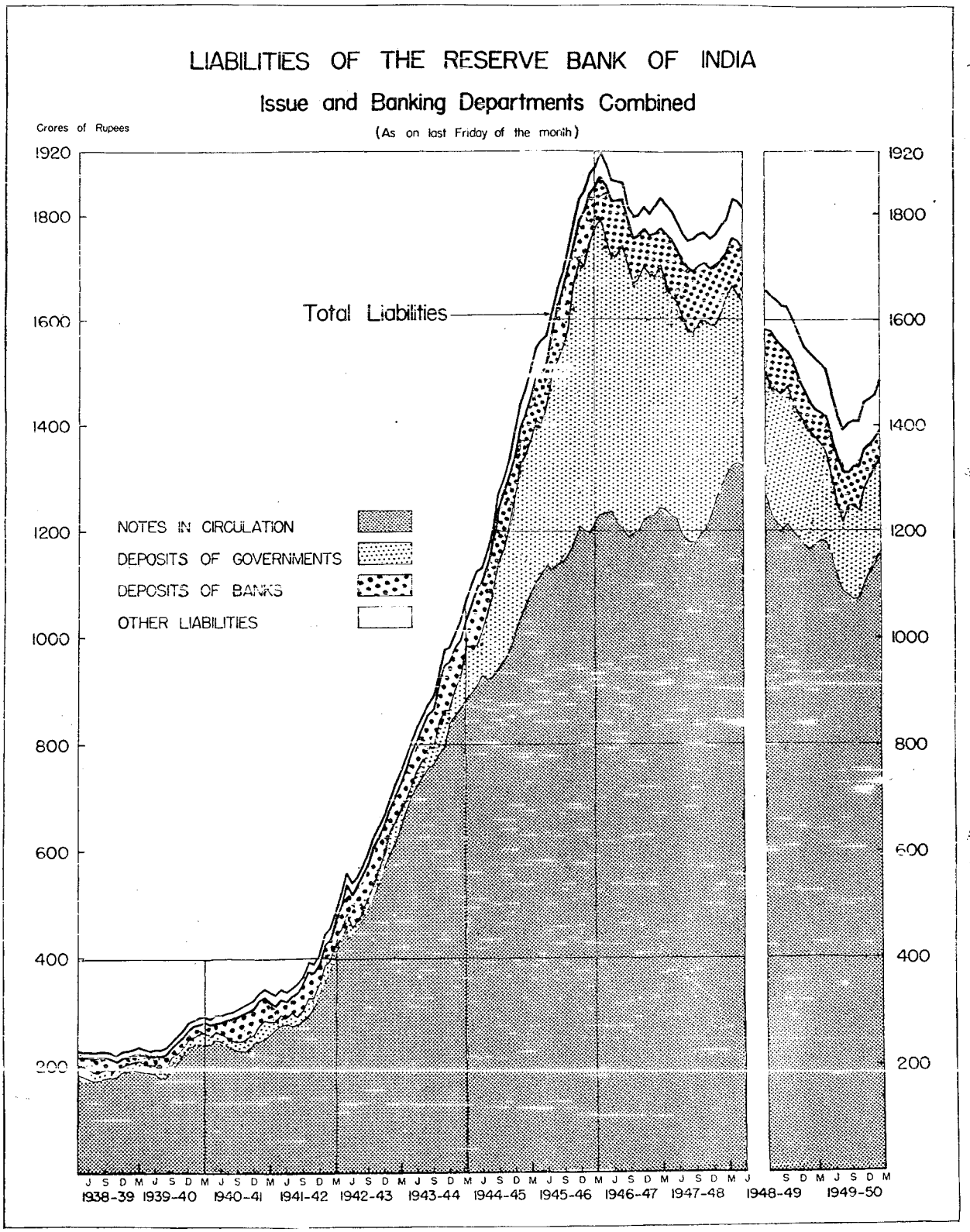
Issue and Banking Departments Combined

(As on last Friday of the month)

Crores of Rupees


1920
1800
1600
1400
1200
1000
800
600
400
200
Total Assets
GOLD COIN AND BULLION
FOREIGN ASSETS
RUPEE COIN
RUPEE SECURITIES
OTHER ASSETS
J S D M J S D M J S D M

GRAPH 14


LIABILITIES OF THE RESERVE BANK OF INDIA
Issue and Banking Departments Combined
Crores of Rupees
(As on last Friday of the month)
1920
1800
1600
1400
1200
1000
800
600
400
200
Total Liabilities
NOTES IN CIRCULATION
DEPOSITS OF GOVERNMENTS
DEPOSITS OF BANKS
OTHER LIABILITIES
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J
1938-39 1939-40 1940-41 1941-42 1942-43 1943-44 1944-45 1945-46 1946-47 1947-48 1948-49 1949-50

35. *The Banking Companies (Amendment) Act, 1950.*—The Banking Companies (Amendment) Bill which was presented to Parliament on the 16th February, was passed on the 10th March, 1950. This Act replaces the Banking Companies (Amendment) Ordinance of 1949 and is applicable to the whole of India including the acceding States except the State of Jammu and Kashmir. The main features of the Act are given below :—

(1) It empowers the Reserve Bank of India to control the opening of branches by banks in India as well as outside India. The control extends to the change of location of an existing branch otherwise than within the same city, town or village.

(2) The scope of the term 'Assets in India' is enlarged to include export bills drawn in, and import bills drawn on, and payable in India, in currencies approved by the Reserve Bank of India as well as securities so approved, whether the bills or securities are held in India or outside India.

(3) The Act contains provisions to facilitate amalgamation of banking companies. Any scheme of amalgamation should be approved, before submission to the Reserve Bank of India for sanction, by a resolution passed by a majority of the shareholders of each of the banking companies, representing two-thirds in value of the shareholders of each of the companies present, either in person or by proxy at a meeting called for the purpose. The scheme when sanctioned by the Reserve Bank would be binding on both parties. A dissenting shareholder is entitled to such compensation from the banking company concerned, as may be determined by the Reserve Bank when sanctioning the scheme.

(4) The Act provides for automatic transfer of all assets and liabilities of the amalgamated banking companies to the transferee company. A compromise or arrangement between a banking company and its creditors is effective only if certified by the Reserve Bank as not being detrimental to the interests of the depositors.

(5) In addition to special provisions for speedy disposal of winding up proceedings of banking companies, the Act empowers the court to try in a summary way any offence committed by any person who has taken part in the formation or promotion of the banking company, which is being wound up, provided the offence is one punishable under the Indian Companies Act, 1913 (VII of 1913).

(6) Where the court has directed the official liquidator to obtain the advice of the Reserve Bank on any matter, the Reserve Bank is authorised to examine the records of any such proceeding and tender such advice on the matter as it may think fit.

36. *Banking and Insurance Companies Industrial Tribunal Act.*—By an Ordinance entitled the Industrial Disputes (Banking and Insurance Companies) Ordinance, 1949, which was issued on 30th April, 1949, the responsibility for dealing with disputes relating to banks and insurance companies having branches in more than one Province was taken over by the Central Government in order to prevent a diversity of decisions regarding wages and other terms and conditions of employment. On the expiry of the Ordinance on 30th October, 1949, it was renewed for a further

period of six months. The provisions of the Ordinance were incorporated in an Act which was passed by Parliament in December 1949. It prohibits, like the Ordinance which preceded it, State Governments from referring disputes between the employees and banking or insurance companies, having branches in more than one State, to any officer or authority, subordinate to themselves, for adjudication, inquiry or settlement. Such disputes fall under the jurisdiction of the Industrial Tribunal established for the purpose by the Central Government. The All-India Industrial Tribunal (Bank Disputes) held sittings in various States and has since issued an Award.

IV. PUBLIC FINANCE

37. *General.*—The trends in India's public revenue, expenditure and outstanding debt since 1938-39 are shown in Statement 39 (see also Graph 15). Data for the years 1938-39 to 1946-47 relate to undivided India and for subsequent years to the Indian Union. In post-war years, revenues have remained buoyant both for the Central and States Governments. While defence expenditure has declined from wartime levels, it remains at about Rs. 170 crores, constituting 50·6 per cent and 49·7 per cent of Central expenditure on revenue account in 1949-50 and 1950-51, respectively. Receipts and disbursements on revenue account of the Government of India and the States were more or less balanced, with small deficits or surpluses, except in 1948-49 when the Central budget showed a surplus of Rs. 50·84 crores (provisional accounts). On the other hand, the Central and State Governments had large deficits on capital account in 1948-49 and 1949-50. The 'overall' deficit of the Central Government, as reflected in the running down of balances, was Rs. 81·67 crores and Rs. 96·85 crores in 1948-49 and 1949-50, respectively ; the corresponding deficit in the budget estimates for 1950-51 is placed at Rs. 17·60 crores. The estimated overall deficit of Part A and Part B States for 1950-51 is Rs. 64 crores.

The estimated revenue and expenditure of the Government of India for 1950-51, both being at about Rs. 338 crores, are nearly four times the pre-war levels. Estimated revenue and expenditure of the States for 1950-51 are at Rs. 373 crores and Rs. 375 crores, respectively. Total estimated revenue of the Central and the State Governments for 1950-51 amounts to Rs. 712 crores, or less than 10 per cent of the estimated national income. Tax revenue accounts for Rs. 571 crores or 80·2 per cent of total revenue. Income tax collections (including agricultural income tax) represent Rs. 171·4 crores, or 30·1 per cent of total tax revenue. The total expenditure of Central and State Governments amounts to Rs. 713 crores ; expenditures on security services and social services account for Rs. 304 crores (42·66 per cent) and Rs. 144 crores (20·22 per cent), respectively.

A. BUDGETS

CENTRAL GOVERNMENT :

38. 1948-49, *Accounts.*—The accounts for 1948-49 have not been finally closed. The provisional accounts place total revenue at Rs. 371·70 crores and expenditure at Rs. 320·86 crores showing a surplus of Rs. 50·84 crores as against an anticipated deficit of Rs. 1·55 crores in the revised estimates. Compared to the revised estimates for the year, revenue is higher by Rs. 33·38 crores, mainly as a result of larger receipts under Customs and Income tax, and expenditure is lower by Rs. 19·01 crores, the contributions to this reduction being largely from Defence , Extraordinary Items and Civil Works and Miscellaneous Public Improvements.

39. 1949-50, *Revised Estimates.*—The revised estimates for 1949-50 place revenue and expenditure at Rs. 332·37 crores and Rs. 336·10 crores, respectively, leaving a deficit of Rs. 3·74 crores as against an anticipated surplus of Rs. 49 lakhs. Revenue is larger than the budget estimate by Rs. 9·35 crores mainly owing to improved collections under Customs, while expenditure is higher by Rs. 13·57 crores. The increase in revenue under Customs resulted from larger imports during the earlier months of the year, a higher rate of export duty on jute and the levy of export duties on mustard oil and pepper which were set off only in part by the abolition of the export duty on cotton piecegoods and the reduced yield from the export duty on raw cotton.

Expenditure is higher by Rs. 13·57 crores mainly on account of an increase of Rs. 12·69 crores in respect of Defence services. The revised estimate of civil expenditure for the year shows a net increase of Rs. 88 lakhs, and includes a provision of Rs. 2·57 crores for payments to the Saurashtra Union as compensation for the surrender of customs rights and for the removal of the Viramgam Cordon, additional expenditures of Rs. 3 crores for the relief of displaced persons and of Rs. 3·45 crores in bonus payments to State Governments for food procurement. The additional expenditures on the civil side are largely offset by a saving of Rs. 6·75 crores in the subsidy on imported foodgrains and reductions under other heads.

40. 1950-51, *Budget Estimates.*—The estimates for 1950-51 are not strictly comparable with those of earlier years as revenue and expenditure totals for the former cover the 'federal' heads of expenditure and revenue of the integrated States. At the existing levels of taxation total revenue for 1950-51 is estimated at Rs. 347·50 crores and expenditure charged to revenue at Rs. 337·88 crores, leaving a surplus of Rs. 9·62 crores. Customs duties are expected to yield Rs. 106·54 crores, or Rs. 14 crores less than in the previous year, mainly as a result of more stringent import controls. Excise revenue is placed at Rs. 71·55 crores, or Rs. 2½ crores more than in 1949-50, allowance being made for the loss from a reduction in the excise duty on cloth and the receipts of about Rs. 4 crores on account of revenue from integrated States and Unions of States.

Taxes on income are placed at Rs. 182·62 crores or Rs. 33·62 crores higher than the revised estimate for 1949-50. The estimate for 1950-51 includes tax receipts of Rs. 10·36 crores from integrated States, advance payments of Rs. 18·31 crores made under Section 18A of the Income Tax Act, increased revenue as a result of the work of the Income Tax Investigation Commission and larger collections of arrears. The share payable to the States is Rs. 54·39 crores, which is the highest for any year, and almost entirely accrues to the former Provinces. In the case of the integrated States, the 'revenue gap', or the difference between federal revenue and federal expenditure, is reimbursed to them and their share of income tax is set off against it. Three Part B States, Madhya Bharat, Rajasthan and PEPSU, which do not have a 'revenue gap,' have been allotted Rs. 81 lakhs as their share of income tax collections.

The net contribution to General Revenues from Posts and Telegraphs is a little more than in 1949-50, while the net contribution from the Railways is a little lower. Miscellaneous revenue has been estimated at Rs. 9·79 crores as compared with the revised estimate for 1949-50 of Rs. 7·82 crores, the increase being largely due to the new Chief Commissioners' States.

On the expenditure side, of a total of Rs. 337·88 crores, Defence services account for Rs. 168·01 crores (including Rs. 8 crores on account of the integration of Indian States' Forces) as compared with the revised estimate of Rs. 170·06 crores. Civil expenditure has been placed at Rs. 169·87 crores showing an increase of about Rs. 4 crores over 1949-50. This includes Rs. 26·18 crores for the administration of States taken over by the Centre, expenditure on federal subjects in States and States Unions, privy purses of Indian rulers and grants to States under the Financial Integration Scheme. Special items of expenditure amount to Rs. 30·34 crores, comprising an expenditure of Rs. 6 crores on relief of displaced persons, a payment of Rs. 21 crores as subsidies on imported foodgrains and food procurement bonuses (which represents a reduction of Rs. 8·67 crores as compared with last year) and pre-partition liabilities of Rs. 2 crores (as against Rs. 6·6 crores last year). The ordinary civil expenditure of the Government of India aggregates Rs. 139·53 crores, comprising Rs. 13·81 crores for tax collection, Rs. 43·95 crores of obligatory expenditure including payment of interest charges and pensions and provision for debt redemption, Rs. 15·40 crores as grants-in-aid to the States, Rs. 1·76 crores on Currency and Mint, Rs. 28.02 crores on Scientific Departments, Education, Medical Services, Public Health, Industries and Supplies, Aviation, Broadcasting and others, and the balance, Rs. 36·59 crores, for Administration, Civil Works, etc.

Development expenditure charged to revenue in 1950-51 amounts to Rs. 15·33 crores, of which Rs. 278 lakhs is for maintenance of the National Highways, Rs. 269 lakhs for aviation, Rs. 72 lakhs for resettlement, Rs. 65 lakhs as grant to the Council of Scientific and Industrial Research, Rs. 30 lakhs for Grow More Food schemes in Centrally administered areas, Rs. 20 lakhs for the Jute Development scheme, and Rs. 16 lakhs for the Cottage Industries Board.

As the above estimates yield a surplus and as the prevailing rates of taxation were considered severe, it was decided to give tax reliefs as under :—

	Tax relief	Estimated net loss in revenue (In rupees)
(i)	Abolition of business profits tax	4·37 crores
(ii)	Reduction in the income tax paid by companies from 5 annas to 4 annas with a concurrent increase in super tax paid by companies by half an anna	5·28 crores
(iii)	(*a*) Reduction in rate of tax on personal income on the Rs. 10,000 to Rs. 15,000 slab by ½ anna from 3½ annas to 3 annas.	1·01 crores
	(*b*) Tax on the slab of income in excess of Rs. 15,000 reduced from 5 annas to 4 annas..	6·50 crores
(iv)	Abolition of the distinction between earned and unearned income for super tax purposes and reduction of maximum rate of super tax from 9 annas for earned income and 10 annas for unearned income to 8½ annas in the rupee, the maximum rate being reached on incomes above Rs. 1½ lakhs. Rates for the various slabs are recast	The net effect is an increase in revenue of Rs. 2·29 crores
(v)	Raising the exemption limit in respect of the income of Hindu undivided families by Rs. 1,000 from Rs. 5,000 to Rs. 6,000, making it double the amount of exemption allowed for individuals.	12 lakhs
(vi)	In postal rates	
	(*a*) the rate for local letters will be 1 anna for the first tola instead of 2 annas while the rate of post-card will be reduced to 6 ps. for local deliveries.	20 lakhs
	(*b*) the basic minimum charge on telegrams is reduced by 1 anna for ordinary telegrams and 2 annas for express telegrams.	10 lakhs
	(*c*) trunk call rates are reduced substantially	14 lakhs

The net loss in revenue from changes in the rates of income tax is Rs. 14·99 crores. Rs. 7·12 crores of the loss devolves on the States and Rs. 7·87 crores on Central revenues. Together with the cost of postal concessions (Rs. 44 lakhs), the budget proposals involve a net loss in revenue to the Central exchequer of Rs. 8.31 crores, reducing total revenue from Rs. 347·50 crores to Rs. 339·19 crores and leaving a surplus of Rs. 1·31 crores. There were no changes in indirect taxation.

The Select Committee recommended the following changes : (1) raising the exemption limit for income tax from Rs. 3,000 to Rs. 3,600 for individuals, unregistered firms and associations, and from Rs. 6,000 to Rs. 7,200 for Hindu undivided families and (2) a reduction in excise duties for the smaller match factories producing less than 100 gross of boxes per day from Rs. 2-14-0 to Rs. 2-13-0 per gross of boxes each containing 60 matches and from Rs. 1-15-0 to Rs. 1-14-0 per gross of boxes each containing 40 matches. In the case of factories whose output exceeded 100 gross of boxes per day but did not exceed 5 lakhs gross of boxes per year the respective duties were reduced by 9 & 6 pies to Rs. 2-14-6 (for boxes of 60 matches) and to Rs. 1-15-0 (for boxes of 40 matches). The Finance Bill, as amended by the Select Committee, received the approval of the Union Parliament on 30th March, 1950. The amendments involved a further loss in revenue of Rs. 60 lakhs.

As approved by Parliament, the total revenue and expenditure for 1950-51 amount to Rs. 338·59 crores and Rs. 337·88 crores, respectively, leaving a nominal surplus of Rs. 71 lakhs. The main heads of revenue and expenditure of the Government of India are shown in Statement 40.

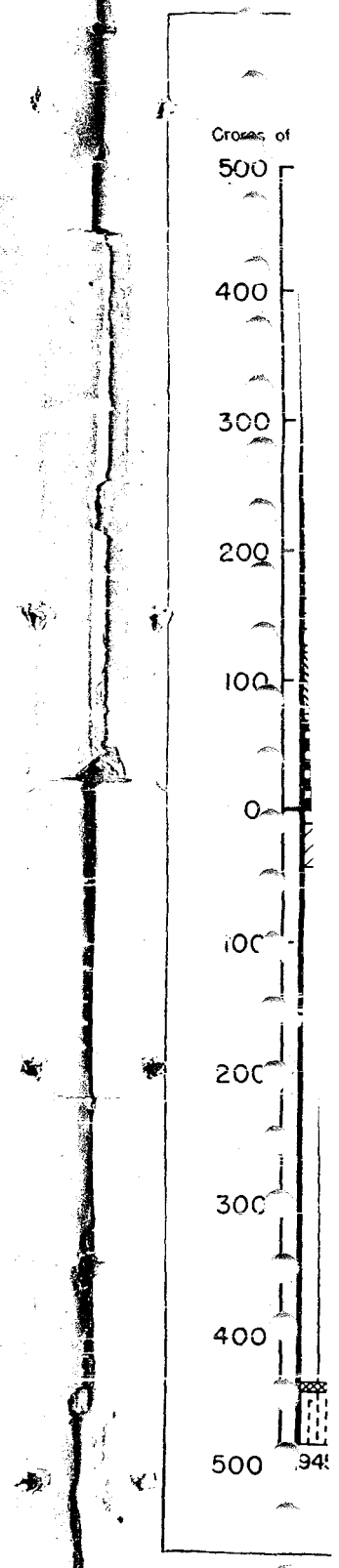
41. *Capital Budget.*—Statement 41 gives receipts and disbursements of the Government of India on capital account since 1947-48. The provisional accounts for 1948-49 place receipts and disbursements at Rs. 378·13 crores and Rs. 545·61 crores, respectively, as compared with the revised estimates of Rs. 356·56 crores and Rs. 541·65 crores, respectively. As a result, the deficit is lower at Rs. 167·48 crores as compared with a deficit of Rs. 185·09 crores in the revised estimates.

The revised estimates for 1949-50 show that disbursements were expected to be higher at Rs. 295·23 crores as compared with the budget estimate of Rs. 240·88 crores notwithstanding reductions effected in capital outlays. This resulted from an increase of Rs. 79·12 crores under Currency and is attributable mainly to the payments of additional sums to the IMF and IBRD following the devaluation of the rupee. Receipts are higher at Rs. 174·93 crores as compared with Rs. 106·78 crores in the budget estimates, the difference being due to the issue of non-negotiable, non-interest-bearing securities which were lodged to the credit of the IMF and IBRD with the Reserve Bank of India. The revised deficit is lower at Rs. 120·30 crores as compared with Rs. 134·10 crores in the budget estimates, which reflects the economy measures on the capital side of the budget as part of the eight-point anti-inflationary programme adopted subsequent to devaluation (*vide* para. 14). 'Capital outlay' (exclusive of Currency and Mint) is placed lower at Rs. 73·69 crores as against the original estimate of Rs. 92·02 crores. The reductions are mainly under railways, irrigation, industrial development, and grants to States for development. Loans to State Governments have been curtailed from the budgeted figure of Rs. 58·25 crores to Rs. 52·55 crores. Market borrowings

in 1949-50 were Rs. 40 crores as against an estimate of Rs. 85 crores. Total loan receipts amounted to Rs. 57·22 crores including Rs. 16·77 crores on account of the loans from the IBRD (*vide* para. 60). Net collections from small savings were at Rs. 25·94 crores as against an estimate of Rs. 37·56 crores.

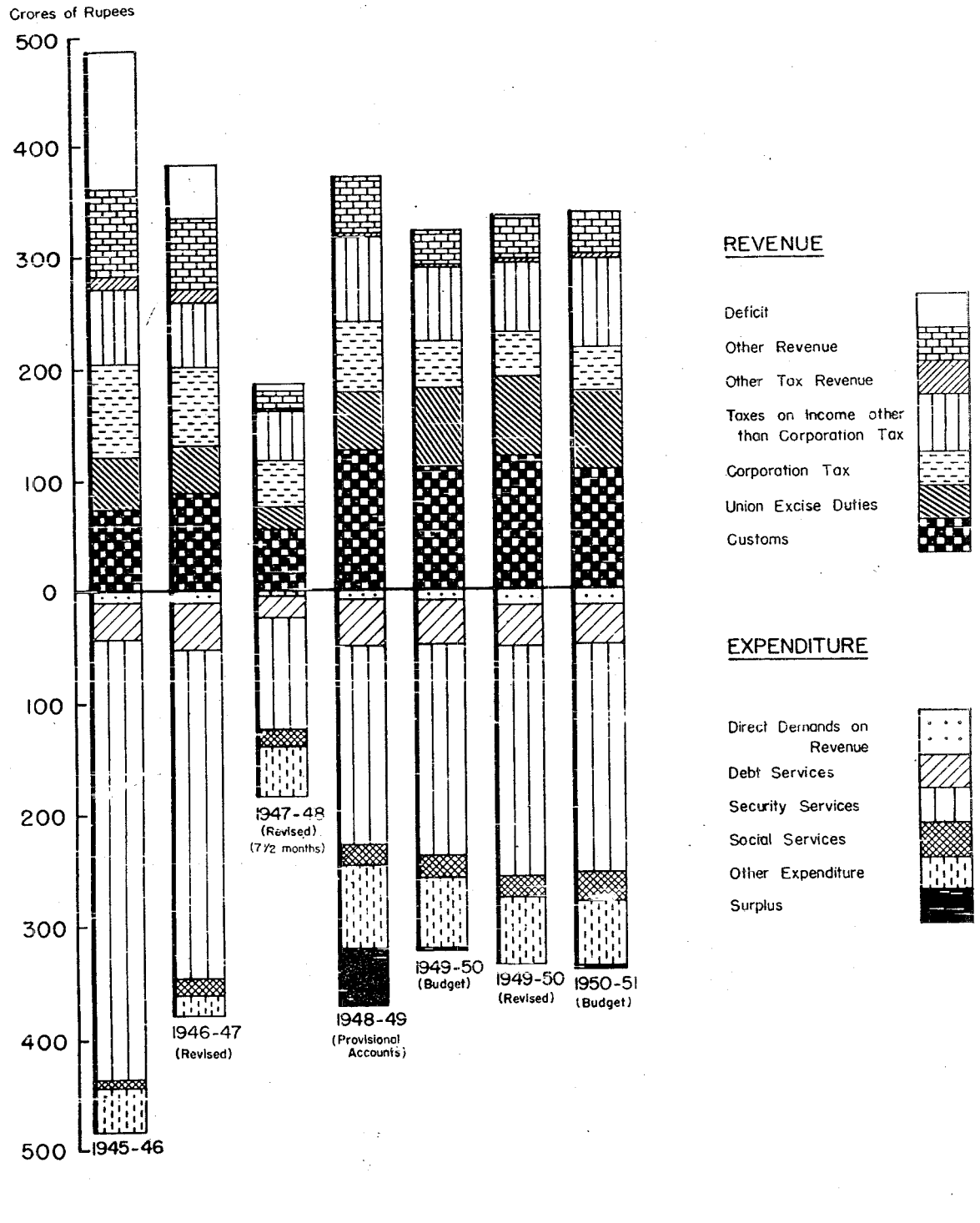
Estimates of the capital budget for 1950-51 show sizeable reductions as compared with the revised estimates for 1949-50. Both receipts and disbursements are placed lower at Rs. 127·77 crores and Rs. 151·71 crores, respectively, and the deficit is considerably less, being Rs. 23·94 crores as against Rs. 120·30 crores in 1949-50 and Rs. 167·48 crores in 1948-49. On the receipts side, market loans in India have been placed at Rs. 75 crores, and small savings (net) at Rs. 27·85 crores. On the disbursements side, grants and advances to States for development show drastic curtailment as a measure of economy. Compared to Rs. 24·12 crores in 1949-50, the provision for grants is only Rs. 9·59 crores, of which Rs. 9·20 crores is for Grow More Food schemes and the balance for educational schemes. Advances to States are placed at Rs. 34·81 crores as against Rs. 52·55 crores in 1949-50. Of a total 'capital outlay' (for details, see Statement 41) of Rs. 62 crores, Rs. 9·59 crores is in grants to States and Rs. 7·37 crores in respect of State trading. Of the balance of Rs. 45 crores, Rs. 37 crores is accounted for by revenue-earning departments or by schemes likely to be productive, the main items being railways and industrial development accounting for Rs. 29 crores. Other important items are National Highways and Roads Rs. 3·15 crores, Damodar Valley Project Rs. 1·60 crores, Sindri Fertilizer Factory Rs. 5·09 crores and Shipbuilding Industry Rs. 1·15 crores. Defence capital outlay is Rs. 8·15 crores but, after deducting Rs. 6 crores which accrues from the disposal of defence stores, the net expenditure of Rs. 2·15 crores is charged to capital.

Total disbursements of the Government of India (revenue and capital accounts) in 1948-49 and 1949-50 amounted to Rs. 866·46 crores and Rs. 631·33 crores, respectively, and total receipts to Rs. 749·82 crores and Rs. 507·30 crores, respectively. Both receipts and disbursements were inflated by the inclusion of special financial transactions which involved entries both on credit and debit sides of the accounts. In 1948-49 the main item of such transactions was payment to the U. K. Government for the purchase of sterling pension annuities and the surplus stores and installations in India, which was balanced, on the receipts side, by issue of *ad hoc* Treasury bills (Rs. 292 crores) to the Reserve Bank of India to acquire the sterling required; in 1949-50 an example of it is provided by the payments to IMF and IBRD to raise the rupee part of India's subscriptions to these institutions, and the rupee payment to the IMF for the dollars purchased, which became necessary with the altered value of the Indian rupee, the receipts side being correspondingly inflated, as an accounting necessity, by the issue of non-negotiable non-interest-bearing securities in which form the payments were made (about Rs. 79 crores). As such entries cancel out, they left unaffected the magnitude of the deficit, which amounted to Rs. 116·64 crores in 1948-49 and Rs. 124·04 crores in 1949-50. Due allowance being made for the net magnitude of miscellaneous deposits and advances, and remittances (e. g. accounts with the Government of Burma, suspense accounts, departmental and similar accounts, inland money orders, accounts between civil and other departments and remittance accounts between England and India), the overall deficit, as reflected in the running down of cash balances was Rs. 81·67 crores in 1948-49 and Rs. 96·85 crores in 1949-50. The closing balance as at the end of March 1950 was Rs. 95·38 crores.

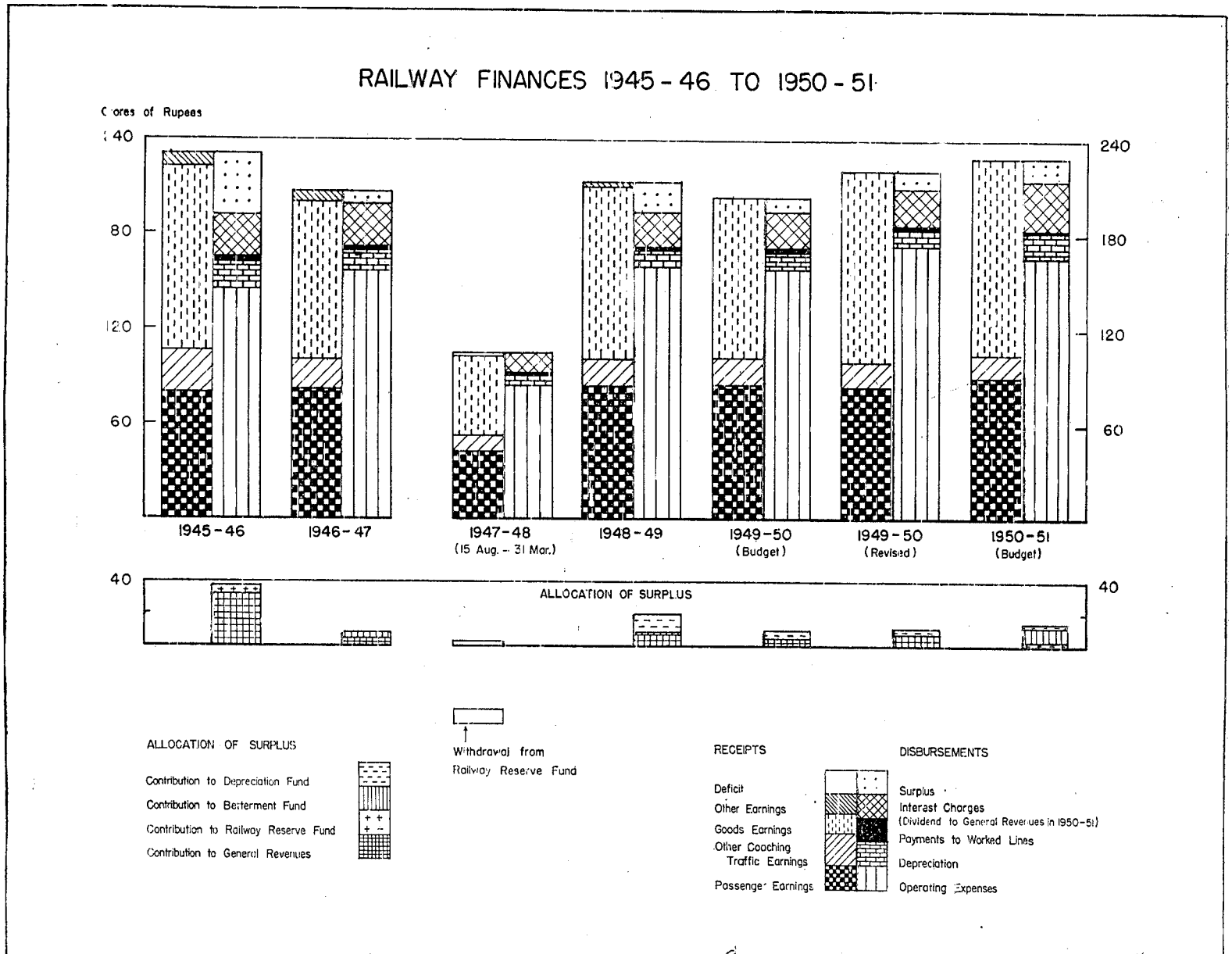


GRAPH 15

FINANCES OF THE GOVERNMENT OF INDIA



GRAPH 16


RAILWAY FINANCES 1945 - 46 TO 1950 - 51
Crores of Rupees
140
80
120
60
240
180
120
60
1945 - 46
1946 - 47
1947 - 48
(15 Aug. - 31 Mar.)
1948 - 49
1949 - 50
(Budget)
1949 - 50
(Revised)
1950 - 51
(Budget)
40
ALLOCATION OF SURPLUS
40
ALLOCATION OF SURPLUS
Contribution to Depreciation Fund
Contribution to Betterment Fund
Contribution to Railway Reserve Fund
Contribution to General Revenues
Withdrawal from
Railway Reserve Fund
RECEIPTS
Deficit
Other Earnings
Goods Earnings
Other Coaching
Traffic Earnings
Passenger Earnings
DISBURSEMENTS
Surplus
Interest Charges
(Dividend to General Revenues in 1950-51)
Payments to Worked Lines
Depreciation
Operating Expenses

Total estimated disbursements and receipts of the Government of India in 1950-51 amount to Rs. 489·59 crores and Rs. 466·36 crores, respectively. After making allowance for the (net) miscellaneous items, the overall deficit has been estimated at Rs. 17·60 crores. The closing balance as at the end of March 1951 has been placed at Rs. 77·78 crores (*vide* Table below).

NET RECEIPTS AND DISBURSEMENTS OF THE CENTRAL GOVERNMENT

(In crores of rupees)

RECEIPTS	1948-49	1949-50 Budget	1949-50 Revised	1950-51 Budget*
Revenue Surplus	50·84	0·49	—	0·71
Surplus on Capital Account	—	—	—	—
Miscellaneous Deposits and Advances (Net)	61·00	28·22	26·25	4·62
Remittances (Net)	—	0·40	—	1·00
Transfer of Cash between England and India (Net)	—	—	0·93	—
Total Receipts ..	**111·84**	**29·11**	**27·18**	**6·33**
Opening Balance ..	273·90	162·99	192·24	95·38
DISBURSEMENT				
Revenue Deficit	—	—	3·74	—
Deficit on Capital Account	167·48	134·10	120·30	23·94
Remittances (Net)	23·93	—	—	—
Transfer of Cash between England and India (Net)	2·09	—	—	—
Total Disbursements	**193·50**	**134·10**	**124·04**	**23·94**
Closing Balance ..	192·24	58·00	95·38	77·78

*As passed by Parliament

RAILWAY BUDGET :

42. *General.*—There was a noticeable improvement in the general working of the railways during 1949-50, with greater punctuality of passenger services, higher turnround of wagons and better amenities to passengers. The Priorities Organisation, which had been much criticised, was wound up and rationing in a large measure was replaced by full and equal opportunity to all for obtaining transport. Two important events during the year were : (1) the addition of 7,560 route miles to the Indian Government Railways, consequent upon the Federal Financial Integration of Indian States and the merger of some States with the Provinces and (2) the adoption of the Revised Railway Convention by the Constitutent Assembly (Legislative) on 21st December, 1949 to replace the Convention of 1924, in determining the relation between Railway Finance and General Finance.

43. *Railway Finances.*—Statement 44 indicates the financial position of the Railways since 1924-25 and Graph 16 shows their position since 1938-39. Details of the working of State-owned railways for the three years, 1948-49 to 1950-51, are given in Statement 45. The budget estimates for 1950-51 are not strictly comparable with those for earlier years, as the former include data for railways in merged States, continuing States and States Unions.

44. 1948-49, *Accounts.*—The accounts for 1948-49 show a net surplus of Rs. 19·98 crores as against a surplus of Rs. 15·83 crores in the revised estimates. Compared to the revised estimates, the accounts placed gross traffic receipts higher by Rs. 8·6 crores at Rs. 213·10 crores, mainly owing to an improvement in the returns from the goods traffic which was only partly offset by a shortfall in passenger traffic. Ordinary working expenses were higher by Rs. 4·55 crores at Rs. 160·41 crores, owing to losses in grainshops, increased fuel costs and other operating expenses. Rs. 7·34 crores of the surplus was paid to the General Revenues, Rs. 0·84 crore to the Betterment Fund and the balance, Rs. 11·80 crores, was added to the Depreciation Reserve Fund which was apart from an ordinary contribution to the Fund of Rs. 11·06 crores.

45. 1949-50, *Revised Estimates.*—The revised estimates for 1949-50, both under gross traffic receipts and working expenses, are substantially higher at Rs. 225·15 crores and Rs. 186·60 crores, as against Rs. 210·00 crores and Rs. 172·12 crores, respectively, in the budget estimates. Goods earnings show an improvement of Rs. 20·20 crores as a result of improved wagon turnround and loadings, while other coaching earnings are lower by Rs. 2 crores at Rs. 16·00 crores. Notwithstanding the curtailment of imports immediately before and after devaluation and the virtual suspension of goods traffic between India and Pakistan which followed devaluation, the improvement in goods earnings continued. Passenger traffic earnings show a decrease of Rs. 59 lakhs from budget estimates*.

A reduction of Rs. 1·03 crores was effected through economy measures in the ordinary working expenses which had been placed at Rs. 159·03 crores in the budget estimates. The amount saved might have been more but for additional concessions to staff sanctioned during the year, forward adjustments from the previous year and provision for the taking over of the Gaekwar's Baroda State Railway, which amounted to Rs. 227 lakhs. Additional train services were introduced during the year. In accordance with the principle enunciated in the Revised Convention, a sum of Rs. 15 crores is debited to Revenue to relieve Capital and Depreciation Reserve Fund of the higher cost of the replacement programme and the improvements involved. Interest charges are higher by Rs. 27 lakhs at Rs. 23·15 crores, as the actual capital outlay at the end of 1948-49 was more than had been originally anticipated. Thus, the net surplus works out at Rs. 11·02 crores out of which General Revenues receive Rs. 7 crores, as against a budget provision of Rs. 4·72 crores, and the balance of Rs. 4·02 crores is credited to the Depreciation Reserve Fund.

46. 1950-51, *Budget Estimates.*—With the taking over by the Union Government of all ~~Indian States Railways~~, for the first time, the estimates for 1950-51 cover the entire railway system of the country with the exception of 776 miles of unimportant branch lines. For 1950-51 gross traffic receipts of the Indian Government Railways are estimated at Rs. 215·50 crores or Rs. 9·65 crores less than the revised estimate for 1949-50, the fall being attributed to uncertain factors like trade relations with Pakistan and the level of imports. The receipts of State Lines, which came under Central control on 1st April, 1950, are placed at Rs. 17 crores. Thus, total gross traffic receipts are Rs. 232·50 crores. There were no proposals for altering railway fares and freights.

* Compared with 1948-49, there was a net increase of Rs. 50 lakhs in passenger traffic earnings, which was entirely owing to an increase of Rs. 1 crore in Class III earnings, which was partly offset by a shortfall of Rs. 50 lakhs in upper class earnings.

The estimate of total ordinary working expenses is Rs. 166·59 crores, including Rs. 10·58 crores in respect of State Lines. Thus, the ordinary working expenses of Indian Government Railways are Rs. 156·01 crores or Rs. 1·99 crores lower than the revised estimate for 1949-50, exclusive of the special adjustment of Rs. 15 crores under Repairs and Maintenance in 1949-50. This reduction is mainly owing to the economy measures. The estimates include an allocation of Rs. 172 lakhs for special benefits to staff and Rs. 430 lakhs to implement the Adjudicator's Award. In terms of the Revised Convention, the Depreciation Reserve Fund receives a fixed contribution of Rs. 15 crores. After adjusting payments to worked lines and net miscellaneous receipts, net revenue works out at Rs. 45·86 crores. Dividend payable to General Revenues is Rs. 31·85 crores (including interest charges) and the net surplus is, therefore, Rs. 14·01 crores. Of this, Rs. 2 crores is allocated to the Depreciation Reserve Fund, Rs. 10 crores to the Development Fund (with which is merged the Betterment Fund) and the balance, Rs. 2·01 crores, to the Revenue Reserve Fund.

The following Table indicates the financial position of the various Funds of the Railways :—

(In crores of rupees)

	Depreciation Reserve Fund			Revenue Reserve Fund			Development Fund		
	1948-49	1949-50 R.E.	1950-51 B.E.	1948-49	1949-50 R.E.	1950-51 B.E.	1948-49	1949-50 R.E.	1950-51 B.E.
Appropriation to the Fund ..	23·11	15·60	20·30	0·03	..	2·32	1·27	0·43	10·53
Withdrawal from the Fund ..	17·28	19·75	20·24	0·05	..	—	2·33	—0·31	6·00
Net accretion during the year	5·83	—4·15	0·06	—0·02	—	2·32	—1·06	0·74	4·53
Closing Balance	101·57	97·42	104·77*	6·82	6·82	10·41§	13·32	14·06	19·03†

*Includes Rs. 7·29 crores on account of States Railways. §Includes Rs. 1·27 crores on account of States Railways. †Includes Rs. 0·44 crore on account of States Railways.

According to the Minister for Railways, the position of the Depreciation Reserve Fund is satisfactory; even if the entire balance of Rs. 105 crores to the credit of the Fund at the close of the budget year were to be spent in the remaining four years of the Convention period, at a rate of Rs. 26 crores per year (this rate would be higher by Rs. 4 crores than the annual contribution recommended by the Indian Railway Enquiry Committee), there will still be a balance of Rs. 60 crores at the end of the period, being the total of the minimum annual contributions for four years.

Upon a review of the works expenditure for 1949-50, covering the rolling stock programme, acquisition of machinery and open line works, some projects were either postponed or abandoned. The revised provision is Rs. 55·60 crores as compared with the budget estimate of Rs. 62·35 crores (Rs. 28·49 crores under Capital and Rs. 33·86 crores under Depreciation Reserve Fund). The provision for the Assam Rail Link and the Chittaranjan Locomotive Works has been left undisturbed and the provision for passenger amenities raised by Rs. 25 lakhs to Rs. 175 lakhs. Works programme for 1950-51 is estimated still lower at Rs. 36·5 crores but care is taken not to affect unduly such projects as are essential for maintaining operational efficiency. In addition, Rs. 3·25 crores is allotted for the capital programme of States

Railways. Of the total capital expenditure, Rs. 14·92 crores is allotted for the replacement of rolling stock, Rs. 3·16 crores for passenger amenities, Rs. 1·50 crores for the Assam Rail Link and Rs. 4·23 crores for the Chittaranjan Locomotive Works. It is proposed to expend Rs. 2·16 crores from the Railway Development Fund, which is intended mainly to finance projects which are necessary in the economic interest of the country but are unremunerative in the initial stages.

47. *Revised Railway Convention.*—The recommendations of the Railway Convention Committee were adopted in a resolution passed by the Constitutent Assembly (Legislative) on 21st December, 1949, to replace the Convention of 1924. Under the original Convention, as modified in 1943, the contribution from Railways to General Revenues was an indeterminate amount dependent on the annual railway revenue surplus. This did not assist either forward planning of railways or compilation of civil estimates accurately, nor did it afford an opportunity to the Railways to build up adequate reserves in years of prosperity to ensure a minimum return to General Revenues in years of depression. The annual contribution to the Depreciation Fund, at 1/60th of the capital-at-charge, was based on the original costs of the assets to which the current replacement costs bear no relation.

To correct the situation, the Railway Convention Committee made the following main recommendations :—

(1) The present relationship between General and Railway Finance should be altered to give the Government of India the status of sole share-holder in the Railway undertaking and General Finance should be guaranteed, for a period of five years from 1950-51, a fixed dividend at 4 per cent on the loan capital invested as computed annually. This arrangement should be reviewed towards the close of the five-year period.

(2) The annual contribution to the Depreciation Fund should be a minimum of Rs. 15 crores for the five-year period and the full cost of replacement should be charged to this Fund.

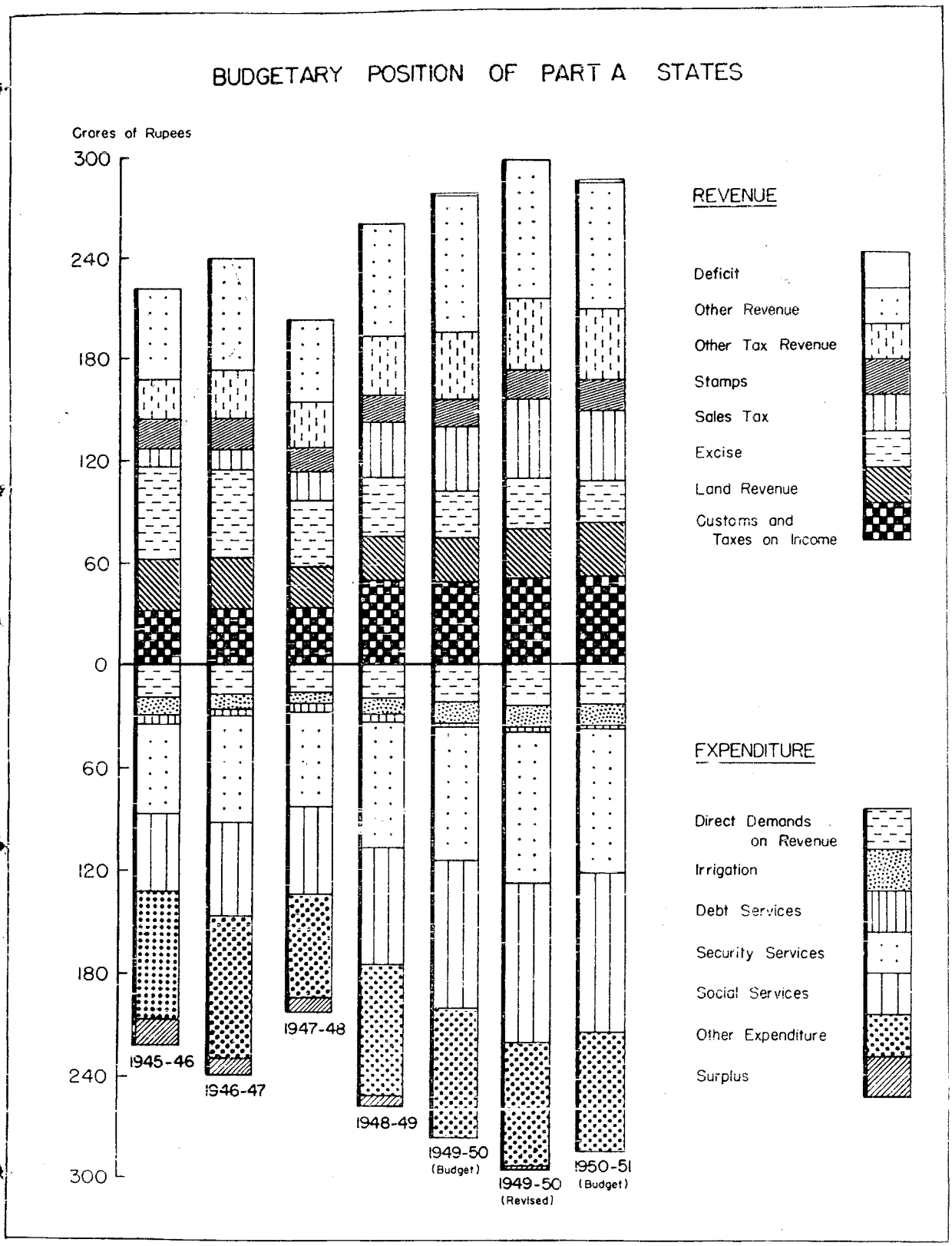
(3) A Development Fund should be constituted from the surpluses of prosperous years, the existing Betterment Fund being merged with it. The Development Fund will provide for passenger amenities on a scale commensurate with the status of the undertaking and for labour welfare and will finance projects which may be necessary but unremunerative to begin with. The scope of the Revenue Reserve Fund, which would replace the Railway Reserve Fund, should be limited to ensure payment of the fixed dividend to General Revenues and to finance any deficit in the railway budget.

(4) With the integration of the States Railways with the Indian Government Railways, two separate accounts— a loan account and a block account— should be maintained. The loan account will represent the share capital of the Railways, while the block account will represent the physical assets of the Railways whether financed from loan capital or revenue.

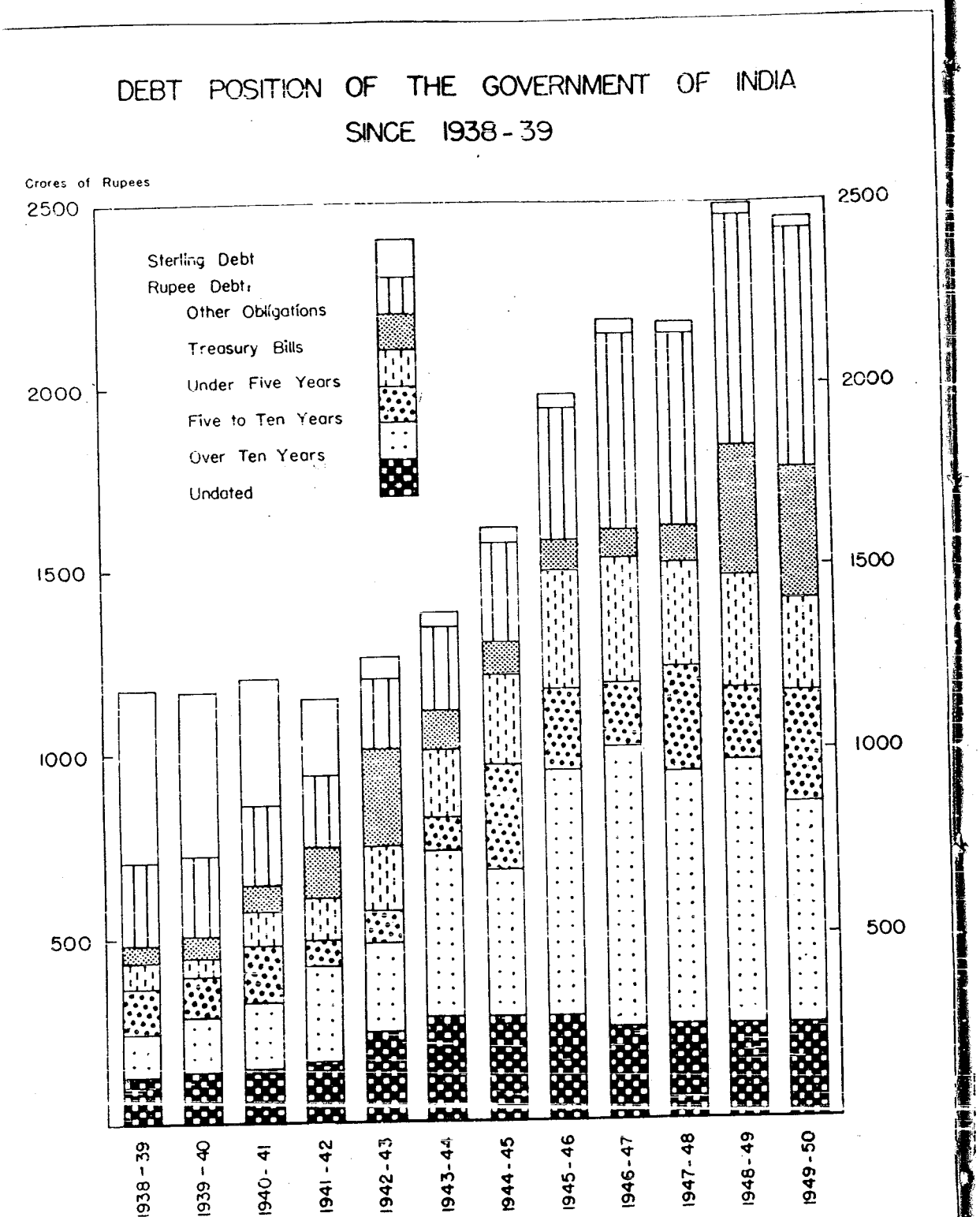
STATE GOVERNMENTS:

48. *Finances of Part A States.*—The main developments during the year 1949-50 affecting the finances of Part A States were (1) a drastic curtailment of Central

GRAPH 17


BUDGETARY POSITION OF PART A STATES
Crores of Rupees
300
240
180
120
60
0
60
120
180
240
300
1945-46
1946-47
1947-48
1948-49
1949-50 (Budget)
1949-50 (Revised)
1950-51 (Budget)
REVENUE
Deficit
Other Revenue
Other Tax Revenue
Stamps
Sales Tax
Excise
Land Revenue
Customs and Taxes on Income
EXPENDITURE
Direct Demands on Revenue
Irrigation
Debt Services
Security Services
Social Services
Other Expenditure
Surplus

GRAPH 18



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The following
A States ; detail
Graph 17 d ict

Revenue
Expenditure
Surplus (+) or Def

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(revised) i luc
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Rs. 190 lakhs.
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increase in reve
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grants and loans for development (*vide* para. 49), (2) restrictions on the levy of sales tax under Article 286 of the Constitution (*vide* para. 52), (3) mergers of Indian States and (4) the Deshmukh Award (*vide* para. 51).

The merger of Indian States with the former Provinces resulted in estimated deficits of Rs. 540 lakhs, Rs. 100 lakhs and Rs. 45 lakhs for Bombay, Orissa and Madhya Pradesh, respectively, and of smaller amounts for the other States. As a measure of relief to the States affected, the Central Government, adapting for the purpose the recommendations of the Indian States Finances Enquiry Committee, have agreed to allot to them the excess of 'federal' revenue over 'federal' expenditure in the merged areas or half the net income tax collections in the merged areas, whichever was higher.

The following Table sets out in a summary form the budgetary position of Part A States ; details of revenue and expenditure will be found in Statement 42, while Graph 17 depicts the main trends in the finances of Part A States since 1945-46.

(In crores of rupees)

	1948-49 Accounts	1949-50 Budget	1949-50 Revised	1950-51 Budget
Revenue	258·21	275·30	295·06	282·56
Expenditure	250·82	278·82	292·59	284·29
Surplus (+) or Deficit (—)	+7·39	—3·52	+2·47	—1·73

The revised estimates for 1949-50 place expenditure higher by Rs. 13·77 crores relatively to the budget estimates for the year, but an increase in revenue of Rs. 19·76 crores converted the original estimate of a net deficit of Rs. 3·52 crores for all States into a surplus of Rs. 2·47 crores. The revenue of Uttar Pradesh for 1949-50 (revised) includes Rs. 260 lakhs transferred from the Revenue Reserve Fund, while Bihar has transferred to the Fund Rs. 200 lakhs and Bombay a nominal sum of Rs. 3 lakhs. Therefore, the surplus, in fact, should be less by Rs. 57 lakhs at Rs. 190 lakhs. The improvement in the revenue of the States is mainly owing to larger income tax allocations from the Centre and better yield from sales tax. The increase in revenue is significant for Bombay (Rs. 9·8 crores), West Bengal (Rs. 2·9 crores), Bihar (Rs. 3 crores), and Orissa (Rs. 2·1 crores). Revised expenditure for 1949-50 is higher than budget estimates by an appreciable margin in Bihar (Rs. 7·4 crores), Bombay (Rs. 10·3 crores) and Orissa (Rs. 3·7 crores), and expenditure is less by an appreciable margin in the case of Madhya Pradesh (Rs. 3·3 crores) and the Punjab (Rs. 6·1 crores). The reduction in expenditure of Madhya Pradesh was largely due to a smaller provision for refugee relief and rehabilitation, as a smaller number of displaced persons was alloted to the State than had been originally anticipated, and to a curtailment of Rs. 115 lakhs in the ordinary and development expenditure charged to revenue. The reduction in the revenue expenditure of the Punjab was, in part, due to a change in classification of expenditure (Rs. 360 lakhs) on house building schemes of the Rehabilitation Department from revenue to capital account and, in part, to a reimbursement by the Centre (Rs. 2 crores) of the expenditure on relief and rehabilitation. In the case of Bihar, the increase in expenditure was mainly in respect of education. The increases in the revenue and expenditure of Bombay were chiefly attributable to the merger of Baroda and Kolhapur States.

For 1950-51, with revenue and expenditure at Rs. 282·56 crores and Rs. 284·29 crores, respectively, Part A States are estimated to have a total deficit of Rs. 1·73

crores. The deficit will, in fact, be higher if allowance were made for the fact that revenue estimates of Bihar include Rs. 2 crores to be transferred from the Post-war Reconstruction Fund.* On the other hand, Bihar and Bombay have under-estimated sales tax receipts by Rs. 2 crores and Rs. 4 crores, respectively, on the assumption that constitutional restrictions on the levy of sales tax would take effect from 1950-51. Madras, West Bengal, Bihar, Orissa and Assam have deficit budgets; other States have surpluses. The deficit of West Bengal (Rs. 133 lakhs), and the surplus of Madhya Pradesh (Rs. 141 lakhs) are the largest. The budget estimates of Bombay†, Uttar Pradesh and Madhya Pradesh show sizeable reductions in expenditure. Bombay proposes to effect an economy of Rs. 632 lakhs and Uttar Pradesh to slow down hydro-electric, building and road works.

Total tax revenue of the States for 1950-51 is placed at Rs. 208·05 crores, which is 75 per cent of total revenue, and is less than last year's by Rs. 5·59 crores. Among individual sources of revenue, land revenue and stamps have remained more or less stationary in recent years: their yields in 1950-51 are estimated at Rs. 30·64 crores and Rs. 17·56 crores, respectively. Receipts from excise show a further decline of Rs. 4 crores as compared with last year and stand at Rs. 25 crores for 1950-51. Complete prohibition, which was inaugurated in Bombay on 6th April, 1950, would involve a loss of Rs. 3·84 crores in 1950-51. For financial reasons Uttar Pradesh has decided not to extend the area of prohibition for the present. Other States have decided to slow down their prohibition programme in accordance with the advice of the Central Government. For the Punjab this source of revenue has been more important than sales tax. Sales tax, which was first introduced in Madras to make good the loss in revenue resulting from prohibition, is now levied in all States. Income tax and sales tax are the main sources of revenue for the States and represent 24 and 20 per cent, respectively, of total tax revenue in 1950-51. Agricultural income tax, which is levied in Bihar, West Bengal, Orissa, Assam and Uttar Pradesh, yields about Rs. 3 crores in 1950-51.

Social services and security services account for 32 per cent and 29·5 per cent, respectively, of total expenditure as compared with 31·6 per cent and 30·1 per cent, respectively, in 1949-50. Compared to 1949-50, expenditure on social services for 1950-51 is lower by Rs. 63 lakhs at Rs. 91·72 crores and security services are lower by Rs. 415 lakhs at Rs. 83·91 crores. Education accounts for Rs. 43·40 crores of the total social service expenditure, and medical and public health services for Rs. 19·68 crores as against Rs. 41·42 crores and Rs. 19·91 crores, respectively, in 1949-50. Expenditure on education represents 52·4 per cent, 56·5 per cent and 43·3 per cent, respectively, of the estimated expenditure on social services, in Madras, Bombay and Uttar Pradesh. Direct demands on revenue (costs of collection) amount to Rs. 23·87 crores or 8·4 per cent of total expenditure.

The new tax measures are of minor character. They include a surcharge of 2 annas per rupee in Bihar on passenger fares and freight on goods carried by taxi-cabs, public buses and public carriers. The estimated collections of Rs. 50 lakhs from the surcharge will mainly go to local bodies. In Bombay the basic rate of stamp duty on transactions on the Stock Exchange is reduced from 2 to 1½ annas, with a concurrent extension of duty to forward markets other than those to which it is already applicable. This is not expected to affect the net yield from this source. Assam

*The withdrawal of Rs. 4 crores from the Reconstruction and Development Fund by Bombay does not affect the net deficit as the amount figures on both sides of the account.

†Deducting Rs. 4 crores shown under Civil Works in respect of transfer from the Post-War Reconstruction Fund.

expects to raise an additional revenue of Rs. 41 lakhs from an increase in the rates of the entertainments tax, stamp and court fees, motor vehicles taxation and agricultural income tax. In Uttar Pradesh duties on opium, spiced spirit and Indian-made foreign liquor are enhanced to yield an additional revenue of Rs. 22 lakhs.

49. *Reconstruction and Development Finances of Part A States.*—During the year under review, the developmental programmes of the States (former Provinces) had to be curtailed owing to the fall in receipts from loans raised in the open market and the reduced advances and grants from the Central Government. After the devaluation of the rupee, the Government of India reviewed their budgetary position and decided that all categories of expenditure should be curtailed. The development grants and loans from the Centre were reduced from Rs. 76·06 crores to Rs. 43·84 crores. In view of their importance to the economy, the allotments to the river valley projects were left unaffected.

Following a review by the Centre, in November 1948, of the development schemes, the Provinces were informed that development grants from the Centre would be contingent upon the Provinces spending from their own resources at least equivalent sums. In the case of West Bengal and the Punjab, which were severely affected by the Partition, and Orissa and Assam, which are comparatively less developed, it was, however, agreed that the entire expenditure on approved schemes would be reimbursed by the Centre subject to stated maxima. The grants for Grow More Food schemes were limited to 50 per cent of the expenditure incurred and in the case of Assam and Orissa to 66 2/3 per cent.

No provision was made in the 1950-51 Central budget towards general development grants to States. Central budget estimates for the year provided Rs. 9·20 crores as grants for Grow More Food schemes, Rs. 39 lakhs for educational schemes, and Rs. 21·00 crores as advances for development‡.

The development programmes of the States are estimated to cost Rs. 93·99 crores in 1950-51 as compared with Rs. 95·67 crores in 1949-50 and Rs. 55·11 crores in 1948-49 (*vide* table below). The reduced funds made available by the Centre in 1950-51 relatively to 1948-49 and 1949-50 do not appear to have influenced the estimated total expenditure of the States on reconstruction and development in 1950-51.

EXPENDITURE ON POST-WAR RECONSTRUCTION AND DEVELOPMENT (INCLUDING G.M.F. SCHEMES)

REVENUE AND CAPITAL ACCOUNTS

(In lakhs of rupees)

	1948-49	1949-50 Revised	1950-51 Budget
Madras	10,01	18,62	20,82
Bombay	12,15	21,85	19,35
West Bengal	7,32	14,64	17,12
Uttar Pradesh	9,92	14,84	11,68
Punjab	1,15	2,45	1,80
Bihar	3,38	8,90	11,29
Madhya Pradesh	6,20	8,30	6,99
Assam	2,10	1,83	1,04
Orissa	2,88	4,23	3,90
Total	**55,11**	**95,67**	**93,99**

‡These amounts are inclusive of development grants and loans to be made to part B States.

Post-war Reconstruction Fund balances were utilised to finance a small part of the expenditure. Orissa, the Punjab and West Bengal do not maintain such reserve funds. The outstanding balances of the other six States are given in the Table below:—

POST-WAR RECONSTRUCTION BALANCES

(In lakhs of rupees)

At the end of	1948-49	1949-50 Revised	1950-51 Budget
Madras	33,01	33,70	34,40
Bombay	17,26	17,29	13,29
Uttar Pradesh	15,17	12,75	12,75
Bihar	12,50	14,50	12,50
Madhya Pradesh	10,01	5,53	5,00
Assam	1,05	1,08	1,11
Total	**89,00**	**84,85**	**79,05**

During 1949-50, Bombay floated a loan in the market for Rs. 6 crores. Estimated borrowings for 1950-51 are meagre. The running down of cash balances (including cash balance investment account) by the States, largely towards the finance of development projects, is about Rs. 39 crores and Rs. 32 crores in 1950-51 and 1949-50, respectively. This is apart from the withdrawals from Post-war Reconstruction Reserves.

50. *Finances of Part B States.*—Of the States included in Part B, Schedule I, of the Constitution of India, Vindhya Pradesh is administered by the Central Government and Jammu and Kashmir is not financially integrated with the Indian Union. Hyderabad, Mysore, Tranvancore-Cochin, Saurashtra, Rajasthan and Madhya Bharat were financially integrated with the Indian Union on 1st April, 1950 and Patiala and East Punjab States Union on 13th April, 1950.

The Indian States Finances Enquiry Committee, appointed in October 1948, to examine and report *inter alia* on the desirability and feasibility of integrating federal finance in Indian States and States Unions with that of the rest of India so as to establish a uniform system of federal finance, the manner in which financial integration should be effected and any consequential adjustments that may be necessary between the Centre and the States, had recommended that, as the 'States' and 'Provinces' are equal partners in the Union, the Central Government should function in the States over the same range of subjects and exercise its functions through its own administrative agencies as in the 'Provinces'.

The Government of India have concluded Agreements with seven States and States Unions which will be in force for a period not exceeding ten years, but which may be modified or terminated at the end of five years, if deemed necessary, after considering the report of the Finance Commission to be appointed by the Government of India. Under these Agreements the net loss arising from the transfer of 'federal' items of revenue and expenditure to the Centre (calculated by reference to a given base period) or the 'federal revenue gap' will be made good by the Centre in full for five years and thereafter at a diminishing rate for another five years ; but the loss of revenue from internal customs duties (which are to be abolished

on federal financial integration) should be wholly borne by the States. As Rajasthan, Madhya Bharat, and Hyderabad derive substantial revenues from internal customs, it is agreed that in the former two States the abolition may take place in five years and in Hyderabad in four years, during which periods they are expected to develop alternative sources of revenue.

Income tax, which is a Central subject, will be introduced at full Indian rates in 1950-51 in PEPSU and Tranvancore-Cochin, while in Madhya Bharat and Rajasthan the rates prevailing in Saurashtra will be applied. Income tax rates will be gradually raised to the Indian level in a period of two to six years in all States. No State may participate in the all-India divisible pool of income tax until two years after the full rates of Indian taxation have been reached; in the meanwhile, under an *ad hoc* arrangement, half the income tax collections within a State will be allotted to it. A State's share of income tax (and other divisible sources of revenue) will be set off against the 'revenue gap' payment : it will receive either the amount of the federal revenue gap or its share of divisible taxes whichever may be higher. In the case of Hyderabad, Mysore, Tranvancore-Cochin and Saurashtra, the revenue gap being larger than the income from divisible sources, they will receive the amount of revenue gap which aggregates to Rs. 931 lakhs, while PEPSU, Madhya Bharat and Rajasthan will receive Rs. 81 lakhs as their share of income tax as in their case the revenue gap is the smaller of the two (*vide* Table below).

GRANTS-IN-AID FROM THE CENTRE 1950-51†

(In lakhs of rupees)

	Revenue Gap		Income tax Allocation
Hyderabad	76	PEPSU	24
Mysore	325	Madhya Bharat	35
Travancore Cochin	280	Rajasthan	22
Saurashtra	250		
Total	**931**	**Total**	**81**

† As provided for in the Central budget.

As from 1950-51 the States will be entitled to food subsidies, development and other grants-in-aid and loans from the Centre in the same way as Part A States.

The budgets of Part B States for 1950-51 taken together place revenue and expenditure, taking into account new proposals, at Rs. 90·33 crores and Rs. 90·83 crores, respectively, which leave a net deficit of Rs. 50 lakhs (*vide* Statement 43). Travancore-Cochin has a deficit of Rs. 36 lakhs, Hyderabad and Madhya Bharat deficits of Rs. 11 lakhs each, and Mysore, Saurashtra and PEPSU have surpluses of Rs. 3 lakhs each. Rajasthan's budget is balanced*.

* Rajasthan was able to balance its budget notwithstanding special expenditures of Rs. 60 lakhs for revision of pay scales, Rs. 20 lakhs as contribution to the Famine Fund, Rs. 45 lakhs for the One-Year Plan, Rs. 30 lakhs for 'Mandals' and Rs. 20 lakhs as reserve for contingencies.

At the existing level of taxation Mysore's budget showed a deficit of Rs. 35 lakhs. An additional revenue of Rs. 38 lakhs is expected from new tax measures which include raising of electricity duties, a registration tax, a betting tax, levy of depot charges in the Food Department and removal of some non-rationed items from the exemption list for sales tax. Saurashtra announced the imposition of sales tax before the commencement of the budget year for 13 selected items while PEPSU promulgated the Sales Tax Ordinance in 1949-50 at a rate of 6 pies in the rupee. The new tax proposals of Madhya Bharat for 1950-51 relate to sales tax, from which the estimated yield is Rs. 100 lakhs, and the entertainments tax. For Travancore-Cochin, at the existing levels of taxation, the deficit was Rs. 50 lakhs. This is expected to be reduced to Rs. 36 lakhs by raising the licence fee on foreign liquor shops by 100 per cent, and the basic rate of land tax in Travancore to 3 pies per cent†. Hyderabad's deficit would have been Rs. 97 lakhs but for a windfall receipt of Rs. 86 lakhs from the Railways as a result of federal financial integration. The sales tax, hitherto limited to specified luxury articles, was extended into a general sales tax in Hyderabad on 1st May, 1950, on a multiple point system, at a rate of 6 pies per rupee for luxury articles and 2 pies for other goods.

On the expenditure side, the cost of collecting revenue is Rs. 8·85 crores or 15 per cent of total tax revenue. Security services and social services account for 25 per cent and 36 per cent of the total estimated expenditure, respectively‡. In Mysore and Travancore-Cochin the expenditure on social services is substantially higher than on security services. In Saurashtra and Rajasthan, the provision for security services is almost the same as for social services, while in the case of PEPSU and Madhya Bharat the former is higher. As in the case of Part A States, education and medical and public health services represent the largest items of expenditure under social services ; they account for 45 per cent and 21 per cent, respectively, of total social services expenditure in 1950-51. Two-thirds of the total revenue of Part B States is tax revenue. Rs. 10·12 crores of the non-tax revenue represents grants from the Central Government. Tax revenue is mainly derived from land revenue and excise, which form 27 per cent and 33 per cent, respectively, of the total. Land revenue is the most important source of revenue for Saurashtra, Rajasthan and Madhya Bharat and excise for other States. Agricultural income tax is levied only in Travancore-Cochin and Hyderabad and the yield is small. Sales tax, which is levied in all States except Rajasthan is not a well-developed source of revenue, the yield from it being 8 per cent of total tax revenue. In Saurashtra, PEPSU and Hyderabad, the collections from the tax are smaller than elsewhere ; in Travancore-Cochin, it is next in importance to excise. The States derive Rs. 7·58 crores from Customs in 1950-51. Mysore, Saurashtra and PEPSU derive no customs revenue but internal customs form an important source of revenue in Rajasthan. As customs revenue will disappear within five years, Rajasthan, Hyderabad and Madhya Bharat, the States affected, have to develop alternative sources of revenue to replace it, notably, sales tax, entertainment duties and agricultural income tax.

51. *Income Tax and other Payments from the Centre:—The Deshmukh Award.*—In November 1949 the Government of India invited Sri Chintaman D. Deshmukh to give a binding Award determining the distribution of the States' share of income tax, the

† Special items of expenditure incurred by the State include Rs. 27 lakhs for unification of pay scales and Rs. 51 lakhs as contribution to the Devoswam Fund.

‡ The corresponding percentages for Part A States are 29·5 and 32 (*Vide* para 48).

net proceeds of which will continue to be divided equally between the Centre and the States, among the several States and the grants payable to the States of West Bengal, Assam, Bihar and Orissa in lieu of their share of the export duty on jute and jute products. The Award, which was made at the close of January 1950, will remain in force pending the recommendations of the Finance Commission, to be set up under Article 280 of the Constitution. The terms of the Award were applicable to the year 1950-51. The adjustments neccssitated by the merger of some 'States' with 'Provinces' and payments to continuing States and States Unions are determined by the Government of India separately, on the basis of the recommendations of the States Finances Enquiry Committee. The Deshmukh Award is restricted to Part A States as they were before the merger of States in them. The Award refrains from any comprehensive redistribution of the States' share *de novo* ; it confines itself to a reallocation of the percentages released by the Partition. These amount to 14·5 units out of 100, comprising, Bengal 7·5, Punjab 4, Sind 2 and N.W.F.P. 1. The reallocation is largely based on population with some weightage in favour of the weaker States. Minor adjustments have been effected for rounding off the figures to the nearest $\frac{1}{2}$ per cent. The share of the States under the Deshmukh Award, the allocations under the Niemeyer formula, and the *ad hoc* arrangement made by the Government of India after the Partition are as under :—

State	Niemeyer Formula	*Ad Hoc* arrangement after the Partition	Deshmukh Award
Madras	15	18	17.5
Bombay	20	21	21
West Bengal	20 (Bengal)	12	13.5
Uttar Pradesh (U.P.) ..	15	19	18
Punjab	8 (Undivided Punjab)	5	5.5
Bihar	10	13	12.5
Madhya Pradesh (C.P.) ..	5	6	6
Assam	2	3	3
Orissa	2	3	3

After the Partition, the Provincial share of the jute duty was reduced from $62\frac{1}{2}$ per cent to 20 per cent, as much the larger part of the jute-growing area went to Pakistan ; as before, allocations to individual Provinces were made in proportion to the jute grown. Additional *ad hoc* grants of Rs. 40 lakhs in 1947-48 and of Rs. 50 lakhs each in 1948-49 and 1949-50 were made to West Bengal in consideration of the difficulties caused to it by the Partition. The proceeds from the jute duty are assigned wholly to the Centre under Article 273 of the Constitution, the States of West Bengal, Assam, Bihar and Orissa being entitled to grants-in-aid in lieu of a percentage share for a period of 10 years or for as long as the duty may last, whichever may be earlier. The grants-in-aid made by the Deshmukh Award are as follows :—

(In lakhs of rupees)

West Bengal	Assam	Bihar	Orissa	Total
105	40	35	5	185

The Constitution (Distribution of Revenues) Order, 1950, gives effect to the Deshmukh Award and replaces the Government of India (Distribution of Revenues)

Order, 1948. The Tables below show the income tax allocations and other payments made by the Central Government to the States since 1937-38, while Statement 46 gives details of payments to each State.

ALLOCATION OF TAX PROCEEDS, SUBVENTIONS AND GRANTS-IN-AID TO PART A STATES

(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*	29.74	1.28	0.44	1.40	**32.86**
1948-49	41.79	1.43	0.70	2.25	**46.17**
1949-50 (Revised)	45.74‡	1.94	0.70	2.25	**50.63**
1950-51 (Budget)	46.97	—	6.09†		**53.06**

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

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

† Of this, Rs. 1.85 crores under Article 273 of the Constitution, in lieu of a share in jute duty, Rs. 1.99 crores under Article 275 of the Constitution as grants-in-aid to Assam, Orissa and the Punjab, and Rs. 2.25 crores as grants in respect of merger of States with Provinces.

‡ Inclusive of Rs. 5 crores on account of arrears relating to 1948-49.

STATES' SHARE OF INCOME TAX

(In lakhs of rupees)

	1949-50 Revised	1950-51 Budget: As presented to the Parliament	1950-51 Budget: As passed by the Parliament
Taxes on Income other than Corporation Tax (excluding Central Surcharge) ..	89,80	1,00,96	1,00,21
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' States and Miscellaneous receipts	3,90	4,64	4,49
Deduct—Share of cost of collection	1,42	1,78	1,78
Balance ..	84,48	94,54	93,94
Deduct—Amount to be retained by the Central Government	43,74	47,27	46,97
Amount payable to Provinces ..	40,74	47,27	46,97
Add—Previous year's arrears	5,00	..	..
Total ..	**45,74**	**47,27**	**46,97**

52. *Constitutional Changes relating to the Finances of Central and States Governments.*—The financial provisions of the Constitution of India closely follow the Government of India Act, 1935. It enumerates in three separate lists the Union, State and Con-

current subjects of legislation. Residuary powers of legislation vest in the Union Parliament. The items in the respective lists are broadly the same as under the Government of India Act, 1935. There are some changes in the division of tax resources between the Union and the States. Article 286 of the Constitution restricts the powers of the States in regard to sales tax with a view to ensuring uniformity in the principles governing the tax which, however, will be levied and administered by the States. A State Government cannot impose a tax on the sale or purchase of goods outside the State or if it concerns India's foreign trade or inter-State trade or if the goods in question are declared by Parliament to be essential to the life of the community. Taxation on the sale or purchase of newspapers and of advertisements published in them is included among taxes levied and collected by the Union but the proceeds will be assigned to the States. No changes are made in the sharing of income tax proceeds. A prescribed percentage of the net proceeds from taxes on income other than agricultural income (exclusive of the corporation tax, taxes payable in respect of Union emoluments and proceeds attributable to Part C States) shall be assigned to the States in which they are levied. The limit of the total amount of the tax on professions, trades, callings and employments payable by any one person to a State or to a local authority is raised from Rs. 50 to Rs. 250 per annum. The provision that, if Parliament by law so provides, the whole or any part of the net proceeds of an excise duty levied and collected by the Union may be paid over to the States, is retained. The Union retains the power to levy surcharges on certain taxes for purposes of the Union.

The jute-growing States are no longer entitled to a specified share of the net proceeds of the export duty on jute or jute products. Under Article 273 of the Constitution, the jute duty is assigned wholly to the Centre ; the States of West Bengal, Assam, Bihar and Orissa will receive, however, grants-in-aid, so long as the jute export duty is levied or for a period of 10 years, whichever is earlier. As under Section 142 of the Government of India Act, 1935, Article 275 of the Constitution of India provides for general grants-in-aid to such States as Parliament may determine to be in need of assistance ; the amount of the aid may vary as between States and from year to year. The Article provides for grants-in-aid to States in respect of approved schemes of development for promoting the welfare of Scheduled Tribes or for raising the level of administration of the Scheduled Areas and for grants-in-aid to Assam of sums equivalent to (1) the average excess of expenditure over revenues during the two years immediately preceding the commencement of the Constitution in respect of the administration of (specified) tribal areas, and (2) the costs of such schemes of development as may be undertaken by that State, with the approval of the Government of India, for raising the level of administration of the said areas to that of the administration of the rest of the areas of the State.

The provisions relating to borrowing remain unaltered. The executive power of the Union extends to borrowing upon the security of the Consolidated Fund of India within such limits, if any, as may be fixed by Parliament and the giving of guarantees within such limits as may be fixed. A State can borrow within the territory of India on the security of the Consolidated Fund of the State. The Government of India may make loans to any State or give guarantees in respect of loans raised by a State. Prior consent of the Government of India is necessary for a State to raise a loan, if there is still outstanding any part of a loan made to it by the Government of India or in respect of which a guarantee has been given by the Government of India. In giving such consent, the Government of India may impose any conditions they may deem necessary.

A Finance Commission is required to be set up within two years from the commencement of the Constitution and, thereafter, at the expiration of every fifth year, or at such earlier time as the President may consider necessary (Article 280), to make recommendations *inter alia* as to (1) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them and the allocation among the States of the respective shares of such proceeds (2) the principles which should govern grants-in-aid to the States out of the Consolidated Fund of India and (3) the continuance or modification of the terms of any Agreement entered into by the Government of India with the Government of any Part B State.

B. PUBLIC DEBT

53. *General.*—The debt position of the Central and State Governments is shown in Statements 39, 47, 55 & 56 and in Graphs 18, 19 and 20. During the year under review, the public debt of the Government of India increased by Rs. 56·74† crores to Rs. 2,087·07 crores as at the close of March, 1950; and interest-bearing obligations* showed an increase of Rs. 57·13 crores. Of the total interest-bearing obligations at the end of 1949-50, Rs. 2,456 crores were held in India, Rs. 40 crores in England and the balance, Rs. 17 crores, was dollar loan. Interest-yielding assets were Rs. 1,521 crores, as against Rs. 1,431 crores at the end of the previous year. Gross payment of interest amounted to Rs. 63·4 crores, of which Rs. 29·6 crores was transferred to commercial departments and others, the net charge on Central revenues being Rs. 33·8 crores. New loans and discharge of permanent debt in India during the year amounted to Rs. 40·45 crores and Rs. 65·67 crores, respectively, as compared with the budget estimates of Rs. 85 crores and Rs. 68·85 crores, respectively. The actuals in 1948-49 were Rs. 55·04 crores and Rs. 96·65 crores, respectively. Since 1947-48, so far from any net sums being added to the rupee debt, there has been a net outgo on loan account each year. Though the sale, by tender, of Treasury bills during the year amounted to Rs. 39 crores, they were all discharged and at the close of the year no Treasury bills were outstanding with the public. Treasury deposit receipts (net) amounted to Rs. 10 crores, the total outstanding at the end of March 1950 being Rs. 14 crores. Small savings (net) totalled Rs. 25·94 crores, as against Rs. 29·91 crores in 1948-49. The net receipts of loans, Treasury bills, TDRs and small savings during the year amounted to Rs. 21·8 crores as against an anticipated sum of Rs. 56·5 crores (including external transactions)‡. Much the larger part of Government investment was financed by running down cash balances.

(a) Government Balances and Short-term Borrowings

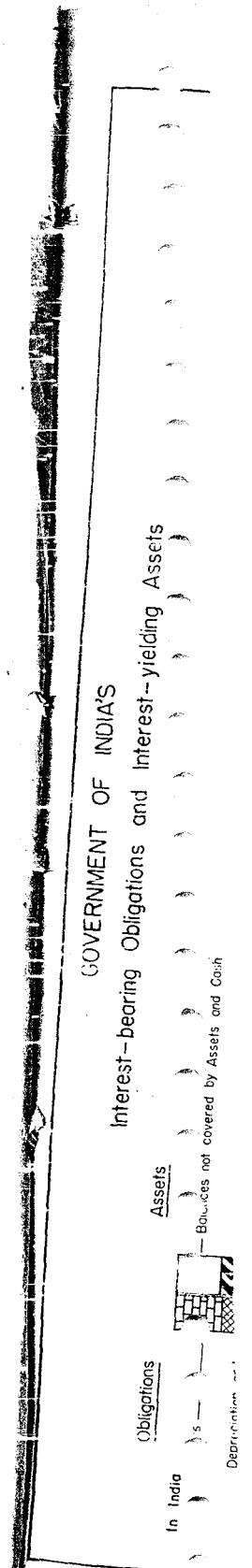
Central Government :

54. *Balances.*—Statement 48 shows the respective balances of the Centre and Part A States with the Reserve Bank of India and at Government Treasuries as on the last day of each month during 1948-49 and 1949-50. The balances of the Cen-

† Including Rs. 16·77 crores on account of loans from the International Bank for Reconstruction and Development.

* Special floating loans and expired loans are included in public debt but not in interest-bearing obligations. On the other hand, interest-bearing obligations include unfunded debt.

‡ According to the Budget data.



tral Government which were at Rs. 184·29 crores at the beginning of the year declined to Rs. 113.05 crores at the end of August and, thereafter, except for a reverse in November, gradually rose to Rs. 159.87 crores by the close of January 1950. This was followed by a decline, the amount of the balances at the close of March 1950 being Rs. 140.22 crores. The closing balance in the budget estimates for 1949-50 was Rs. 58.00 crores and in the revised estimates Rs. 95.38 crores.

55. *Treasury Bills.*—Statement 49 shows details of transactions in Central Government Treasury bills since 1918-19. Particulars of weekly and monthly transactions in these bills during 1949-50 are given in Statements 50 and 51, respectively. The sale of Treasury bills by tender, which had remained suspended from 9th November, 1948, was resumed on 26th July, 1949. The weekly offer, which was Rs. 2 crores for the first two weeks, was raised to Rs. 4 crores on 9th August and was maintained at that level till the week ended 26th August, 1949. In the first week of September it was raised further to Rs. 5 crores and continued at this level till the first week of October, except for the fourth week of September when sales were cancelled on account of the devaluation holidays. In the first week of October, Rs. 5 crores were offered for tender but no sales were made. Since 4th October, 1949, sales of Treasury bills by tender remained suspended except for three small tenders amounting to Rs. 276 lakhs in the three weeks ending 20th December, 1949 ; there were no sales thereafter. The total amounts tendered and the amounts sold were lower at Rs. 61·39 crores and Rs. 38·76 crores, respectively, as compared with Rs. 75·21 crores and Rs. 46·01 crores, respectively, in 1948-49. The percentage of the amount sold to amount tendered during the year was 63 as compared with 61 in 1948-49, while the proportion of applications to the amounts offered was about 110 per cent as compared with 120 and 129 in 1948-49 and 1947-48, respectively. The amount of the maturing bills offered in lieu of cash, under the option introduced in 1942-43, was *nil*. There were no Treasury bills outstanding with the public at the close of the year.

The total of Central Government Treasury bills sold during the year to the Reserve Bank of India was higher at Rs. 1,381·12 crores as against Rs. 1,117·85 crores in the preceding year. As on 31st March, 1950 the amount outstanding with the Reserve Bank of India, States and others was Rs. 341·86 crores as compared with Rs. 350·47 crores at the close of 1948-49. Rs. 270 crores of this amount represented *ad hocs* issued to the Reserve Bank in exchange for sterling to acquire from the Government of the United Kingdom sterling annuities to cover the sterling pension liabilities of the Government and to pay for the defence stores and installations situated in India which were taken over by the Government. With effect from 22nd October, 1949 *ad hoc* Treasury bills were issued in favour of the Reserve Bank of India instead of, as formerly, to the Issue Department of the Bank. The requirements of States for investing their surplus funds in the Central Government Treasury bills were met, as in the past, from the holdings of the Reserve Bank of India, the amount thus sold being replaced by "on tap" purchases from the Central Government. During the year under review all States, with the exception of Uttar Pradesh, the Punjab and West Bengal, invested in the Central Government Treasury bills. As on 31st March, 1950 their holdings amounted to Rs. 19·66 crores as compared with Rs. 18·26 crores on 31st March, 1949.

56. *Yield on Treasury Bills.*—The total realisations on Treasury bills sold by tender to the public during the year amounted to Rs. 38·71 crores, their face value

being Rs. 38·76 crores ; the corresponding figures in 1948-49 were Rs. 15·95 crores and Rs. 16·01 crores, respectively. The monthly average yield in 1949-50 was 0·50 per cent in July, August and December and 0·53 per cent in September. The annual average of the monthly yields was 0·49 per cent in 1948-49 and 0·51 per cent in 1949-50 (*vide* Statement 51).

57. *Treasury Deposit Receipts.*—Treasury Deposit Receipts continued to be available on tap to banks either on their own account or on account of constituents. Statement 52 gives particulars of issues and discharges since 15th October, 1948 when they were first instituted. During the year under review, net collections in TDRs, after deducting repayments of Rs. 5·18 crores, amounted to Rs. 9·95 crores. The bulk of this represented investment by the U. P. Government of the balances in the Zamindari Abolition Fund. The total issues of TDRs amounted to Rs. 15·13 crores, of which six months TDRs accounted for Rs. 14·48 crores, of nine months Rs. 5 lakhs, and of one year Rs. 59·8 lakhs. The total amount of TDRs outstanding at the end of the year was Rs. 13·84 crores, of which Rs. 13·20 crores was in six months TDRs.

STATE GOVERNMENTS:

58. *Balances and Ways and Means Advances.*—The month-end balances of the State Governments (Part A) with the Reserve Bank as shown in Statement 48 averaged Rs. 23·84 crores for the year 1949-50 as compared with Rs. 17·37 crores for 1948-49, while their total balances at the end of March 1950 (including balances at the Treasuries) aggregated Rs. 47·16 crores as against Rs. 29·50 crores at the end of March 1949. The total at the end of March 1950 was made up as under : West Bengal Rs. 15·83 crores, the Punjab Rs. 8·79 crores, Uttar Pradesh Rs. 7·67 crores, Bombay Rs. 7·02 crores and the five remaining States Rs. 8·15 crores.

During the year under review, all States, except West Bengal, Madhya Pradesh and Bihar, had recourse to ways and means advances totalling Rs. 64·74 crores, of which Bombay accounted for Rs. 23·05 crores, Uttar Pradesh Rs. 16·28 crores and Madras Rs. 16·03 crores. The largest amount of the ways and means advances in a month was made in June 1950, the amount being Rs. 12·10 crores. By the close of the year all advances were repaid except for an amount of Rs. 24 lakhs by Orissa.

59. *Treasury Bills.*—Statement 53(A) shows the yearly Treasury bill transactions of the States since 1938-39 when they commenced borrowing in this form and Statement 53(B) gives the sale of Treasury bills by them during 1949-50. During the year, Madras and Uttar Pradesh resorted to short-term borrowing. Madras sold a total amount of Rs. 8 crores in August, September and December, the average rate of discount per cent per annum being Re. 0-9-7, and Uttar Pradesh sold a total amount of Rs. 5·5 crores in August, September and November, the average rate of discount per cent per annum being Re. 0-9-4.

(b) LONG-TERM DEBT AND OTHER BORROWINGS

60. *Government of India Loans.*—Market borrowings during the year amounted to Rs. 40.45 crores as against an anticipated amount of Rs. 85 crores. In terms of the notifications dated 25th June, 1949 two loans namely 2½ per cent Loan, 1955

(second issue) and 2¾ per cent Loan, 1962, were offered for public subscription from 4th July, 1949 to 8th July, 1949 (both days inclusive) at issue prices of Rs. 99-12-0 and Rs. 99-8-0, respectively. Subscriptions which were to be in the form of 3 per cent Loan, 1949-52 amounted to Rs. 25·4 crores for the 2½ per cent Loan, 1955 (second issue), and Rs. 6·6 crores for the 2¾ per cent Loan, 1962*. To meet the demand from institutional investors, a special issue of the 2½ per cent Loan, 1955 (third issue), was created on 16th January, 1950 for Rs. 15 crores and was available for sale on tap. Rs. 16·77 crores was borrowed from the International Bank for Reconstruction and Development (*vide* para. 41).

61. *Repayment of Loans.*—During the year, the 3 per cent Loan, 1949-52 fell due for repayment. By a notification dated 29th April, 1949 the Government announced their decision to repay the loan on 1st August, 1949 but its holders were offered the option of converting it into 2½ per cent Loan, 1955, and 2¾ per cent Loan, 1962 (*vide* para. 60). Rs. 32 crores of the amount outstanding of Rs. 66·64 crores was received for conversion and Rs. 31 crores was paid in cash upto 31st March, 1950.

62. *Composition of Total Rupee and Sterling Debt.*—Statement 55 gives the outstandings of the rupee 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, while Statement 56 gives interest-bearing obligations and interest-yielding assets of the Government of India since 1938-39. The total interest-bearing obligations of the Government of India rose by about Rs. 1,307 crores from Rs. 1,206 crores in 1938-39 to Rs. 2,513 crores at the end of 1949-50 (revised estimates); the increase during the year under review was Rs. 57 crores. Public debt accounted for Rs. 1,867 crores of the interest-bearing obligations. Unlike in pre-war years, when about one-half of it was held in England, public debt is now almost wholly internal. Total public debt, including non-interest bearing debt of Rs. 213 crores for payments to IMF and IBRD and Rs. 7 crores of expired loans, stood at Rs. 2,087 crores on 31st March, 1950 as against Rs. 950 crores on 31st March, 1939 and Rs. 2,030 crores on 31st March, 1949. Excluding the liability for the British War Loan† (Rs. 21 crores) and Railway Annuities† (Rs. 13 crores), total public debt amounted to Rs .2,053 crores as at the end of 1949-50. Total public debt comprised sterling loans of Rs. 3 crores, dollar loans of Rs. 17 crores and Rs. 2,031 crores of rupee loans. Interest-bearing obligations include balances in Provident Funds, Post Office Savings Bank, Post Office Cash and National Savings Certificates, Depreciation and Reserve Funds of the Railways, Posts and Telegraphs, etc., and certain other deposits mainly relating to Excess Profits Tax and Income Tax, which have grown from Rs. 256 crores at the end of 1938-39 to Rs. 646 crores at the end of 1949-50, the increase during the year under review being Rs. 81 crores.

The total interest-yielding assets, representing productive investment, amounted to Rs. 1,521 crores on 31st March, 1950 or 60·5 per cent of the total interest-bearing obligations (*vide* Graph 19 and Statement 56). A part was covered by Cash Balances. The rest of the obligations were either uncovered or "covered" by

* The loan balance was not increased as the scrip for the loan was issued against holdings thereof in Government's Cash Balance Investment Account.

† The liability for the British War Loan remains suspended. In respect of Railway Annuities an equivalent amount has been deposited with the U.K. Government who have undertaken to provide the necessary sterling as payments fall due.

Government of India securities held on Treasury account. The Cash Balances and Securities held on Treasury account amounted to Rs. 173 crores as at 31st March, 1950. The uncovered part was Rs. 819 crores. At the end of 1950-51 interest-bearing obligations are expected to increase to Rs. 2,561 crores, public debt to Rs. 2,126 crores, and total interest-yielding assets, balances and securities to Rs. 1,795 crores.

63. *Repatriation of Sterling Debt.*—The transactions in respect of the repatriation of sterling stocks during the year related, as in the previous year, to the repayment of stocks not surrendered earlier. Statement 57 sets out the amounts repatriated and cancelled each year from 1937-38 to 1948-49 and the particulars of debt cancelled under various schemes of repatriation during 1949-50.

During the year 1949-50 securities of the face value of £0·08 million were repatriated at a cost of Rs. 11 lakhs and rupee counterparts of the face value of Rs. 33,000 were created. The total of sterling debt repatriated since 1937-38 amounts to £ 328·79 million at a cost of £ 327·40 million or Rs. 437·53 crores.

64. *Distribution of Rupee Debt: Government Promissory Notes, Stock Certificates and Subsidiary General Ledger Accounts.*—Conversion of Government Promissory Notes into Stock Certificates during 1949-50 amounted to Rs. 21·92 crores as compared with Rs. 24·76 crores in 1948-49 and reconversions of Stock Certificates into Promissory Notes amounted to Rs. 20·56 crores as against Rs. 53·86 crores in 1948-49. During the year the Reserve Bank of India discontinued the concession of waiving the usual fees for reconversion of Stock Certificates into Government Promissory Notes. The distribution of rupee debt according to the form in which it was held was as follows :—

PERCENTAGE TO TOTAL RUPEE DEBT

As on 31st March	G.P. Notes	Stock Certificates	S.G.L. Accounts	Miscellaneous (*i.e.*, G.P. Notes and Stock Certificates held in London)
1942	53.69	15.40	30.57	0.34
1943	25.60	31.28	42.85	0.27
1944	32.65	28.88	38.27	0.20
1945	37.05	25.95	36.85	0.15
1946	37.70	22.66	39.53	0.11
1947	35.90	22.26	41.80	0.04
1948	33.01	20.94	45.99	0.03
1949	33.75	19.65	46.57	0.03
1950	33.90	18.91	47.16	0.03

Institutional Investors continued to prefer to hold securities in Subsidiary General Ledger Accounts ; 47·16 per cent of the total debt was held in this form, as compared with 46·57 per cent in 1948-49. The percentage of debt held in Government Promissory Notes increased slightly from 33·75 to 33·90, while the percentage of Stock Certificates declined further from 19·65 to 18·91.

65. *Small Savings.*—Net collections of small savings in 1949-50 amounted to Rs. 25·13 crores as against Rs. 29·97 crores in 1948-49 (*vide* Table on page 95 and Statements 58-60). National Savings Certificates accounted for Rs. 15·43 crores (net) and Savings Bank deposits Rs. 14·20 crores, the corresponding figures in 1948-49

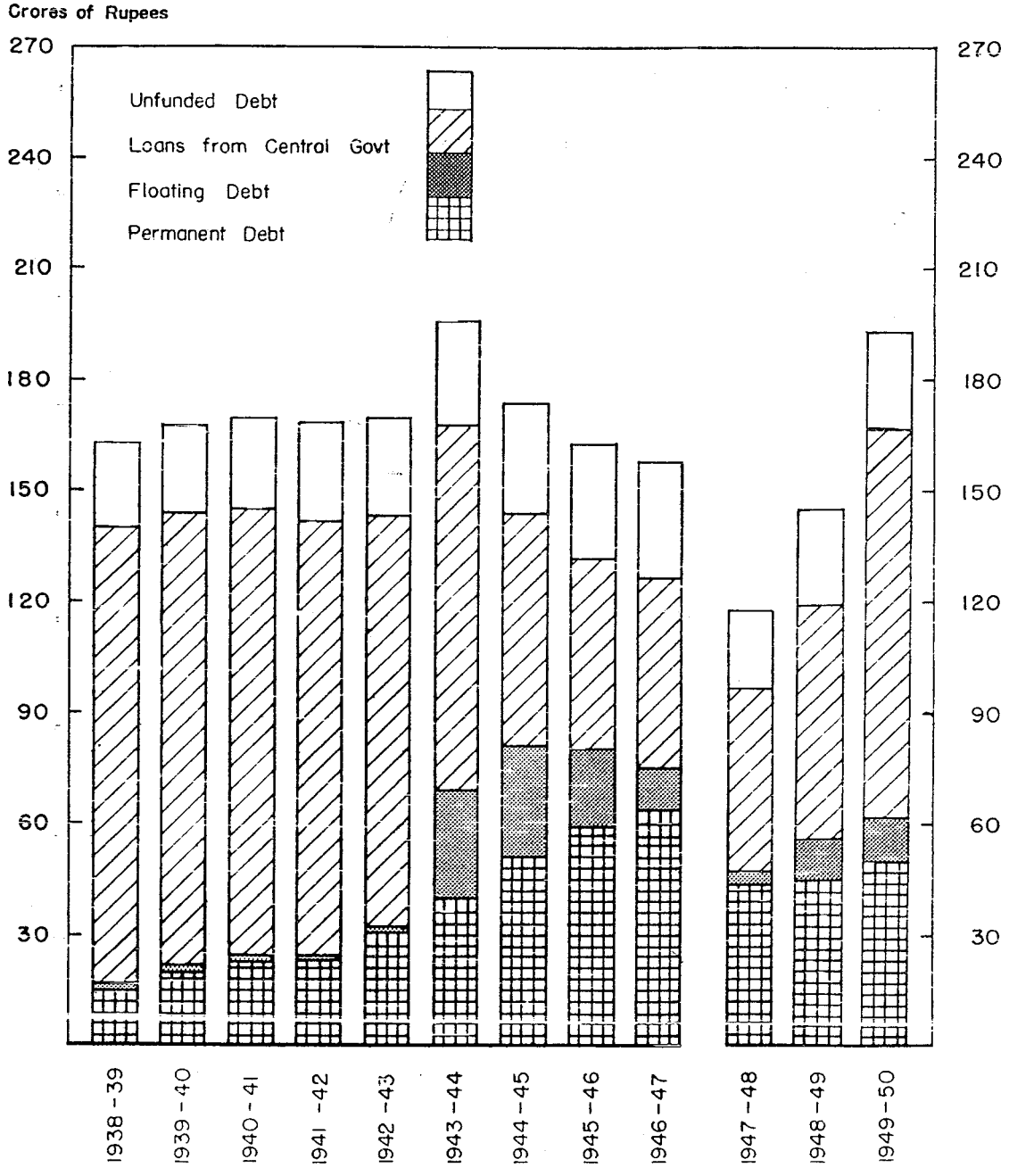
GOVERNMENT OF INDIA'S

Interest-bearing Obligations and Interest-yielding Assets

GRAPH 20

DEBT POSITION OF PART A STATES

SINCE 1938-39



being Rs. 15·86 crores and Rs. 19·79 crores. Total (net) repayments in respect of Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits amounted to Rs. 4·50 crores. The yield on Post Office Cash Certificates and Post Office Defence Savings Certificates remained unchanged at 2½ per cent and 3-1/8 per cent compound interest and the yields on Twelve-Year, Seven-Year and Five-Year National Savings Certificates at 4-1/6 per cent, 3-4/7 per cent and 3 per cent simple interest, respectively. The Post Office Savings Bank Deposits carry interest at 2 per cent on all accounts (other than 'Public Accounts', etc.) in which the balance does not fall below Rs. 200 at any time during the financial year, and at 1½ per cent on other accounts. In 1949-50 National Savings Certificates of a denomination of Rs. 50/- were introduced in the Five-Year and Seven-Year series.

(In lakhs of rupees)

	Outstanding at the end of										
	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	14th Aug. 47	1947-48*	1948-49*	1949-50*
Cash Certificates ..	46,98	39,01	34,57	34,64	35,82	38,76	39,22	37,69	—3,07	—7,49	—11,33
Defence Savings Certificates ..	2,29	4,35	5,56	6,97	6,42	5,92	5,18	4,79	—40	—75	—1,02
National Savings Certificates				8,65	28,19	51,30	70,62	74,98	9,21	25,07	40,50
Savings Bank Deposits	59,51	52,07	52,22	64,18	80,22	115,04	142,35	143,82	10,12	29,91†	44,11
Defence Savings Bank Deposits		11	41	4,02	8,53	10,50	10,93	6,02	—3,16	—4,07	—4,46
Total	**108,78**	**95,54**	**92,76**	**118,47**	**159,18**	**221,52**	**268,30**	**270,30**	**12,70**	**42,67†**	**67,80**

* Figures for the Indian Union only, exclusive of share in the pre-partition outstandings.
† Adjusted.

The number of Savings Bank Accounts transferred during the year from India to Pakistan were 597 involving Rs. 3 lakhs and the accounts transferred from Pakistan to India were 6,416 amounting to Rs. 21 lakhs.

66. *States Loans.*—In their notification dated 26th July, 1949 the Government of Bombay invited on 1st August, 1949 subscriptions for an issue of 3 per cent Bombay Provincial Development Loan, 1962, for Rs. 6 crores. The proceeds of the loan were meant to be used for financing capital expenditure under the post-war reconstruction and development programme. The loan was fully subscribed after a call on the underwriters for approximately 24 per cent of the loan. No other State Government raised a loan during the year.

During 1949-50 the 3¼ per cent U. P. Encumbered Estates Act Bonds, the issue of which had been suspended from 15th December, 1947, of a nominal value of Rs. 9,400 were issued ; the amount paid out during the year was Rs. 22·12 lakhs, leaving the balance outstanding at Rs. 2·73 crores at the end of March 1950.

In 1949-50 the 3 per cent C. P. and Berar Loan fell due for repayment on 21st June. Repayments amounted to Rs. 68·36 lakhs upto the end of March 1950 out of a total of Rs. 72·92 lakhs outstanding.

67. *State Debt.*—The outstanding gross total debt of Part A States increased by Rs. 47·91 crores to Rs. 193·29 crores in 1949-50 (*vide* Statement 47). It comprised Rs. 50·41 crores of permanent debt, Rs. 11·65 crores of floating debt, Rs. 104·77 crores of loans from the Central Government and Rs. 26·46 crores of unfunded debt. The floating and unfunded debt increased slightly; permanent debt rose by Rs. 4·48 crores and debt due to the Central Government by Rs. 41·77 crores or by 87 per cent of the total increase in debt. As at the end of March 1950, outstanding loans of the Governments of Bombay, Madras and Uttar Pradesh amounted to Rs. 16·48 crores, Rs. 15·20 crores and Rs. 14·40 crores, respectively (*vide* Statement 54). Though total debt increased substantially, the provision for redemption of debt was Rs. 2·86 crores compared to Rs. 4·23 crores in 1948-49 ; this ensued mainly as a result of a provision of only Rs. 39 lakhs made by Bombay as against Rs. 2·74 crores in the previous year.

V. BALANCE OF PAYMENTS AND FOREIGN TRADE

68. *Balance of Payments.*—The figures for merchandise trade as shown in the balance of payments Statements 61-64, differ from the compilations of the Director-General, Commercial Intelligence and Statistics (Statements 65-72), mainly on account of differences in coverage and methods of valuation. The difference in coverage is due to the fact that the figures from the Exchange Control Department, which are on a payments basis, exclude barter transactions. They also exclude transactions with Pakistan and Afghanistan as they are not subject to exchange control*. The balance of payments of India with Pakistan is, however, given separately. The differences in valuation on the import side arise mainly from under-valuation of food imports (on Government account) in the Customs statistics, which had not yet been rectified ; on the export side under-valuation of the Customs data resulted from the fact that the Customs valuation is based on the wholesale cash prices in India rather than on the cost to the foreign importer which should include, among other items, the export duties levied on certain commodities. Wherever overall total figures of imports and exports relating to merchandise items are mentioned, the data were drawn from the Exchange Control Department. In the case of individual commodities the data from the sea-borne trade account have been utilised. The figures for the quarter, January-March 1950, are based on Customs returns. The balance of payments figures relate to the calendar year 1949.

The index numbers of the quantum and prices of exports and imports, to which references have been made, are compiled from the Customs records with 1938-39 as the base. The figures for 1948-49 and 1949-50 relate to the Indian Union while the figures for the base year relate to undivided India. The index numbers of quantum of imports for these years may be consequently an under-estimate ; the index of the quantum of exports is also affected by certain structural changes in the pattern of India's exports in the post-partition period. The use of unit values for calculating index numbers of prices introduces another limitation. Figures of exports do not include re-exports. While these limitations introduce a margin of error in the index numbers, they are not likely to affect the trends disclosed by them.

* For purposes of exchange control accounts of persons resident in Pakistan, Afghanistan, Nepal, Tibet and French and Portuguese India are treated as resident accounts. Moreover, India provides exchange facilities for residents of Nepal, Tibet and to a limited extent Portuguese India.

India's foreign trade and balance of payments with the outside world (excluding Pakistan) for the year 1949 may be divided into three distinct phases. During the first phase, which lasted up to May 1949, imports rose progressively to a monthly rate of nearly Rs. 60 crores as against an average of Rs. 38 crores per month in the first half of the previous year. Total exports on the other hand dwindled to about Rs. 26 crores in May against a monthly average of Rs. 40 crores during the first six months of 1948. During the second phase, which lasted till the devaluation in September 1949, imports were held in check while exports began to show an uptrend. In the last phase, the trends of the second phase were accentuated mainly as a result of devaluation. The payments deficit for the year as a whole was Rs. 146.6 crores. Available data for the quarter January-March 1950 show a continuation of the improvement in the payments position. From April 1950, however, imports have again started rising and deficits have reappeared.

The pre-devaluation period showed heavy deficits in the Indo-Pakistan trade and balance of payments. India's exports to Pakistan did not attain the expected level. This would not in itself have caused much difficulty had it not been for the heavy deficits with the rest of the world. The post-devaluation balance in Indo-Pakistan trade is artificial, both imports and exports having dropped to a fraction of the previous volume.

Statement 61 shows the balance of payments of the Indian Union with the outside world, excluding Pakistan, for the years 1948 and 1949 on a half-yearly basis, and the Table on page 98, the index numbers of the volume of imports and exports and the terms of trade.

The magnitude of the payments deficit in 1949 is strikingly large. Even with an allowance for an extraordinary payment of Rs. 11.9 crores for Defence stores, the overall deficit was Rs. 146.6 crores† which is an all-time high. The deficit in 1948 was Rs. 83.0 crores. The half-yearly figures help to throw light on the factors responsible for a worsening in India's balance of payments. As the capital account for July-December 1949 shows a small disinvestment of Rs. 2.7 crores, the deficit in the first six months of 1949 was Rs. 143.9 crores. The larger gap in payments resulted from a fall in receipts and an increase in debits, the trend in this direction, which appeared towards the close of 1948 being accentuated in 1949. The deficit in the second half of 1948 largely resulted from a relaxation of import controls which followed the Indo-U.K. Financial Agreement of July 1948. As the sterling releases granted for July 1947—June 1948 had been practically untouched, imports were liberalised in the second half of 1948.

The full impact of this liberalisation began to be felt early in 1949 ; imports rose progressively from a monthly rate of Rs. 38 crores during the six months, January-June 1948, to a maximum of Rs. 62 crores in May 1949. The index number for the quantum of imports during the quarter April-June 1949 was at a record level of 151.5. Commercial imports flowed in, during the first half of 1949, at an annual rate of Rs. 511.2 crores as compared with Rs. 395.6 crores in the previous half year. Government imports in 1948 were fairly evenly distributed between the two halves of the year, being around Rs. 69 crores in each ; they were at an unusually high level of about Rs. 107 crores in the first half of 1949, owing chiefly

† The disinvestment in the capital account is assumed to give a more accurate idea of the overall deficit. The regional deficit figures are taken from the current account.

to purchases of foodgrains, which became urgently necessary on the reimposition of controls. On the other hand, the downward trend in exports, which had set in in the second half of 1948 (probably attributable, in part, to seasonal factors), persisted in the first half of 1949, the rate of exports being about 24 per cent below that in the corresponding period of 1948. The index of the volume of exports in the quarter, April-June 1949, was at 54.1 as against a range of 60 to 70 for the preceding four financial years.

The growing imbalance caused serious concern and called for a stricter import policy coupled with attempts to step up exports. Import restrictions were made more stringent in May 1949 when O.G.L.XI, relating to imports from sterling and soft currency areas, was cancelled. The effect of this is reflected in the statistics of the period, July-September 1949. Statement 63 which gives the balance of payments for July-December on a quarterly basis, shows that the deficit during the quarter ended September 1949 fell to Rs. 32.0 crores or to an annual rate of Rs. 128.0 crores as compared with a deficit at an annual rate of Rs. 287·8 crores in the first six months; both commercial and Government imports declined from their abnormally high levels. The index number of the volume of imports for this quarter was 127.8, while that for exports approximated to the average of the earlier years (*vide* Table below). The terms of trade, however, suffered somewhat, the fall in export prices being greater than that in import prices.

VOLUME AND TERMS OF TRADE

(*Base:* 1938-39=100)

Years and Quarters	VOLUME		TERMS OF TRADE		
	Imports	Exports	Unit Value of Imports	Unit Value of Exports	Net terms of Trade (Imports divided by exports)
1945-46 ..	90.1	67.0	238.7	234.2	101.9
1946-47 ..	98.9	65.7	268.7	270.6	99.3
1947-48 ..	111.1	69.9	305.2	360.7	84.6
1948-49 ..	110.1	61.8	345.7	394.8	87.6
1949-50 ..	118.8	74.6	329.8	389.1	84.8
April-June 1949 ..	151.5	54.1	322.9	398.9	80.9
July-September 1949 ..	127.8	37.2	312.1	371.5	84.0
October-December 1949	115.1	92.9	335.1	380.7	88.0
January-March 1950 ..	82.8	84.9	336.7	407.2	82.7

The improvement in exports and the fall in imports noticed during the third quarter was accelerated after the devaluation of the rupee in September 1949. As against a deficit of Rs. 175.9 crores in the first nine months of the year, the last quarter showed a surplus of Rs. 29.4 crores, increased exports playing as valuable a part as reduced imports in producing this result. The volume of imports in the

last quarter of the year was at 115.1 and exports showed a record increase for the quarter of nearly 38 per cent over the previous quarter, the volume index reaching 92.9, the peak figure for the post-war period. Devaluation of the rupee led, in a number of countries, to a substitution of commodities from the hard currency areas or commodities with a high dollar content by Indian exports. The terms of trade, however, worsened further, prices of imports rising faster than the prices of exports, specially with countries which did not devalue their currencies. A part of the increase in exports may reflect deferred demand as importers in the hard currency areas had postponed their normal purchases in anticipation of devaluation.

The capital account part of the balance of payments shows that during the first half of 1949 the foreign exchange assets, comprising primarily the sterling assets of the Reserve Bank of India, fell by Rs. 165.1 crores and during the third quarter by Rs. 34.6 crores. In the last quarter, owing to an improvement which followed devaluation, the foreign exchange assets rose by Rs. 30.9 crores. Among other items in the capital account may be mentioned the repayment by Siam of a loan of Rs. 4.6 crores which India had granted to her in 1946, in advance of the stipulated time (which was rendered possible by a striking improvement in the payments position of the country) and a drawing of Rs. 7.0 crores by India from the loans sanctioned to her by the International Bank for Reconstruction and Development.

Statement 62 shows the region-wise breakdown of the payments on current account for the years 1948 and 1949 on a half-yearly basis. A further breakdown by quarters of the figures relating to merchandise are given in Statement 64, which also gives figures for the quarter, January-March 1950.

The current account payments with the sterling area and the overall current account payments tended to move in the same direction. The deterioration in the former in the first half of 1949 was due, mainly, to a rise in private imports, which were flowing in at an annual rate of Rs. 259 crores, or twice the rate in the corresponding months of 1948, and, partly, to a fall in exports. The rate of imports slowed down beginning with the third quarter when the more stringent import policy adopted in May 1949 began to bear fruit ; the gap in the payments with the sterling area tended to close. The improvement in payments was accelerated by the devaluation of the rupee in the third quarter of 1949. In the second half of 1949 overall current account payments showed a surplus of Rs. 20.1 crores as compared with a deficit of Rs. 59.7 crores in the previous six months.

The hard currency current account deficit amounted to Rs. 49.5 crores in the first half of 1949 as against Rs. 10.4 crores and Rs. 32.3 crores in the first and second halves, respectively, of 1948. The steep rise in the deficit was mainly due to a fall in exports which dropped progressively upto June 1949 and to the high level of Government imports which rose from an annual rate of Rs. 50 crores in the first half of 1948 to about Rs. 70 crores in each of the two following half years. The suspension of dollar imports between June and September as an emergency measure and the steps taken as a result of the Commonwealth Finance Ministers' Conference to limit dollar imports to an annual rate of 75 per cent of the 1948 level reduced the deficit in the third quarter to an annual rate of Rs. 37.6 crores. Exports, however, remained at a low level. The impact of restrictions on dollar imports continued in the last quarter of the year when private imports fell to an annual rate of Rs. 74.4 crores as compared with Rs. 132.6 crores in the first half of 1948. Following devaluation exports rose

steeply from an annual rate of Rs. 106.8 crores in the third quarter to Rs. 173.2 crores in the last quarter. This coupled with reduced imports led to a surplus of Rs. 18 crores during the quarter and a surplus of Rs. 8.6 crores for the second half year. The hard currency deficit of Rs. 81.8 crores for the year, July 1948-June 1949, was financed by an agreed release of $60 million from the Central Reserves of the sterling area, an overdrawing of $84 million on the Central Reserves, a purchase of $56 million from the International Monetary Fund and recourse to the dollar balances of the India Supply Mission.

The importance of 'other areas' in India's balance of payments has grown primarily as a result of efforts to divert purchases from the dollar and other hard currency countries. The current account deficit with 'other areas' was at Rs. 55.8 crores during the first half of 1949 as against a surplus of Rs. 17.3 crores during the corresponding half year of 1948. This resulted partly from a decline in exports but mainly from an increase in imports from an annual rate of Rs. 54.4 crores in the first half of 1948 to Rs. 179.2 crores in the first half of 1949, Government's purchases alone rising from an annual rate of Rs. 0.2 crores to Rs. 56.6 crores. The gains achieved in this area during the third and fourth quarters of the year were not as striking as elsewhere ; payments for the two quarters together showed an adverse balance of Rs. 10.8 crores. This was due to the increase in exports to this area being negligible.

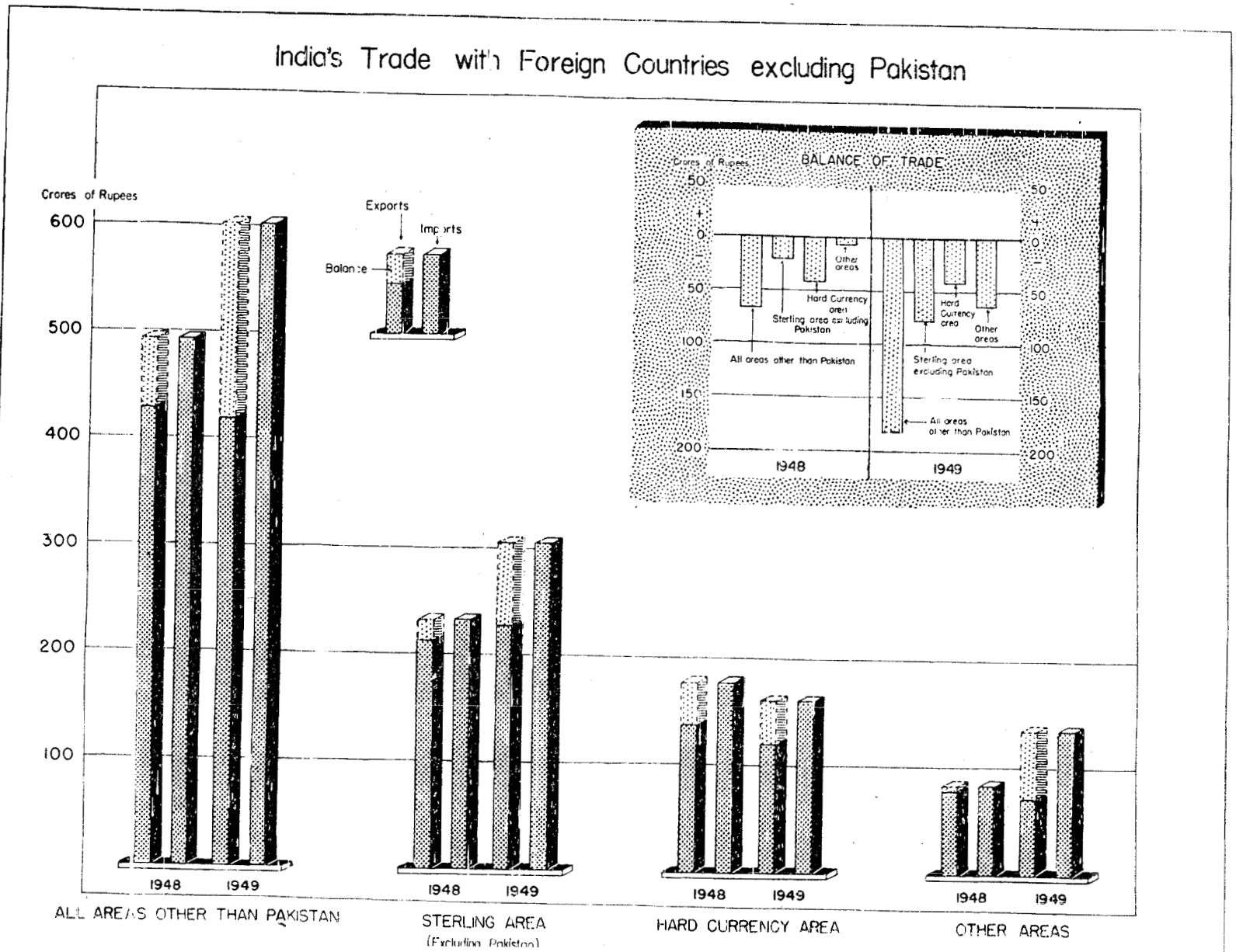
69. *Foreign Trade.*—(*a*) *General.*—India's trade with the outside world except Pakistan amounted to Rs. 1,021 crores in 1949 as against Rs. 920 crores in 1948 (*vide* Graph 21). The increase was wholly due to a rise of 22 per cent in imports during 1949 ; exports recorded a decline of Rs. 8 crores during the year. The proportion between imports on Government account and private account remained approximately the same during 1948 and 1949, indicating that there was the same relative increase in each sector. Considered region-wise, the increase of 62 per cent in imports in 1949 relatively to 1948 from 'other areas' was higher than the corresponding increases in respect of other regions. The increase in absolute terms was Rs. 52 crores. Imports from the sterling area were higher by Rs. 73 crores (or 31 per cent). Imports from the hard currency areas declined by Rs. 16 crores (or 9 per cent). The fall in the value of exports to the hard currency areas was larger than that in the case of 'other areas'; it amounted to Rs. 17 crores (12 per cent of the exports in 1948). Exports to 'other areas' declined by Rs. 7 crores (8 per cent). Exports to the sterling area, on the other hand, increased by about Rs. 15 crores (7 per cent). The quarterly figures showing the trends in trade with the several areas are given in Statement 64 (*vide* also Graph 22); this Statement indicates the deterioration in the balance of trade in the first half of the year, particularly in the trade with the hard currency area, the effect of a tightening of import control measures especially in respect to trade with the dollar area (which forms a large part of the hard currency area), the improvement in exports in the third quarter and the striking progress in exports and the fall in imports in the quarter following devaluation. These favourable trends continued during the first quarter of 1950.

(*b*) *Imports.*—The bulk of the heavy imports (on private account) in the first six months of the year comprised raw materials, mineral oils, chemicals, dyestuffs and metals, durable consumer and capital goods, the latter two categories including machinery, vehicles, electrical goods, cutlery and hardware. Consumer

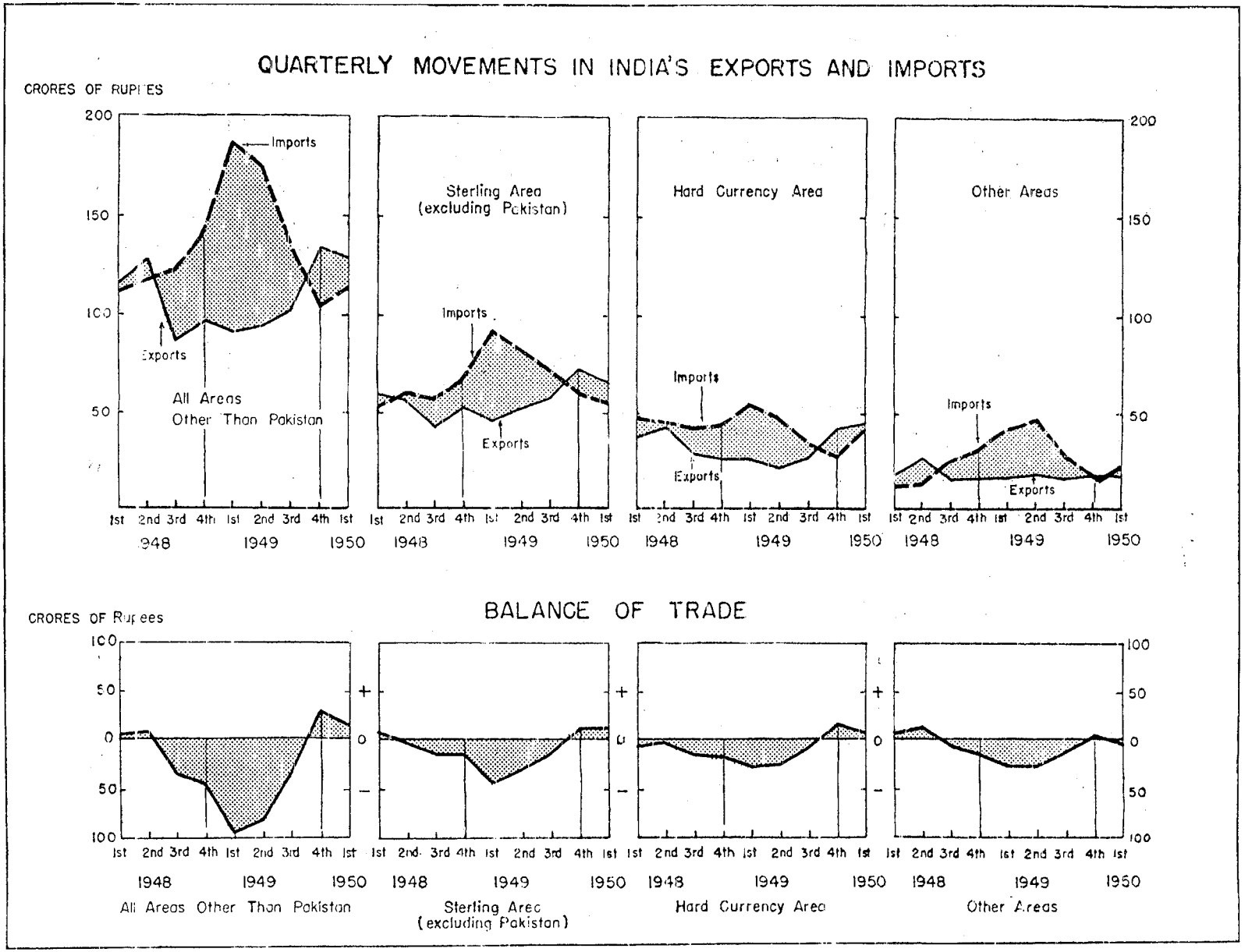
GRAPH 21

India's Trade with Foreign Countries excluding Pakistan

GRAPH 21


India's Trade with Foreign Countries excluding Pakistan
Crores of Rupees
600
500
400
300
200
100
Exports
Imports
Balance
1948
1949
ALL AREAS OTHER THAN PAKISTAN
STERLING AREA
(Excluding Pakistan)
HARD CURRENCY AREA
OTHER AREAS
BALANCE OF TRADE
Crores of Rupees
50
0
50
100
150
200
Other areas
Hard Currency area
Sterling area excluding Pakistan
All areas other than Pakistan
Hard Currency area
Other areas
Sterling area excluding Pakistan
All areas other than Pakistan
1948
1949

GRAPH 22


QUARTERLY MOVEMENTS IN INDIA'S EXPORTS AND IMPORTS
CRORES OF RUPEES
200
150
100
50
Imports
Exports
All Areas
Other Than Pakistan
Sterling Area
(excluding Pakistan)
Hard Currency Area
Other Areas
1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st
1948
1949
1950
BALANCE OF TRADE
CRORES OF Rupees
100
50
0
+
−
All Areas Other Than Pakistan
Sterling Area
(excluding Pakistan)
Hard Currency Area
Other Areas

goods imported, apart from foodgrains, comprised in the main, textiles, and provisions and oilman's stores (tinned foods, butter, dried milk, etc.). The proportion of what might be called luxury articles was small. The heavy imports of foodgrains (on Government account) in the first half of the year arose from the need to build up pipeline stocks following the reimposition of food control in September 1948. The largest rise in imports was in machinery, the quantum of machinery imported during the year under review being more than one-and-a-half times that in the earlier year. This may be attributed partly to increased deliveries against earlier orders.

Statement 65, which is based on the sea-borne trade accounts, shows the value by quarters of important groups of commodities imported from the United States. It indicates that the impact of restrictions on dollar imports was more severe on vehicles, mineral oils, chemicals, drugs and medicines. The value of the imports of machinery from the United States rose in the latter half of the year.

The substitution of O.G.L. XI of July 1948, which freely permitted imports from the sterling area and other soft currency countries, by O.G.L. XV in May 1949 which restricted imports, and of the latter by O.G.L. XVI in August 1949, which was more restrictive, affected primarily the imports of consumer goods such as provisions and oilman's stores, textiles of all varieties and tobacco. Among raw materials, the imports of dyes and colours, chemicals and drugs, paper and pasteboard were cut down. In the group of durable consumer goods, the imports of vehicles were severely restricted. Electrical goods, cutlery and hardware were made permissible on a considerably reduced scale. For the year as a whole, however, the fall in the imports of most of these commodities was not appreciable, the decrease in the last two quarters merely helping to offset the large imports in the first two (*vide* Statement 67).

(*c*) *Exports.*—Statement 64 gives the value of exports by regions and by quarters for the year 1949. The rate of exports to all regions was low in the first quarter of the year. In the second quarter, exports to the sterling and other soft currency areas recovered, while exports to the hard currency areas declined further. In the third quarter, exports to the sterling area continued to increase and exports to the hard currency areas recovered to their level in the first quarter. The pace of the recovery was much below the post-war rate of exports to the hard currency areas. In the post-devaluation quarter exports to all areas increased, the maximum improvement being in the case of exports to the hard currency region. The improvement continued in the quarter, January-March 1950. Viewing the year as a whole, the volume of exports of raw jute, jute manufactures, vegetable oils and mica showed a reduction as compared to the previous year, while the volume of exports of cotton manufactures, tea, oilseeds, tobacco and spices registered increases.

Statement 68 gives the value of exports by groups of commodities for each quarter of the year 1949. Exports of Raw Materials showed a slight improvement in the second quarter relatively to the first, while exports of Food and Manufactured Articles fell substantially, a fall in the exports of tea and jute manufactures being mainly responsible for it. In the third quarter, due to a curtailment in the exports of raw cotton, raw jute, oilseeds and vegetable oils, exports of Raw Materials declined, while the exports of the other two groups increased. The last quarter

shows considerable increases in the exports of Food Articles and Manufactured Articles. All components of the Food group participated in the increase but the bulk of the contribution was made by tea, black pepper, cashewnuts and tobacco. The improvement in Manufactures was mainly owing to increased exports of cotton manufactures. In the following quarter, Food Articles showed a decline mainly as a result of a seasonal fall in the exports of tea while Raw Materials showed a further improvement principally owing to larger exports of cotton and oilseeds. The exports of raw jute during this quarter were less than Rs. 1 crore as compared to an average of Rs. 5 crores per quarter in 1949 and the exports of Manufactured Articles recorded an increase of nearly Rs. 7 crores owing mainly to larger exports of cotton textiles.

Statement 66 gives statistics of the value of the more important commodity components of exports to the United States by quarters. Exports to the United States were the lowest during the quarter, April-June, when exports of jute manufactures, raw jute and tea declined by Rs. 3.0 crores, Rs. 1.1. crores and Rs. 0.5 crore respectively, relatively to the preceding quarter. The third quarter showed an improvement chiefly owing to a rise in the exports of tea and jute manufactures.

The low level of exports to the hard currency areas in the first three quarters of the year was due to several factors. This period covers the slack season for the exports of tea and raw jute. The supply of raw jute to the principal dollar-earning industry, (jute manufactures), the bulk of which was drawn from Pakistan, became uncertain. Following decontrol, a couple of years earlier of raw jute and jute manufactures, the prices of raw jute had risen steeply and, as they constituted about 70 per cent of the cost of the finished product, the prices of jute manufactures reacted in proportion. This led to a shift from the production of hessian to the production of sacking cloth, the prices of which ruled high in the soft currency areas, the principal market, due to inflationary conditions. The prices of hessian did not rise in proportion, as, being less coarse than sacking, there were substitutes to it, principally cotton bags and multi-wall paper bags. There was also an increasing tendency to bulk-handling which reduced the demand for hessian. Large exports to the hard currency area in the immediate post-war period were an unusual phenomenon which was probably related to the general scarcities created by World War II. The demand for Indian goods from this area declined with the progress of restocking, and the demand for hard currencies had led to increased competition from other areas for the hard currency markets. Indian lac faced competition from synthetic resins and Siamese lac. Some of the pre-war suppliers of tea in the Far East reappeared in the U.S. market to compete with Indian tea. Brazilian coffee, the prices of which had fallen, was another rival. The recession in the United States in the early part of the year led to a cautious attitude on the part of U.S. importers, the effect of which lasted in the second and third quarters of the year. To these factors may be added the deferment of demand which had attended an anticipation of widespread currency devaluations.

The fall in the dollar prices of hessian, which continued till June 1949, was accompanied by a rise in the prices of sacking in India. To meet this situation the manufacturers decided, with the concurrence of the Central and State Governments, to close 12½ per cent of the hessian looms and concentrate on the production of sacking goods for which the demand from the soft currency countries remained strong. It was also felt that, following traditional experience, a closure of looms may

bring about a fall in the price of the raw material. It led immediately to a firming up of the prices of hessian. In the third quarter exports of hessian showed some improvement, mainly as a result of increased exports to the dollar area, and exports of sacking to the soft currency countries rose by 33 per cent (*vide* Statement 69).

Exports during the pre-devaluation period of tea to the soft currency areas which provide the main market for this commodity (*vide* Statement 70), were assisted by improved domestic production and better quality of the output. Competition from Ceylon tea was restricted by the larger deliveries (130 million lbs. as against 98 million lbs. in 1948) under the bulk purchase contract with the United Kingdom which reduced the quantity of tea available for export to other countries. For the larger part of the year the price of tea in Ceylon was higher than at the Calcutta auctions. Cotton textiles, for which, too, the soft currency areas offer the main market, benefited from the abolition, in June 1949, of the export duty of 10 per cent *ad valorem*. Their export received further stimulus when, later, the restrictions on the export of fine, superfine, grey and bleached cloth were removed.

The devaluation of the rupee led to a spurt in the demand for Indian exports from both dollar and non-dollar areas. To the deferred purchases was added the lower cost of Indian exports in terms of the non-devalued currencies. The price advantage obtained by U.S. importers enabled them to offer higher rupee prices to Indian goods to attract them to the United States in competition with other buyers. To prevent an undue rise in prices and to appropriate to the exchequer part at least of the benefits of devaluation, the Government imposed export duties on certain commodities (*vide* para. 14) and adopted price control measures. The demand for Indian exports from the devalued countries increased owing to their low cost at the new value of the rupee in relation to dollar goods or goods with a high dollar content. Cloth exports, principally to the soft currency countries, nearly doubled in value in the last quarter of 1949 relatively to the earlier quarters and in the following quarter were four times their value in the first quarter of 1949 (*vide* Statement 71).

During the post-war years, oilseeds aud vegetable oils had experienced boom conditions owing to the scarcity in fats. In India the demand for oilseeds had further gone up chiefly as a result of the establishment of the vanaspati industry during the war. In the absence of price control on oilseeds their prices rose to very high levels and it was found that the foreign demand for some of the oilseeds was turning away from India. The exports of India's chief oilseed, *viz.*, groundnut, in 1949 were at about the same level as in the preceding year. After devaluation, however, there was a considerable demand from the soft and even some hard currency countries which found the imports of fats from America costly.

The exports of mica and manganese ore were helped by an agreement by the United States at the Washington Conference to increase the stockpiling of strategic raw materials. In the case of raw cotton and raw jute, internal scarcity of their supply had to be reconciled with the need to maximise hard currency earnings ; the exportable varieties were, therefore, diverted, as much as possible, to hard currency markets.

There was some falling-off of the U.S. demand for black pepper in the second quarter; this was counterbalanced by an increased demand from the United King-

dom and other soft currency countries. One or two countries in the soft currency area were reported to have engaged in arbitrage transactions in black pepper to acquire dollar goods in exchange for their holdings of sterling (*vide* para. 7). These activities, however, did not assume appreciable proportions and were quickly curbed by destinational control measures.

70. *Indo-Pakistan Trade and Balance of Payments.*—Adequate data on the balance of payments position of India with Pakistan are not available for the period prior to 1st July, 1948; data for the subsequent period are deficient in respect of service transactions. Due to the difficulty of incorporating the available statistics with the payments data for the rest of the outside world, dealt with above, which are relatively more comprehensive, the Indo-Pakistan payments position has been examined separately. The following observations are primarily based upon a study published in the *Reserve Bank of India Bulletin*, February 1950 on Indo-Pakistan Balance of Payments, supplemented by such revised figures as have since become available. This review incorporates the results of surveys conducted by the Department of Research and Statistics of the Reserve Bank of India to ascertain the movement of capital through the banking system between India and Pakistan.

Statement 73 shows the payments position of India with Pakistan during the period, July 1948-June 1949. During this period trade between India and Pakistan was governed by a Trade Agreement concluded in May 1948 between the two countries for the exchange of essential commodities. This was followed in June 1948 by a Payments Agreement in terms of which the two countries agreed, among other things, to hold each other's currency upto specified limits, to maintain the prevailing parity between the two rupees and not to have any control on current payments and capital transfers. The flow of trade, however, fell short of the levels which had been contemplated particularly in respect of exports from India. In the result, despite a partial fulfilment of the import programme, notably in the case of raw jute and raw cotton, India incurred during this period a deficit of Rs. 34 crores on current account. A part of this deficit was probably due to the restrictive character of the export controls prevailing in India during the greater part of the period. In the main, however, it was accountable to the tariff and import policy of Pakistan. The heavy export duties levied by Pakistan on raw jute, raw cotton, cottonseed and hides and skins represented a substantial addition to the cost of these essential raw materials to India. In the case of raw jute and cotton the additional cost has been estimated to be of the order of Rs. 10 crores on the basis of the quantites imported during the period. The imposition of import duties by Pakistan on certain types of Indian cotton textiles and art silk and a system of licensing for the importation of certain other commodities, *e.g.*, sugar and handloom cloth (although no import duties were leviable on them) retarded their exports from India to Pakistan. Pakistan's purchase of Indian mill-made cloth was much below the level agreed to in the Indo-Pakistan Trade Agreement, although cloth was offered to Pakistan at controlled prices which were below the prices paid by other countries.

As against a current account deficit of Rs. 34 crores the capital account transactions showed an inflow of funds of Rs. 6·08 crores, the unexplained residual or 'Errors and Omissions' on the receipts side including transactions financed by India notes being Rs. 28 crores.

The large current account deficit of the year ended June 1949 pointed to the necessity for a long-term understanding between the two countries in the matter of

trade, tariffs and production. A beginning was made in this direction in April 1949 when discussions at the ministerial level were held covering proposals for an abolition or reduction of duties, simplification of import and export controls and for an understanding on production, manufacture and sale of jute and cotton. Against this background, India agreed in May 1949 under what was known as the Indo-Pakistan Agreement for the Rebate of Central Excise, to allow full excise rebate on all excisable commodities exported to Pakistan. But expectations of a long-term agreement failed to materialise as Pakistan appeared to have been prepared only for short-term commitments. On the expiry of the Trade Agreement concluded in May 1948 a fresh agreement valid only for a year was signed on 24th June, 1949; the quantum of trade it provided for and the amount of the deficit resulting from it were on a relatively smaller scale. This agreement was followed in August, 1949 by another agreement (to remain in force upto December 1949) for an exchange of certain varieties of handloom cloth. On 10th September, 1949 the Payments Agreement of June 1948 was renewed for a year with certain modifications. Progress in the working of these agreements and in the export promotion measures of the Government was interrupted by the devaluation of the rupee along with the pound sterling and other currencies in September 1949. Pakistan's decision to maintain the parity of its currency with the dollar implied an appreciation of the Pakistan rupee in terms of the Indian rupee. The resulting rise in the prices of Pakistan products for Indian buyers created serious problems, particularly to the jute industry which depended to a large extent on Pakistan for its supplies of raw jute. It was not possible to work the jute mills at a profit if the raw material had to be purchased from Pakistan at a premium of 44 per cent in Indian money. Even prior to devaluation price resistance had been developing for jute manufactures, especially in American markets, and consumers were switching over in an increasing measure to substitutes. Consistently with the long-term interests of the industry it was not considered safe to raise the price of jute products to cover the higher cost of the raw material. This applied particularly to markets in countries which had devalued their currencies by the same margin as the Indian rupee as in other cases a rise in rupee prices of jute products by the margin of devaluation need not raise their prices in terms of the national currencies. The Indian Jute Mills Association, therefore, decided to suspend purchases of raw jute from Pakistan. In view of the already large payments deficits with Pakistan action was also taken to restrict the scope of O. G. L. X for imports from Pakistan to essential items such as fish, fruits and vegetables, milk and milk products. These measures resulted in a virtual stoppage of a major part of India's imports from Pakistan. Certain export duties especially the duties on mustard oil, and iron and steel levied by India as part of the post-devaluation measures (*vide* para. 14) affected India's exports to Pakistan. Pakistan suspended on 21st September, 1949 its O. G. L. covering imports of Indian cotton textiles and in October 1949 raised the import duty on them to standard rates. In terms of a new import policy announced in November 1949 by Pakistan, Indian textiles were transferred to a non-licensable group*. The Pakistan import tariff was revised in several cases to remove exemptions which had been hitherto granted to Indian manufactures. To these new hurdles to trade was added the difficulty of remittances through the banking system. Banks in India were allowed freedom to deal in Pakistan rupees out of their own resources at free market rates. In Pakistan, though the State Bank of Pakistan was not prepared to extend support to the new official exchange rate between the two rupees, directives were issued to banks to operate in Indian rupees only at the official rate. In this background the detention by Pakistan

* This did not apply to imports of textiles into Pakistan from other soft currency countries.

of Indian-owned jute in transit from Assam and Pakistan, jute which was claimed to have been purchased in Pakistan prior to devaluation, led to a temporary suspension of supplies of coal to Pakistan in December 1949. As a result of these measures and counter measures trade between the two countries dwindled and remained restricted to exchange of commodities on frontiers. Such transfers of funds as took place to finance these transactions were effected at rates which, though initially at varying premiums in favour of the Pakistan rupee, soon approximated to the pre-devaluation parity between the two currencies, the Indian rupee being on occasion at a premium. The Indo-Pakistan Trade Agreement became virtually a dead letter.

The payments position with Pakistan for the six months, July 1949-December 1949, (*vide* Statement 74) shows that on current account India's transactions with Pakistan resulted in a deficit of Rs. 8·5 crores and on capital account a disinvestment of Rs. 3·5 crores. The residual item of 'Errors and Omissions' stood at Rs. 5 crores. The comparatively small current account deficit reflects the interruption to the flow of trade, particularly of imports, subsequent to devaluation in September 1949. As against a deficit of Rs. 18·4 crores during the quarter ended September 1949 the subsequent quarter showed a surplus of Rs. 9·9 crores. The following figures indicate the low level of trade at which this was achieved.

(In lakhs of rupees)

	Quarter ended		
	September 1949	December 1949	March 1950
Imports from Pakistan*	33,35	1,56	37
Exports to Pakistan*	14,93	11,48	3,08

* Figures subject to the same adjustments and qualifications as in Statement 74.

The Trade Agreement signed on 21st April, 1950 for a balanced exchange of a limited range of commodities may help to revive Indo-Pakistan trade ; a more permanent improvement, however, may not result before a satisfactory agreement has been reached on the exchange rate and prices of essential imports, particularly of raw jute.

71. *Developments in Trade Policy.*—The rapid deterioration in India's balance of payments during the first half of the year under review called for a drastic change in the import and export control policy. The liberal import control measures adopted in July 1948 (owing to the sterling releases under the Indo-U. K. Financial Agreement being large enough) were replaced by more stringent measures. The Open General Licence No. XI covering nearly 400 articles, which had been in force since 3rd July, 1948, and had provided for unrestricted importation of the commodities specified from soft currency areas was cancelled with effect from 4th May, 1949, on 19th May a new Open General Licence No. XV covering a smaller number of items was issued in its place. The licensing of imports from the dollar area, which had been allowed on a restricted scale since January 1948, was suspended in June 1949, pending further review by the Government, of their import control policy. After the conclusion of the Commonwealth Finance Ministers' Conference held in London in the middle of July 1949, the Government agreed to fall in line with the Government of the United Kingdom in cutting down imports from the dollar area by 25 per cent of the imports in 1948, if other Commonwealth countries took similar steps. Following a renewal on 1st August, 1949 of the Indo-U. K. Financial

Agreement, the Government reviewed their import control policy and decided to impose more stringent controls over imports. Accordingly, Open General Licence No. XV was suspended with effect from 25th August and replaced by Open General Licence No. XVI covering 20 items. Under the import policy announced in September 1949 all imports during the shipping period July to December 1949 were subject to monetary ceilings and had to satisfy tests of essentiality. For this purpose imports were divided into three categories : (1) articles for which no licences would be ordinarily granted, (2) articles which would be licensed subject to quotas based on past imports and (3) articles which would be licensed only if the import is justified *ad hoc* by the applicant and then only to the extent to which import was considered essential. In the case of articles falling under category 3, essentiality was the deciding factor. If sufficient stocks of the commodities concerned or their substitutes existed in the country their imports would not be licensed. Imports from the dollar and hard currency countries would be permitted only if the article or its substitute was not available from soft currency countries. In cases where the imports of a particular commodity were adequately covered by bilateral trade agreements, licences for imports from other sources would not be granted. There was no change in the principles governing the licensing of imports of capital goods.

The facilities which had been allowed since January 1948 for making remittances against unauthorised imports were withdrawn by the Reserve Bank of India simultaneously with the introduction of the new import policy. Applications for remittances against such imports from July 1949 required the prior approval of the Reserve Bank and such remittances may be credited only to a blocked account.

Following the devaluation of the Indian rupee, the value of shipments from countries which had not devalued their currencies (or devalued to a lesser extent than India) exceeded the values (expressed in rupees) in the relative import licences. As this created difficulties in clearing the shipments through the Customs and in making remittances to pay for them, the Government decided to enhance the rupee value of the licences, except in respect of imports from Japan in cases falling in the following categories :—

(i) the shipments covered by irrevocable letters of credit opened on or before 17th September, 1949 and

(ii) the shipments made on or before 21st September, 1949 against unutilised portions of licences.

Following the non-devaluation decision by Pakistan and the suspension by it with effect from 21st September, 1949, of the Open General Licence applicable to imports from India, the Government of India suspended the Open General Licence No. X which applied to imports of goods of Pakistan origin with effect from 25th September, 1949. Imports of perishable food articles like fish, milk, etc., however, were permitted. To meet the shortage in the supply of hides and skins for which India depended mainly on Pakistan, a new Open General Licence No. XVII was issued on 15th November permitting unrestricted importation of these commodities from Afghanistan and the Middle East countries for the period ending 31st December, 1949 ; subsequently the period was extended to 31st March, 1950. In November Open General Licence No. II relating to imports of petroleum products from the Middle East was cancelled and arrangements were made to import regulated quantities of them from these countries.

The improvement in the balance of trade following the devaluation of the rupee did not permit a general liberalisation of imports. The import policy for the shipping period, January-June 1950, announced on 25th February, 1950 was only slightly less restrictive than the policy of the preceding six months, the relaxation being in respect of raw materials in short supply, *e.g.* raw cotton, raw silk and yarn, non-ferrous metals and heavy chemicals and essential consumer goods like drugs and medicines. The importation of these commodities was permitted from the soft currency countries ; imports of raw cotton were permitted also from hard currency areas.

India's exports, which had remained at a low level in post-war years fell further in the first six months of the year, particularly to the hard currency markets and emphasised the urgency of adopting measures to step up exports. With this end in view the export duty on cotton cloth, which had been reduced to 10 per cent *ad valorem* in November 1948, was abolished in June 1949. In July the Government appointed the Export Promotion Committee to suggest ways and means of achieving a balanced position between exports and imports and to recommend measures for the removal of the impediments in the way of increased exports with particular reference to the prices and quality of exports and the licensing mechanism. The Committee was asked to pay special attention to exports to the hard currency countries. It reported on 15th September, 1949.

The recommendations of the Committee relate, among other things, to (i) export control, (ii) removal of such taxation as hampered exports, (iii) control of excessive speculation in export goods, and (iv) stepping up the production of export goods.

The Committee recommended liberalisation of export controls to the maximum possible extent, in particular, by removing restrictions on the export of manufactured goods ; simplification of the licensing procedure and other formalities ; and allowing free export of goods for which quotas had been fixed until the exhaustion of the quotas. In the implementation of these recommendations the Government transferred during the year a number of items from the prohibited list to the list of articles exportable under licence. The Open General Licence which permitted exports to all destinations without licence was progressively enlarged by the addition of new articles, which raised the number of articles in the list from 6 to 54. Important among the additions were electrical instruments, apparatus and appliances of indigenous origin, woollen and worsted manufactures, confectionery, steel manufactures other than fabricated steel structures, silk and silk manufactures, haberdashery and millinery of indigenous origin. Raw jute and jute manufactures were included in Open General Licence No. 3 applicable to goods for export to the hard currency countries. Subsequent to devaluation, raw jute and jute manufactures were once again made subject to export licence. The export of raw cotton continued to be under control owing to its acute shortage. In December it was decided to allow exports of 2 lakh bales of four short staple varieties in the cotton year 1949-50 ; the Assam and Comilla varieties were to be licensed freely for export to all destinations, and the Bengal Deshi and Mathias were to be exported to the hard currency countries. Simplification of the licensing procedure was sought to be achieved by centralising the issue of export licences in the Ministry of Commerce. The issue of export licences for food items was transferred from the Ministry of Food to the Ministry of Commerce. (The Import and Export Control Act, 1947, which expired on 31st March, 1950 was extended for a further period of five years).

Among taxes which hampered exports, it was decided to exempt exports from the provincial sales tax. The export duty on cigarettes was reduced, on 20th September, from 15 to 7½ per cent in respect of varieties, the wholesale prices of which were above Rs. 35 per thousand. A rebate of 2 annas per lb. was granted in the duty on imported cotton, on the exportation of the cloth made from it. Export duties were, however, imposed on certain commodities to check a rise in their prices following devaluation and to secure a fair distribution of the advantages of devaluation among the foreign importer, the domestic manufacturer and the exchequer (*vide* para. 14).

The Government have announced their intention to give due consideration to the grievances of exporters and of manufacturers of export goods in respect of the allocation of controlled raw materials, the grant of import licences, the supply of packing materials and the provision of transport facilities. On the question of the control of quality, the Committee felt that considerable practical difficulties existed in the way of exercising such control. With a view to ensuring a uniform quality of Indian manufactures, considerable amount of work has been done by the Government in setting up standards and in popularising the technique of quality control.

The Committee drew attention to the effect of indiscriminate stoppage of cattle slaughter on the export of hides and skins. The Government of India decided to bring this to the notice of the State Governments.

The Government appointed in October 1949 a Committee to advise whether, having regard to present conditions and future trends of India's international trade, it would be of advantage to set up a State-owned or State-sponsored organisation for handling any sector of the foreign trade of the country. If the Committee felt that room existed for such State trading, they were asked to indicate the structure of the organisation, and the field and scope of its activities. In January 1950 another *ad hoc* Committee was set up to examine the problems connected with the procurement, distribution and export of raw jute and jute manufactures, the exercise of the powers of requisitioning and the measures to stop black-marketing and other malpractices.

As part of trade publicity of Indian products in foreign countries, India participated in international fairs and exhibitions including the British Industries Fair and the Brussels International Trade Fair. It was also decided to set up showrooms in important foreign centres.

The Articles of Agreement of the International Trade Charter signed by the Indian Delegation on 24th March, 1948 at Havana remain to be ratified by the Government as also by almost all other Governments ; India participated in the third Session of the Contracting Parties to the General Agreement on Tariffs and Trade held at Annecy (France) during April to August 1949. A Protocol to enable the accession to the General Agreement of eleven countries and to implement the results of the tariff negotiations carried out with them was adopted at the Conference. India conducted negotiations with Colombia, Denmark, Finland, Greece, Haiti, Italy and Sweden. No negotiations were held with the Dominican Republic, Liberia, Nicaragua and Uruguay as the present pattern of India's trade with them did not present a basis for negotiations. In some cases negotiations with the countries mentioned above involved consultation with the United Kingdom as they affected

preferences granted to commodities of the United Kingdom or British Colonial origin. The United Kingdom concluded similar negotiations with other countries after consulting India in respect of the commodities which received preferential treatment in the United Kingdom. The principal commodities in respect of which concessions were offered to India included tea, shellac, mica, cashew kernels, coir mats and matings, jute cloth and bags and linseed oil, and the commodities in respect of which India offered concessions were wood-pulp, staple fibre, certain types of textile machinery, ball and roller bearings, certain chemicals, figs and sulphur oil. The Government of India signed the Protocol of Accession on 29th November, 1949.

72. *Trade Agreements.*—During the year under review, India concluded a number of short-term bilateral and barter trade agreements with foreign countries. Details of these agreements have been summarised in Statement 75. Their main object was to secure adequate supplies of commodities in short supply and to reduce recourse to the hard currency resources of the country by diverting purchases as far as possible to soft currency areas. They also helped to promote trade relations between India and the countries concerned and to find new markets for Indian goods. Trade agreements were inevitable in the case of Germany and Japan as the foreign trade of these countries was subject to control and had to conform to an overall plan formulated by the occupation authorities. The same applied to trade with East European countries and Russia, as they preferred to regulate their foreign trade by agreements on a Government to Government basis.

The commitments of the Government in the trade agreements are usually limited to the grant of export or import licences, the transactions provided for in the schedules to the agreements being conducted mostly through the usual commercial channels. Commodities which are not subject to import or export restrictions are not normally included in the agreements. The balance of trade with a country with which a trade agreement may be in force may, therefore, differ from the balance as shown in the trade agreement ; the latter may not provide any dependable guide to the magnitude or direction of the total trade balance with a country. The trade agreements with Egypt and Pakistan show heavy excess of imports over exports, owing to the dependence of India on these countries for the supply of long staple cotton and raw jute, and the absence of a corresponding dependence of these countries on India for their requirements. These trade agreements provide for a comparatively small volume of Indian exports to them. Some trade agreements provide for importation of non-essential items due to the insistence of some countries, whose traditional lines of exports to India in the past were in non-essential goods and on whom India depended for essential supplies. The proportion of such non-essential goods in the total trade was generally, however, negligible.

For the import of foodgrains, two barter agreements were concluded with Russia and Argentina, respectively, in April and December 1949. Under the Indo-Argentine Agreement, India agreed to supply 50,000 tons of jute hessian in return for 390,000 tons of wheat, and under the Indo-Russian agreement, it was agreed to exchange 200,000 tons of wheat and 20,000 tons of maize for 20,000 tons of raw jute and 7,000 tons of tea.

The Government of India agreed with the Governments of Australia and Sweden on 4th September, 1949, and 23rd February, 1950, respectively, to have a frequent

exchange of information regarding the availability for export with each contracting party of commodities of importance to the economy of the other. As a result Australia undertook to supply India with milk products, lead, zinc and capital goods, in specified quantities, in exchange for jute and cotton manufactures, manganese ore, oilseeds and coal. In the case of the agreement with Sweden both countries agreed to give fair and equitable treatment to each other in all questions arising in connection, with trade and shipping. Both countries also agreed to give each other the same treatment in respect of imports as they accorded to soft currency countries.

A few days after the close of the year under review, a treaty of trade and commerce between India and Afghanistan was signed. This provided for the most-favoured-nation treatment to the nationals of both countries in matters relating, among other things, to commerce, industry, trade and insurance. The treaty, when ratified, will come into force two months after the date of exchange of instruments of ratification by the two Governments and will remain in force for a period of three years. Negotiations are in progress for entering into similar treaties with the Governments of Nepal and Iran.

73. *Tariff Board.*—During the year under review, the reconstituted Tariff Board was called upon to discharge certain additional functions which included keeping a continuous watch over the protected industries to see that the conditions attached to the grant of protection were satisfied, that protected industries were being run efficiently and to advise Government on the necessity or otherwise of modifying the assistance granted. During the year the Tariff Board conducted thirty-seven investigations, and resolutions of the Government on the Reports of the Board regarding the following industries were announced :—

Group I : (1) Preserved fruits, (2) Hurricane lanterns, (3) Ferro-silicon, (4) Sericulture, (5) Non-ferrous metals, (6) Sewing machines, (7) Antimony, (8) Bichromates, (9) Electric motors, (10) Cocoa powder and Chocolate, (11) Coated abrasives, (12) Cotton and hair belting, (13) Calcium chloride, (14) Grinding wheels, (15) Wood screws, (16) Glucose and (17) Starch.

Group II : (1) Soda ash, (2) Cotton textile machinery, (3) Glass and glassware and (4) Plastic industries.

Group III : (1) Phosphate and phosphoric acid, (2) Potassium permanganate (3) Steel belt lacing and (4) Sugar.

Group IV : (1) Slate and slate-pencils, (2) Small tools and (3) Expanded metal.

Group I comprises protected industries whose claims for a further period of protection were examined by the Board and to which extensions of protection were granted for periods ranging from one to three years. There was no enhancement in the rate of protective duty except in the case of grinding wheels (from 80 per cent *ad valorem* to 100 per cent *ad valorem*), emery cloth and abrasive rolls (from 30 per cent *ad valorem* to 35 per cent *ad valorem*), and starch (from 18 per cent *ad valorem* to 20 per cent *ad valorem*) ; the protective duty on sericulture was reduced.

The plea of the preserved fruits industry to replace the existing protective duties by subsidies was rejected. The Board was of the view that a scheme of

subsidies was impracticable. The existing protective duties on the industry were continued. Though the Government concurred in the Board's recommendation to protect certain industries by import restrictions, the Government was opposed in principle to the use of import control for a protective purpose. Assistance to ferro-silicon took the form of guaranteed prices, and an assured market ; importers of the commodity were required to buy from indigenous producers an amount twice their licensed imports.

Group II comprises industries which sought protection for the first time and were granted protection for a period of two to three years, by converting the existing revenue duties into protective duties. In the case of the soda ash industry, the Board recommended conversion of the existing import duty of 18 per cent *ad valorem* (preferential) on supplies from a British Colony and 30 per cent *ad valorem* from elsewhere (standard) into a protective duty of 30 per cent *ad valorem* (preferential) on imports from a British Colony and a standard rate to be calculated in terms of the Indo-British Agreement of 1939, and the granting of a subsidy of Rs. 1-8 per cwt. for a period of three years ending 31st March, 1953. As the landed cost of soda ash fell subsequently, the rate of protective duty was fixed higher at 40 per cent *ad valorem* on imports from a British Colony and at 50 per cent *ad valorem* from any other country ; the subsidy, however, was reduced to Re. 1 per cwt. The cotton textile machinery industry was granted a protective duty of 10 per cent on spinning ring frames, spinning rings, spindles and plain looms for three years ending 31st March, 1953, subject to a review at the end of 1952. In view of the difficult payments position of the country, the Board's recommendation that the existing import control on cotton spinning ring frames be continued was accepted by the Government. The revenue duty on glass and glassware industry was converted into a protective duty ; protection was refused to blownware, pressedware and glass bangles industries. In the case of the plastic industry, the revenue duty was converted into a protective duty and it was decided to refund to firms with a minimum output of 200 tons the duties of 25 per cent (standard) on phenol, and 30 per cent (standard) and 20 per cent (preferential) on formaldehyde and hexamine.

Group III consists of industries deprotected during the year. The most important industry in this group was the sugar industry. As there was no likelihood of large imports of sugar in the near future, the Board recommended the discontinuance of protection after 31st March, 1950 ; the Government's action in converting the existing protective duty into a revenue duty technically deprotected the sugar industry, though the *de facto* position remained much the same as the duty had still to be paid. The Tariff Board criticised the Sugar Syndicate on the following grounds : (1) it took advantage of its monopoly position and helped its members to profiteer at the expense of the consumer, (2) it was opposed to control by the U.P. and Bihar Sugar Commission and (3) it had failed to promote and ensure efficiency and on occasions helped to create apprehensions of scarcity. The findings of the Tariff Board led to the appointment of a Committee to enquire into the causes of the sugar crisis.

Group IV comprises industries whose claims for protection were rejected by the Board either because the fair selling prices of indigenous products compared favourably with those of the imported products (*e.g.*, slate and slate-pencils industry and expanded metals industry) or because it was felt that a protective duty may not serve its purpose (*e.g.*, small tools industry). To assist the development of the small

tools industry, the duties on the imports of bright, drawn and polished steel were reduced to 5 per cent *ad valorem* (preferential) and 15 per cent *ad valorem* (standard), respectively.

In fulfilment of the new responsibilities of the Board to keep a continuous watch over protected industries, the Board submitted to the Government reports on three industries—hurricane lanterns, bicycles and batteries for motor vehicles ; the Board also submitted two reports on prices, one on the fair ex-works prices of superphosphates and the other on the fair retention price of steel produced by the Mysore Iron and Steel Works.

VI. EXCHANGE CONTROL

74. *Sterling Transactions.*—Statement 76 and Graph 23 indicate the course of sterling transactions during the current year and the year 1948-49. The devaluation of the rupee was a significant factor in this connection and the statistics of the latter half of the year reveal the effects thereof. A sharp improvement took place in India's exports after September which coupled with a decline in imports, was responsible for a net purchase of £ 139.55 million (Rs. 185.98 crores) for the whole year. This was in marked contrast to the position in 1948-49, when there was a net sale of £ 52.66 million (Rs. 70.31 crores). Considering the monthly figures, there was in the early months of 1949-50 an excess of sales over purchases, which was a continuation of the trend developed in the previous year. The peak of the sales in the two years was reached in May and June 1949. A reversal of the trend came about in August 1949, when, as a result of the steps taken by the Government earlier in the year to correct the imbalance in the external payments, there emerged a net purchase of £ 1.33 million (Rs. 1.76 crores). Sharp increases were witnessed in the next two months and the monthly figures of net purchases reached levels unsurpassed in the last three years, mainly as a result of the forces associated with devaluation. Simultaneously, there was a noticeable reduction in the sales of sterling which reached their lowest point in October 1949, the peak month for purchases. Transactions during October 1949 were £ 48.22 million (Rs. 64.29 crores) for purchases and £ 0·03 million (Rs. 0.04 crore) for sales. The last quarter of the year (*viz.*, January-March 1950), however, witnessed a recession in purchases and a gradual rise in sales. The monthly average of net purchases during this quarter showed a steep fall from £ 37.88 million (Rs. 50.51 crores) in the preceding quarter to £ 11.44 million (Rs. 15.25 crores). This was particularly marked in March 1950 when net purchases stood reduced to a mere £ 3.85 million (Rs. 5.12 crores).

75. *Exchange.*—The Reserve Bank continued to buy sterling T.T. from banks for delivery within six months at 1*s.* 6d. and to sell for ready delivery at 1*s.* 5-63/64 *d.* The Bank also sold sterling for delivery upto 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 upto 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 upto six months remained unchanged at 1*s.* 5-15/16 *d.*

The London/New York cross rate which was fixed at 4.02 ¾ selling and 4.03 ¼ buying on 13th January, 1947 remained in force till close of business on 17th September, 1949. The new cross rate 2.79-7/8 selling and 2.80-1/8 buying was established on 19th September and remained constant till the end of the year. The rupee rates in India were quoted at Rs. 331¾ per $ 100 selling and Rs. 330 per $ 100 buying till close of business on 17th September, 1949, the new rates fixed being Rs. 477½ per $ 100 selling and Rs. 474¾ buying. The revised rates were quoted throughout the rest of the year, except the T.T. buying rate which was increased from Rs. 474¾ to Rs. 475 in October 1949.

Transactions in other foreign currencies in the Indian market were comparatively few except for a certain amount of business in Canadian dollars.

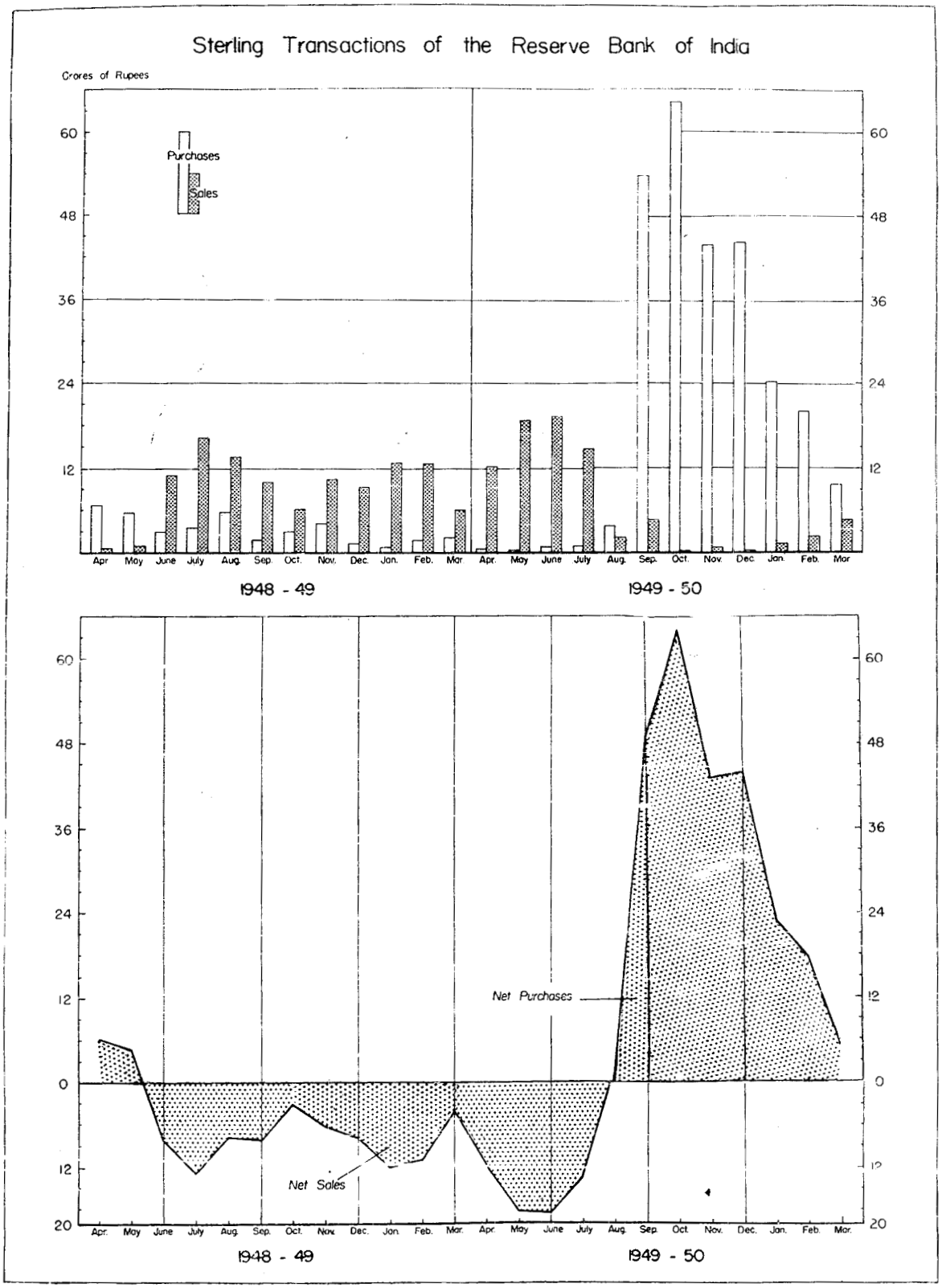
76. *Developments in Exchange Control.*—There was no basic change in the system of Exchange Control during the period under report except for minor alterations in some of the regulations.

Following the termination of the Customs Union with French India on 31st March, 1949, the French possessions in India (with the exception of Chandernagore) came to be treated as foreign territory, the issue of licences for the imports into these areas being stopped. Restrictions were also placed by the Reserve Bank on the export of jewellery to French India. In terms of Reserve Bank of India Notifications Nos. FERA 82 and 83/49 RB dated 2nd April, 1949, jewellery other than articles made wholly or mainly of gold and precious stones of the value of Rs. 150/- or less could be exported by a person on any one day but a visitor could take with him articles upto Rs. 2,000 in value. The accounts of residents of these territories would still be treated as resident accounts although no foreign exchange facilities would be made available to them. The export control procedure was not to be applied to these territories and no restrictions were imposed on the remittance or export of Indian currency to them.

During the year restrictions were placed on the import of currency notes from Burma. In April 1949, authorised dealers were advised to limit their purchases of Burma currency to Rs. 100 per traveller, in consonance with the step taken by the Burma Control to restrict to the same extent the export of currency notes (other than Bank of England notes) from Burma. On 10th September, 1949 restrictions covering both India and Burma currency were imposed by which imports in excess of Rs. 100 per person from Burma were prohibited. But a higher import limit of Rs. 200 was fixed in respect of persons travelling by the Lido route.

A decision taken by the Indian Exchange Control in December 1949 was to relax the restrictions on security transactions by Indian nationals laid down in Sections 5(1) (e) and (f), and 13 of the Foreign Exchange Regulation Act. In terms of this decision general permission was granted to Indian nationals resident in India to deal in the shares of sterling companies operating in India with two registers—one in London and the other in India—provided payments were made in rupees and the shares were on the Indian register. Nationals of India were also permitted to acquire sterling shares of such companies in the London market subject to the condition that the shares had been transferred to the Indian register before they were sent out to India.

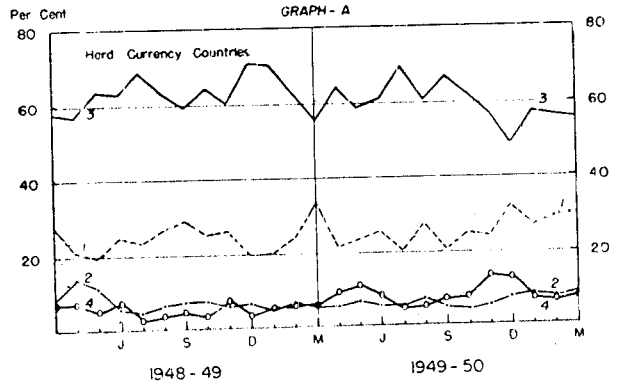
GRAPH 23

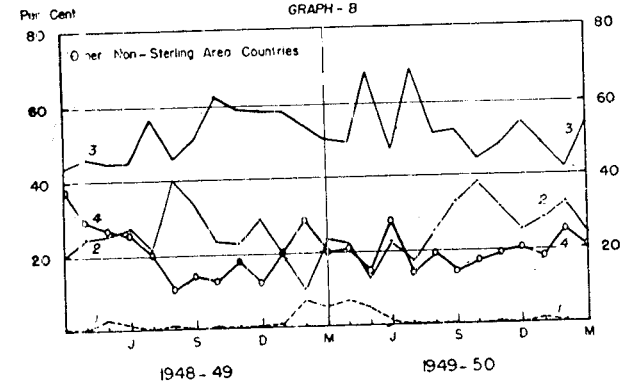

Sterling Transactions of the Reserve Bank of India
Crores of Rupees
Purchases
Sales
60
48
36
24
12
Apr May June July Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar Apr. May June July Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar
1948 - 49
1949 - 50
Net Purchases
Net Sales
0
20

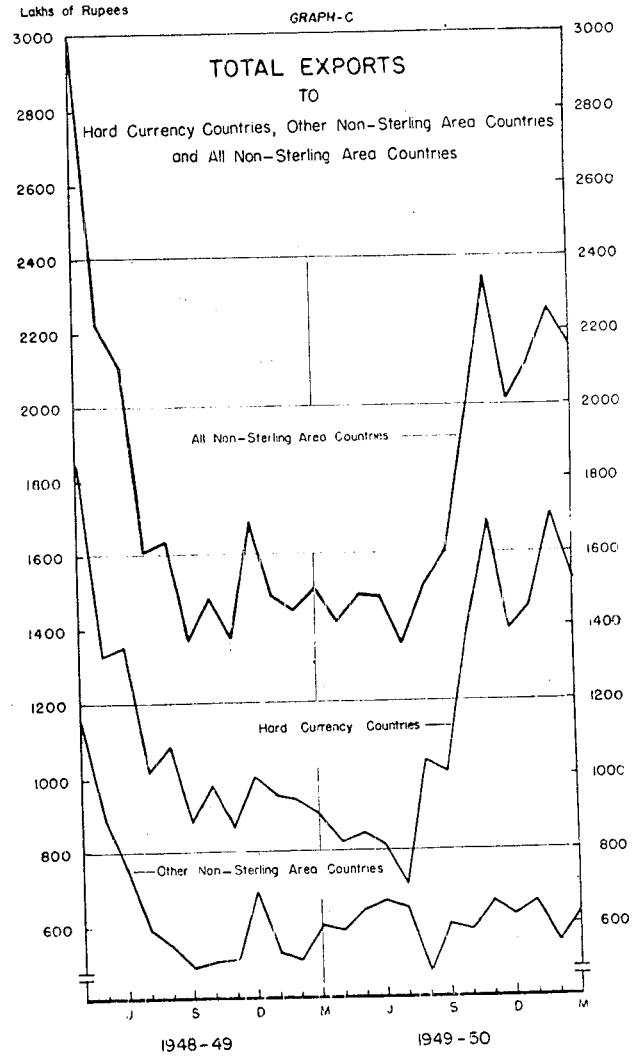
GRAPH 24

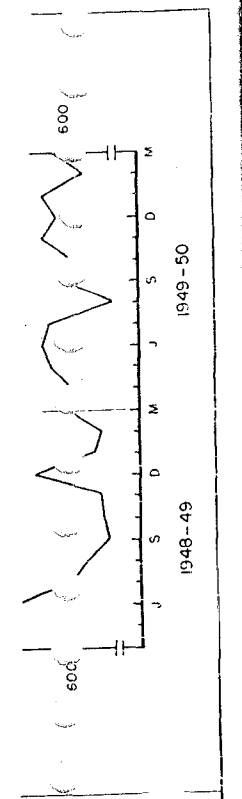
METHODS OF EXPORT FINANCE
ON PERCENTAGE BASIS

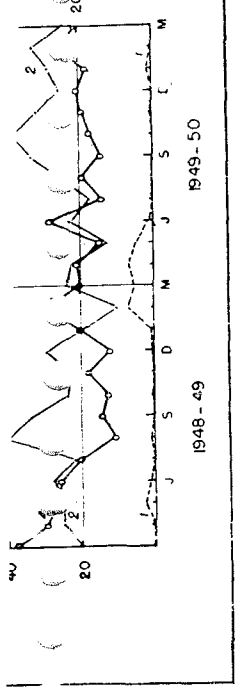
Method 1-----1 Bills drawn or remittances received in currency of country of destination
Method 2·-·-2 Bills drawn or remittances received in rupees
Method 3——3 Bills drawn in sterling on London
Method 4o—o4 Bills drawn in sterling on the country of destination











Of interest to India were also some changes in the United Kingdom's payments system with certain countries during the year. In April 1949, there was a change in the procedure for making sterling payments to Japan on account of commercial transactions. The SCAP authorities decided that commercial payments such as commission, freight, insurance, ships' disbursements, etc. (not included in the invoice value) might be made to the credit of any Japanese account and that they need not be passed through the SCAP sterling accounts. Payments for the purchase and sale of goods were, however, required to be settled through the SCAP account as before.

The exclusion of French Somali Coast and Lebanon from the French Monetary Area on 13th May, 1949 gave rise to some changes in United Kingdom's payments methods with these territories. Both territories came to be treated as bilateral account countries and the sterling accounts of residents therein were accordingly designated 'French Somali Accounts' and "Lebanese Accounts", respectively. Payments by residents of the Scheduled Territories to French Somali Coast and Lebanon were allowed to be made in sterling to French Somali and Lebanese accounts, respectively. Funds standing to the credit of the two accounts would be available for payments to residents in the Scheduled Territories. Transfers were permitted from one French Somali account to another French Somali account as also from one Lebanese account to another. Payments for exports from India to French Somali Coast must be received in Djibouti francs (currency of the French Somali Coast which was convertible into U. S. dollars) or in sterling from an appropriate French Somali account or in rupees from the account of a bank in French Somali Coast. Payments for exports to Lebanon from India must be received either in sterling or in rupees from the account of a bank in Lebanon.

As a result of the payments agreement between the United Kingdom and Czechoslovakia, Czech crowns were excluded from the list of specified currencies as from 23rd August, 1949. All financial transactions with Czechoslovakia would, therefore, have to be concluded in sterling through the medium of the appropriate sterling accounts in London.

77. *Travel.*—The basic allowance of foreign exchange admissible to residents in India for travel to soft currency countries for pleasure or personal convenience was reduced from £ 800 per adult and £ 400 per minor per year to £ 450 and £ 225 respectively, to be available once in three years commencing from 1st November, 1949. Simultaneously, allowances admissible for travel to countries in the vicinity of India such as Iran, Iraq, Persian Gulf Ports, Saudi Arabia, Ceylon, Burma, Malaya and Indonesia were reduced from Rs. 4,000 per adult and Rs. 2,000 per child to Rs. 2,000 and Rs. 1,000, respectively, once in three years. Applications from persons wishing to avail of £ 450 and Rs. 2,000 simultaneously would be referred to the Reserve Bank for approval. The authorised dealers were also required to obtain the prior approval of the Reserve Bank before granting exchange for personal travel to persons proceeding to Tangier. The limits fixed for travel to hard currency countries of Europe, *viz.*, Switzerland, Belgium and its possessions and Trizone of Germany (excluding Saar), and Japan were fixed at £ 100 per adult and £ 50 per minor to be deducted from the basic scale of £ 450 per adult and £ 225 per minor applicable to soft currency countries. This allowance was to cover travel in all or any of the countries falling in the hard currency category and would not be available for each country separately.

Sweden will be treated as a soft currency country and personal travel allowance for visits to this country may be drawn on the same basis as for the other soft currency countries.

As no personal travel allowance is permissible for pleasure travel to the Continent of America and the Philippines, steamer and passage agents were advised not to book passages to destinations in these areas, unless the passenger produced evidence that the Reserve Bank of India had allotted to the traveller exchange facilities to undertake the journey. The limit upto which steamer and passage agents were permitted to book passages on non-resident steamships and airlines, for persons travelling from India by a normal direct route, and to collect fares in rupees was raised from Rs. 3,000 to Rs. 3,500 for single journeys and from Rs. 6,000 to Rs. 7,000 for return journeys.

During the year, the maximum allowance for children of sterling area nationals (other than Indians) resident in India attending full time courses in certain non-scheduled territories, *viz.*, Austria, Denmark, France, Greece, Italy, Turkey, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland was increased from £ 240 to £ 305. This allowance was in addition to the personal travel allowance to which the child would be entitled.

78. *Capital Transfers.*—The Government of India decided in January 1950 to provide relief from the incidence of devaluation to sterling area nationals who had been accorded facilities to emigrate outside the sterling area before 18th September, 1949, on the basis of a maximum transfer of £ 1,000 (in four annual instalments of £ 250). The emigrants affected were permitted to make transfers of such additional amounts as might enable them to receive over the four-year period the same amount of foreign currency as they might have obtained at the rate of exchange in force before 18th September, 1949.

The regulations governing remittances by foreign nationals retiring from India and sterling area nationals emigrating to non-sterling area countries were reviewed by Government in February 1950, which resulted in the following arrangements coming into force with immediate effect :—

(1) Foreign nationals retiring to their own countries would be allowed to transfer the full amount of the remittable items such as savings out of salaries, dividends, commission, provident fund, sale proceeds of personal effects, etc., irrespective of whether the total amount to be remitted exceeded the maximum of £ 5,000 previously laid down. In cases where the transferable assets did not amount to £ 5,000 the applicant would be permitted to utilise a part of his capital assets, such as sale proceeds of business or investment, to make up the amount of £ 5,000.

(2) Applications from foreign nationals retiring to a country other than their own would be favourably considered by the Control, if the currency of the country to which they were retiring was not harder than the currency of their own country.

(3) Nationals of the sterling area countries emigrating to any of the countries participating in the OEEC other than Belgium and Switzerland would be allowed to transfer upto £ 5,000 during the four-year period. Sterling area nationals other than Indians proceeding on emigration to Belgium or Switzerland would, however, be entitled to receive £ 1,000 over the four-year period.

79. *Financial Agreement with the United Kingdom.*—When the Financial Agreement with the United Kingdom was extended in July 1948 for a period of three years, it was agreed that the amount of £ 80 million lying at that time to the credit of No. 1 Account would be available for current expenditure during the year ended 30th June, 1949 and that a sum of £ 40 million should be released in each of the subsequent twelve-month periods. But as a result of unexpectedly heavy imports there was a considerable running down of the balances in No. 1 Account. The need to curtail imports was apparent in the first quarter of 1949 but it was felt that an abrupt reduction in the flow of imports might not be altogether in India's interest and might react adversely on British exports. The United Kingdom Government, therefore, agreed to permit advance transfers of releases for subsequent periods and also additional releases to enable India to meet its outstanding commitments under O. G. L. XI which was cancelled in May 1949. To arrive at a final agreement on these issues and to settle the amounts to be released for subsequent years, a delegation of the Government of India visited the United Kingdom in June-July 1949. This led to the United Kingdom agreeing to effect a release of £ 81 million for the year ended June 1949 for which no release had been provided under the previous agreement. It was also agreed to release a sum not exceeding £ 50 million to meet the liabilities which had been entered into under the old O.G.L. XI prior to its cancellation in May 1949. The annual releases for each of the twelve-month periods ending June 1950 and June 1951 were raised from £ 40 million to £ 50 million.

The previous year's agreement had fixed a limit of $ 60 million for India's drawings on the Sterling Area Central Reserves during the year ended June 1949. It was assumed that the hard currency deficit of the country during the year would amount to $ 160 million and that $ 100 million would be raised by purchases from the IMF. In actual fact India's exports to hard currency countries were substantially lower than had been expected and imports on private and Government accounts proved to be higher, with the result that the deficits with these countries turned out to be unusually large. As a result of the negotiations, which were merged with the discussions of the Commonwealth Finance Ministers' Conference, no quantitative limitation was imposed in the Indo-United Kingdom Financial Agreement of August 1949 on India's drawings on Central Reserves; India was re-admitted to full membership of the sterling area. An obligation which India assumed in common with other Commonwealth countries, as a result, was to reduce her expenditure in respect of dollar imports in the year July 1949-June 1950 to 75 per cent of that in 1948.

80. *Pakistan.*—The payments agreement with Pakistan, which was concluded in the previous year and was due to expire on 30th June, 1949, was extended for one more year, on a review of its working by the two Governments. The main provisions of the principal agreement which permitted unrestricted transfer of funds on both current and capital account and provided for the maintenance of parity between the two rupees, were retained in the renewed agreement. Under the principal agreement, the maximum amount of sterling which may be claimed by the creditor country

from the No. 1 Account of the deficit country, whenever its balances with the latter exceeded Rs. 15 crores, had been fixed at £ 7½ million. In the new agreement this limit was raised to £ 15 million.

The Reserve Bank of India issued a notification on 30th August, 1949 directing that the transfer or issue of any securities expressed in a foreign currency to a resident of Pakistan, of any acceding State, or of Hyderabad, would no longer be permissible without its special permission.

By a notification issued in September 1949 imports from Pakistan (or Afghanistan) of Government of India one rupee notes and coins in excess of Rs. 5 per person were prohibited.

81. *Germany.*—Under a Payments Order dated 29th March, 1949 issued by the United Kingdom Control, the accounts of residents of the Trizone of Germany (*i.e.*, excluding the Saar Territory but including Western Sectors of Berlin) with banks in the United Kingdom were designated "German Accounts." All approved payments from residents of the Scheduled Territories were to be made in sterling to a German account and sterling in German accounts would be available for making payments to residents of the Scheduled Territories, including payments for exports to the Trizone of Germany, and for transfer to other such accounts. However, for a short period, payments between Scheduled Territories and the Western Zones of Germany continued to pass through certain specific accounts. Later as a result of a payments agreement between the United Kingdom and Trizone (including the Western Sectors of Berlin) such payments (between the Scheduled Territories and the Trizone) were no longer restricted to a specific account ; they may be made to any German account except Bank Deutscher Lander's Account No. 2 with the Bank of England. The rupee accounts with banks in India of residents of the Trizone were treated as non-resident accounts and were subject to the same restrictions as non-resident rupee accounts of residents of other non-sterling area countries.

Payments to the Russian Zone of Germany and the Russian Sector of Berlin were to be made, as formerly, in sterling to the account of the Foreign Trade Department of the Soviet Military Administration of Germany with the Moscow Narodny Bank Ltd., London.

82. *Methods of Export Finance.*—Graph 24 (A & B) shows the relative importance of the currencies employed in financing Indian exports to countries outside the sterling area. Graph A covers shipments to hard curency countries and Graph B shipments to other non-sterling area countries.

Graph A indicates that the tendency, noticed in previous years, for an increasing proportion of exports to be financed by sterling bills on London continued upto November 1949. It decreased thereafter, the proportion of trade financed by bills drawn in the currency of the importing country showing a corresponding rise. The proportion of exports financed in rupees remained more or less at the same level throughout the year.

Graph B indicates that the proportion of exports to other non-sterling area countries financed by sterling bills drawn on London rose sharply in May 1949,

by 20 per cent, reached its peak in July, and showed a downward trend thereafter. The drawing of rupee bills became relatively more popular around July 1949 and the proportion of trade financed in this manner remained relatively large during the rest of the year.

Graph C on the same page shows total exports to the countries covered by Graphs A and B.

VII. BULLION

83. *Production of Gold and Silver.*—The recovery in India's gold production noticed since 1947 (*vide* Statement 7) received a set-back in 1949, the estimated production falling from 180,430* ounces valued† at Rs. 5,43,20,157* in 1948 to 163,972 ounces valued at Rs. 4,89,06,399**. The 1949 output represented 51·7 per cent of the 1939 figure. 160,992 ounces of it were accounted for by the Kolar Gold Fields at Mysore and the balance, 2,980 ounces, by two mines recently opened at Hutti in Hyderabad. India's share of the estimated total world output of gold in 1949 was 0·66 per cent as against 0·74 per cent in 1948.

The output of silver improved from 12,797* ounces valued† at Rs. 60,299* in 1948 to 13,550 ounces valued at Rs. 60,850 in 1949. Its ratio to the world silver output remained virtually unchanged at 0·011 per cent.

84. *Bombay Bullion Market.*—With no change in the embargo on the import and export of bullion, the Indian bullion market continued to remain practically isolated from the world markets. This isolation coupled with the persistent inflationary pressures in the country accounted mainly for the underlying bull strength in the Bombay market during the greater part of the year under review. Devaluation in September of the Indian rupee in terms of the U. S. dollar was not calculated to have any durable effect on bullion prices in India, which were at a high level in relation to world parity. The trend of the prices of gold and silver since September 1949 has not departed significantly from the usual trend noticed about this part of the year.

An event during the year was the sale by tender by the Reserve Bank of India of silver on behalf of the Hyderabad Government and of gold on behalf of the Nizam of Hyderabad. It represented the first official sales of bullion since the termination of the war. Sales of silver commenced on 5th July, 1949, their main purpose, according to an official *communique*, being to strengthen the Hyderabad Government's cash position. Sales of gold began on 10th October, 1949. The proceeds were credited to the Nizam. Silver sales were discontinued on 6th December and gold sales on 12th November. The sales of silver amounted to 21,635 bars (23·45 million ounces) valued at Rs. 10·29 crores, the highest and lowest prices obtained being Rs. 176-12 and Rs. 157-12 (per 100 tolas). The sales of gold amounted to 70,500 tolas (0·03 million ounces) valued at Rs. 80·78 lakhs, the highest and lowest prices obtained being Rs. 115-0 and Rs. 114-8 (per tola).

In last year's Report, mention was made of the inauguration of the Bombay Bullion Association and the commencement, on 2nd April, 1949, under its auspices,

*Revised. †The values of both gold and silver are calculated on the basis of the prices at which they are actually sold in the open market.

**Excludes value of 2,980 ounces produced by mines in Hyderabad.

of forward trading on monthly settlements based on the terms and conditions prescribed by the Association's by-laws which had received the approval of the Government of Bombay under the Bombay Forward Contracts Control Act, 1947.

The working of the Association during the year under review was eventful. Excessive speculative activity in a narrow market led to frequent crises, which necessitated the formulation of by-laws investing the Board of the Association with additional powers to check over-trading. The first crisis occurred in about a month of the inauguration of forward trading. Both silver and gold prices soared by about Rs. 9 in the *Vaishakh* settlement, the bull predominance being reflected in their ability to exact heavy carry-over charges in silver. The action taken by the Board on 9th May included the prohibition of trading in silver in the *Shravan* settlement and the prohibition of fresh transactions in the *Vaishakh* settlement other than for the purpose of squaring up outstanding commitments. On 13th May, the Government of Bombay promulgated, at the instance of the Board, two by-laws in terms of which members whose clearance sheets showed outstanding sales or purchases may be called upon to produce evidence of the actual possession of the metal or of the requisite amount of cash, as the case may be. The effect of these by-laws was that all transactions in the *Vaishakh* settlement were carried forward to the *Jeth* settlement on a nominal 'Budla' charge and the emergency came to an end.

The second crisis developed in mid-July when business came to a standstill following the alleged refusal of some bulls to honour their commitments in option dealings (private) for the *Ashad* delivery, prices having fallen sharply following sales of silver by the Reserve Bank of India. On 11th July, the Board adopted a resolution for declaring a state of emergency which, after confirmation by the General Body, received the approval of Government on the 16th. While according their approval, Government asked the Board to investigate into the causes of the frequent crises and to re-examine its by-laws so as to ensure smooth working of forward contracts. To enable the implementation of these suggestions the forward market was closed by order of Government till 30th July and later till 15th August ; the outstanding transactions were squared up, by the direction of the Board issued in terms of the Emergency Clause, at Rs. 162-4 for *Ashad* settlement and at Rs. 160-4 for *Shravan* settlement in the case of silver and at Rs. 112-0 and Rs. 109-8 respectively in the case of gold. Forward trading, which had remained suspended since mid-July was resumed on 21st August.

Meanwhile, on 7th July, Government approved another by-law, proposed by the Board empowering the Board to levy margins when speculative activity tended to assume excessive proportions. Margins in terms of this by-law were first imposed on outstanding purchases on 5th October, 1949 when, following the devaluation of the rupee, the prices of gold and silver for the *Asho* settlement jumped up, silver from Rs. 156-13 on 17th September to Rs. 169-6 on 30th September and gold from Rs. 110-0 to Rs. 114-11 on the same dates. The system of margins has since been applied from time to time. A recent decision of the High Court given on 21st April, 1950 revealed certain defects in the by-law which prescribes margins. The question of amending the by-law to remedy the defects and of adopting measures to check unhealthy speculation are engaging the attention of the Government and the Board. Meanwhile, the subject of 'futures markets' having been included in the Union List under the new Constitution, the Central Government have drafted a Bill, the Futures Markets (Regulation) Bill, which has been circulated for eliciting public opinion. The Bill deals with the problem of regulating and controlling forward trading in commodities including bullion.

Broadly speaking, the price trends in the Bombay bullion market during the year under review permit of division into four phases: first, an almost continuous rise from April to mid-June ; second, a sharp recession from mid-June to mid-July ; third, a period of comparative steadiness from mid-July to mid-September ; and lastly, a resumption of the uptrend in the price of silver from about the close of September, which became pronounced during the last quarter of the year under review, gold remaining steady within comparatively narrow limits.

The rise during the early part of the year resulted from the tight statistical position in the market and rumours of possible upward revisions in the official gold prices in London and New York, which the bulls exploited to their advantage. The quotations for both gold and silver touched Rs. 119-10 (on 2nd and 3rd June) and Rs. 192-12 (on 13th June), respectively, which were peak levels for the year. The subsequent fall followed the sales of silver by the Reserve Bank of India. Silver dropped to Rs. 159-8 on 16th July and gold to Rs. 107-2 on 6th July. During the third phase, from mid-July to mid-September, the market temporarily settled down, both metals moving within a comparatively narrow range. The last phase was associated with the discontinuance of the official silver sales on 6th December. The ready quotations for silver continued to be firm, particularly since January 1950 and closed for the year at Rs. 187-3 as against Rs. 176-8 at the close of the preceding year. As a first impact of the devaluation, the price of gold rose from Rs. 113-4 on 17th September to Rs. 118-4 on 3rd October. Following the Reserve Bank's announcement on 7th October of its decision to commence sales of gold, the price of the metal fell to Rs. 110-8 on 8th October. It recovered since to Rs. 115-9 at the close of the year under review as against Rs. 109-12 at the close of last year. The average spot rate of the white metal for the year under review, however, worked out lower at Rs. 174-11-10 as against Rs. 177-9 in the preceding year, the corresponding average rate for gold being slightly higher at Rs. 114-14-11 for 1949-50 as against Rs. 114-9-10 for 1948-49. The price trends in the gold and silver sections are noticed below in some detail.

85. *Price of Gold.*—The Table below shows the highest, lowest and average prices of gold in Bombay for the years 1938-39 to 1949-50.

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)
1948-49 ..	121 0 0	103 0 0	114 9 10	118 8 0	109 14 0	113 14 1
1949-50 ..	119 10 0	107 2 0	114 14 11	118 14 0	106 6 0	113 8 4

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

Statement 77 shows the highest, lowest and average prices of gold, both spot and forward, and sovereigns, as also the estimated average stocks of gold in the Bombay market for each month of the year under review. Statement 78 shows the weekly movements of the spot and forward prices and stocks of gold and silver in the Bombay bullion market during the year. The trends in the spot prices of gold and silver during the years 1926-27 to 1949-50 are shown in Statement 79 and Graph 25 shows the movements in the spot prices of gold and silver since the beginning of the war.

The recovery noticed in the gold section towards the close of March 1949 continued during the early part of the year under review. The daily demand averaged well above the daily arrivals ; the sentiment was influenced by rumours of a possible upward revision in the official prices of gold in London and New York. The ready rate which had closed on 31st March, 1949 at Rs. 109-12 moved up almost continuously to Rs.119-10, the highest level of the year, on 2nd June. Apart from occasional set-backs this level was more or less maintained upto about the third week of June, when a downtrend set in on apprehensions of adoption by the Government of Bombay of more stringent measures to check speculative activity. The announcement on 4th July of the sales of silver by the Reserve Bank of India beginning with 5th July raised apprehensions of possible sales of gold which accentuated the downtrend. The market slumped heavily, the ready rate touching the lowest level of the year at Rs. 107-2 on 6th July. Support was forthcoming at lower levels and the bulls were encouraged by the failure of the apprehended sales of official gold to materialize. The quotation gradually recovered, as a result, to Rs. 115-4 by 20th July. During the next two months, upto the middle of September, the market ruled comparatively steady, the prices moving between Rs. 116-8 and Rs. 112-0. Following devaluation, prices firmed up again from Rs. 113-4 on 17th September (the last working day prior to devaluation) to Rs. 118-4 by 3rd October. The imposition by the management of the Bombay Bullion Association of margins on all outstanding purchases in the *Asho* and *Kartak* deliveries held the upward movement in check. The announcement on 7th October by the Reserve Bank of India of their decision to offer 10,000 tolas of gold daily from 10th October was followed by a temporary recession, the price dropping to Rs. 110-8 on 8th October. The rejection of all tenders from the 10th to the 13th and the unwillingness of the Bank to accept tenders at lower than Rs. 114-8, led to a recovery in prices which rose to Rs. 116-4 by the 14th. The market remained comparatively steady thereafter between Rs. 116-0 and Rs. 112-12, the discontinuance from 12th November of official gold sales and the subsequent reports early in January of the resumption of gold sales by the Nizam through a commercial bank having had no marked effect. Early in February renewed rumours of the introduction of death duties produced a temporary rise, the quotation moving up to Rs. 118-0 by the 9th of the month. The application of margins for all outstanding purchases in the *Fagan* contract as at the close of 14th February, did not affect the firmness of the market. The ready rate remained around Rs. 116-0, the closing quotation for the year being Rs. 115-9 as against Rs. 109-12 at the close of last year.

The range of fluctuations during the year in the ready rate for gold in the Bombay market was Rs. 12-8 as against a range of Rs. 18-0 in the preceding year. The highest and the lowest rates were Rs. 119-10 (on 2nd and 3rd June, 1949) and Rs. 107-2 (on 6th July, 1949), the corresponding rates in the preceding year being Rs. 121-0 (on 31st August, 1948) and Rs. 103-0 (on 23rd March, 1949). The premium of the ready over the forward rates varied between Rs. 6-0 and *minus* 5 annas.

86. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta Mints, respectively, received from the public and the banks 24,543 tolas and 102,467 tolas for melting and assaying, as against 33,812 tolas and 72,653 tolas in 1948-49. The Bombay Mint received 1,861,267 tolas of raw gold for refining as against 2,734,610 tolas in the previous year.

87. *Price of Silver.*—The Table below gives the highest, lowest and average prices of silver in Bombay during the years 1938-39 to 1949-50.

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)
1948-49 ..	190 8 0	166 8 0	177 9 0	180 10 0	165 14 0	173 13 2
1949-50 ..	192 12 0	158 14 0	174 11 10	192 12 0	153 12 0	175 14 2

(a) Official forward trading remained suspended from 12th May, 1947 to 26th March, 1948.
* Unofficial.

Statement 80 shows the highest, lowest and average prices of silver in Bombay, London and New York and the average stocks of the metal in Bombay for each month of the year 1949-50.

Silver ruled quiet during the first half of April before commencing an uptrend. Acute shortage of stocks enabled the bulls to lift the ready rate to successive high levels until it touched Rs. 192-12 on 13th June, the highest level for the year. Profit-taking, induced by fears of Governmental intervention and of selling orders from some Indian States, led to a decline, which was accentuated by the commencement on 5th July of sales of silver by the Reserve Bank of India. The rate dropped from Rs. 192-12 on 13th June to Rs. 180-12 on 2nd July and to Rs. 159-8 by the middle of the month. Thereafter, the price trends were influenced mainly by the amounts of daily official offers, the amounts accepted and the rates of such acceptances. The market rate fluctuated between Rs. 167-4 and Rs. 158-14 upto the middle of September. Following devaluation, a firm tendency set in and the rate moved to Rs. 169-6 by the close of September, a contributory factor being the reduction on 26th September of the daily offers from 500 bars to 400 bars. The imposition of margins on bulls on 5th October probably slowed the pace of the uptrend for a while, but the market continued to be firm, assisted by a further reduction, from 10th October, in the daily offer of Hyderabad silver, from 400 bars to 200 bars and the discontinuance of the sale on 6th December. The market price for ready silver averaged Rs. 167-11-11 for October, Rs. 168-14-5 for November and Rs. 172-0-1 for December 1949. By January 1950, the bull grip on the market was strengthened by the tight statistical position. Large stocks of silver were reported to have been cornered in Calcutta by a syndicate of operators formerly engaged in the jute trade and there was a general belief in the market that the stocks of Indian States and princes had been exhausted. The ready rate which had stood around Rs. 172-0

at the close of December soared to Rs. 182-13 by 23rd January. Despite the imposition of margins on bulls in the *Maha* and *Fagan* deliveries, the rate advanced further to Rs. 189-4 by 11th February.

A reaction followed with the rumours of the grant of permission for the import of silver and of a resumption of official sales of silver. The price of silver fell to Rs. 176-4 on 20th February. The sharp fall in prices led to the imposition of margins for the first time on bears on outstanding sales in the *Fagan* delivery. The reaction was short-lived. The rumours which had caused it having subsided, the market resumed its uptrend, bulls once again regaining their grip. The ready rate moved up steadily the quotation at the close of the year being Rs. 187-3 as against the preceding year's closing rate of Rs. 176-8.

The range of fluctuations in the rates for ready silver during 1949-50 was Rs. 33-14 as against a range of Rs. 24-0 in the preceding year. The premium of the ready over the forward rates varied between Rs. 7-12 and *minus* 15 annas.

88. *Assaying and Refining of Silver.*—The Calcutta Mint received 2,055,265 tolas of silver for melting and assaying during the year as against 340,551 tolas in 1948-49. The receipts by the Bombay Mint were 30,274 tolas as compared with 27,962 tolas in 1948-49. The quantity of silver received for refining during 1949-50 at the Bombay Mint was 87,432,866 tolas as against 18,993,932 tolas in the preceding year.

89. *Imports and Exports of Bullion.*—Statements 81 and 82 give the average quantity and value of imports and exports of gold coin and bullion, and of silver (on both Private and Government accounts) for each quinquennium from 1900-01 to 1934-35 and for each financial year from 1935-36. Statement 83 gives monthly figures of imports and exports of gold and of silver (on both Private and Government accounts) for the year 1949-50.

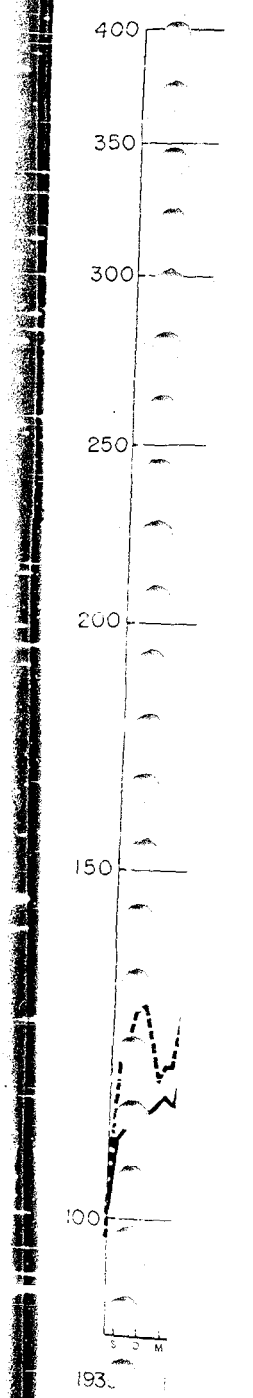
VIII. CURRENCY

A. CIRCULATION AND ABSORPTION

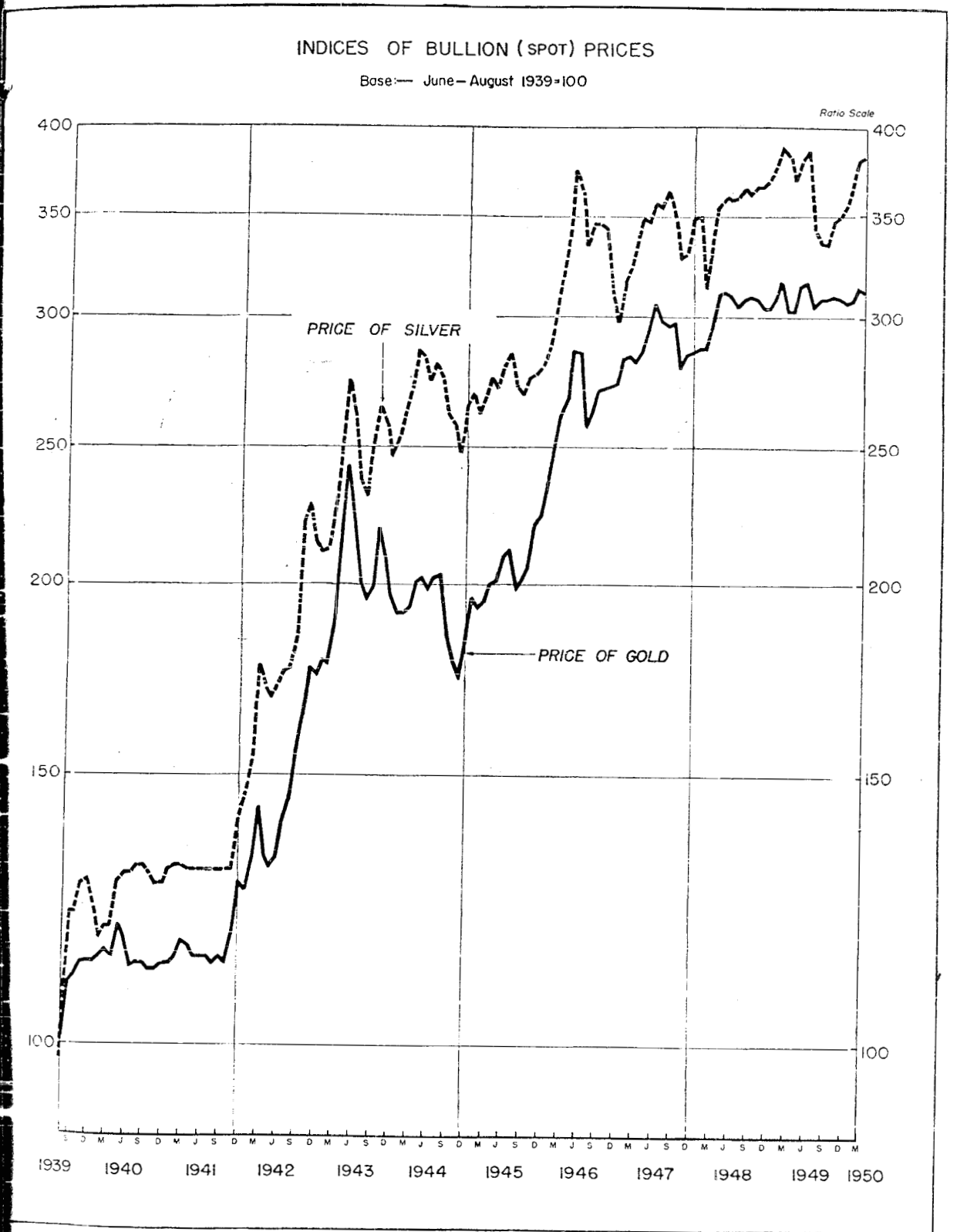
90. *Circulation and Absorption of Notes.*—Statement 84 shows the year-end figures and annual averages of total notes issued and in circulation (excluding Government of India one-rupee notes first issued in July 1940, which are classed as 'rupee coins') since the quinquennium ended 1913-14. India notes and Burma notes are shown separately for the years 1937-38 to 1941-42. The figures for subsequent years relate to India notes only, the Reserve Bank of India having been relieved of its liabilities in regard to Burma notes from June 1942. The amount of the India notes in circulation in Pakistan during the post-partition years, 1948-49 and 1949-50, not having been finally determined, it is not possible to arrive at exact figures of notes in circulation in the Indian Union for these two years. The figures shown against these years in Statement 84 are, however, net of adjustments* on account of India notes retired from the Pakistan circulation since April 1948 and returned to the Reserve Bank of India as at the close of February 1949.

On the basis of figures so adjusted, notes in circulation in the Indian Union show a net contraction of Rs. 7·84 crores in 1948-49 ; this was the first year since 1937-38

*These total Rs. 127·18 crores made on account of (i) Rs. 44·98 crores of India notes withdrawn from circulation in Pakistan during April to June 1948 and (ii) Rs. 82·20 crores of India notes returned from Pakistan during the period July 1948 to February 1949 under Section 4 (2) of Part IV of the Pakistan (Monetary System and Reserve Bank) Order 1947. Since March 1949, no adjustments have been made in respect of India notes retired from Pakistan.



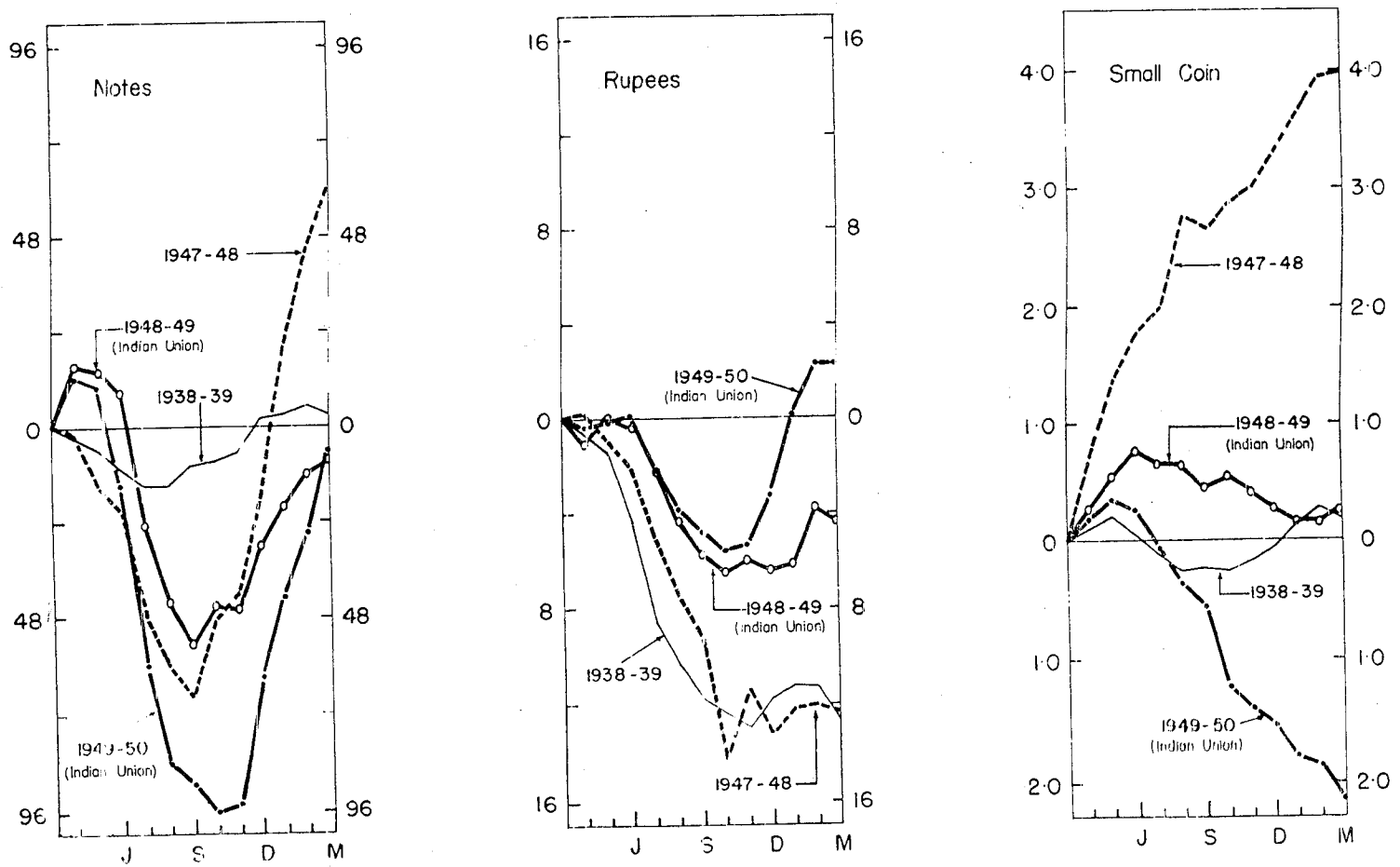
GRAPH 25

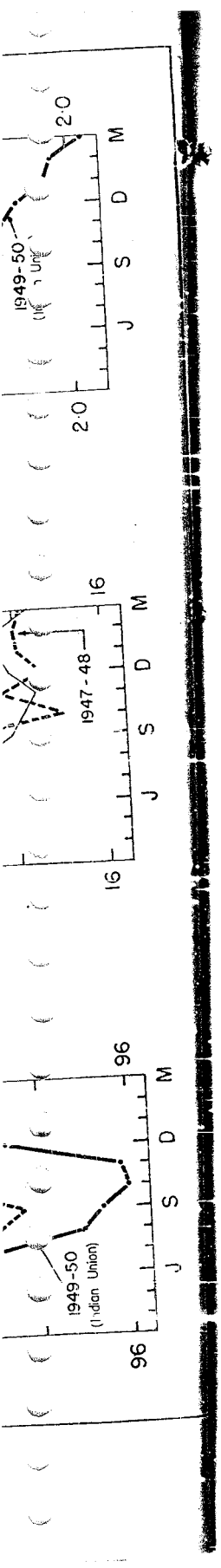

INDICES OF BULLION (SPOT) PRICES
Base:— June—August 1939=100
Ratio Scale
400
350
300
250
200
150
100
PRICE OF SILVER
PRICE OF GOLD
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950

ABSORPTION OR RETURN OF NOTES, RUPEES & SMALL COIN

1947 - 48 To 1949 - 50

In Crores of Rupees





when the note circulation declined. The year under review witnessed a further net contraction of Rs. 5·84 crores or an average monthly decline of Rs. 0·49 crore as against Rs. 0·65 crore in 1948-49. This was the net result of a return of Rs. 108·09 crores during the period May to October 1949, and an absorption of Rs. 102·25 crores during April 1949, and November 1949 to March 1950. The highest monthly return during 1949-50, as in the previous year, was in July when it reached a record level of Rs. 45·48 crores as against Rs. 34·88 crores in July 1948. The highest monthly absorption of Rs. 31·07 crores was in December 1949 as against the peak of Rs. 16·52 crores for 1948-49 recorded in December 1948.

Normally, the trends in note circulation reflect the incidence of the busy and slack seasons. The seasonal ebb and flow of currency, which during the war years had been submerged by large additions to currency, reappeared in 1946-47 and has tended to become more pronounced since. During the year under review, the return in note circulation in the slack season, April to September, was Rs. 89·45 crores as compared with a return of Rs. 54·62 crores in the slack season of 1948-49. In addition to the seasonal factor, the magnitude of the return in 1949-50 is attributable to the net sales of sterling by the Reserve Bank to meet the deficit in the balance of payments, which resulted from a liberalisation of import controls in July 1948 as part of the Government's anti-inflation policy. The absorption during the busy season October 1949 to March 1950, was substantially higher at Rs. 83·61 crores as against Rs. 46·78 crores during the busy season of 1948-49. This reflects in part a marked improvement in the country's balance of payments position noticed since devaluation. The wider seasonal variations in currency, therefore, appear to correspond somewhat to the greater amplitude of fluctuations in the balance of payments.

91. *Circulation of Notes by Denominations.*—Statement 85 shows issues of India notes by denominations for the fiscal years (ending 31st March) 1914, and 1921 to 1935 and for the calendar years (ending 31st December) 1935 to 1949, while the Table below gives the issues of the current denominations, together with the percentage of each denomination to the total of all current denominations.

ISSUE OF NOTES BY DENOMINATIONS

(In lakhs of rupees)

Year ended December	Rs. 2	*Percentage of column (1) to (9)*	Rs. 5	*Percentage of column (3) to (9)*	Rs. 10	*Percentage of column (5) to (9)*	Rs. 100	*Percentage of column (7) to (9)*	**Total**
	1	2	3	4	5	6	7	8	9
1945	14,45	*1·3*	153,87	*14·1*	425,37	*39·0*	495,84	*45·5*	**1,089,53**
1946	25,42	*2·0*	197,09	*15·7*	545,40	*43·4*	488,71	*38·9*	**1,256,62**
1947	33,09	*2·5*	195,10	*14·7*	557,70	*42·1*	540,11	*40·7*	**1,326,00**
1948*	29,21	*2·4*	180,53	*15·1*	533,23	*44·5*	454,29	*37·9*	**1,197,26**
1949*	26,62	*2·4*	179,91	*16·1*	486,42	*43·5*	425,91	*38·1*	**1,118,86**

*Net of adjustments made in respect of India notes returned from circulation in Pakistan.

Since 1946, Rs. 10 denomination has accounted for the largest percentage of the total note circulation of the current denominations though it declined from 44·5 per cent at the end of 1948 to 43·5 per cent at the end of 1949. The share of Rs. 100 notes increased slightly from 37·9 per cent to 38·1 per cent during the same interval. Rs. 100 notes had constituted the largest proportion of the total note circulation since 1944 until the demonetisation in January 1946, of notes of the denominations of Rs. 500 and above. The proportion fell from 45·5 per cent at the close of 1945 to

38·9 per cent by the close of 1946 ; during the same interval the share of Rs. 10 denomination rose from 39·0 per cent to 43·4 per cent. Since then, Rs. 100 denomination has constituted the second largest in the total circulation. The share of Rs. 5 denomination increased from 15·1 per cent at the end of 1948 to 16·1 per cent at the end of 1949 and was 14·1 per cent at the end of 1945. Among the lower denominations, Rs. 2 notes represented about 2·5 per cent of the total circulation since 1947 as against 1·3 per cent at the end of 1945 and 2·0 per cent at the end of 1946. As between the Government of India one-rupee notes (not shown in the Table, as these are treated as "rupee coin") and the Bank notes of Rs. 2 denomination, the public continued to show a marked preference for the former.

92. *Circulation and Absorption of Rupee Coin.*—Since 1st November, 1943, when the standard rupee coin ceased to be legal tender, the "rupee coin" circulation in India has comprised (1) the Government of India one-rupee notes* (issued from July 1940), (2) the quaternary silver rupees (issued from December 1940 upto the end of May 1946), and (3) the nickel rupees (issued from June 1947). These coins were also in circulation in Pakistan at the time of the termination of the Joint Monetary Arrangements with Pakistan on 30th June, 1948. In terms of Section 3 of Part IV of the Pakistan (Monetary System and Reserve Bank) Order 1947 (as amended), the India coins are, however, being withdrawn from circulation by the State Bank of Pakistan and certain categories of them as specified in the order returned in instalments, to the Reserve Bank of India. The amount returned and adjusted in 1948-49 was *nil* and in 1949-50 Rs. 3·92 crores. Pending the completion of this process, accurate figures of the circulation of rupee coin in the Indian Union will not be available. The Table below represents the absorption or return of rupee coin in the Indian Union, after making adjustments for the amount returned in 1949-50 to the Reserve Bank of India from the Pakistan circulation.

MONTHLY VARIATIONS IN RUPEE COIN CIRCULATION IN THE INDIAN UNION DURING 1949-50

(In lakhs of rupees)

Month	India rupee coin in circulation in India and Pakistan†	Variations in column (1)	India rupee coin returned from circulation in Pakistan and adjusted during the period	Absorption or return of rupee coin in the Indian Union (2-3)
	1	2	3	4
April 1949	149,00	— 43	—	— 43
May ,, ...	149,24	+ 24	—	+ 24
June ,, ...	149,03	— 21	— 43	+ 22
July ,, ...	146,75	— 2,28	— 2	— 2,26
August ,, ...	145,05	— 1,70	— 1	— 1,69
September ,, ...	144,04	— 1,01	—	— 1,01
October ,, ...	143,33	— 71	—	— 71
November ,, ..	143,65	+ 32	—	+ 32
December ,, ...	142,29	— 1,36	— 3,41	+ 2,05
January 1950	145,64	+ 3,35	—	+ 3,35
February ,, ...	147,77	+ 2,13	—	+ 2,13
March ,, ...	147,80	+ 3	— 5	+ 8
1949-50	**147,80**	**— 1,63**	**— 3,92**	**+ 2,29**

† At the end of period.

*In terms of the Currency Ordinance of 24th July, 1940 (No. IV of 1940) issued by the Government of India, these notes are deemed to be included in the expression "rupee coin" for all the purposes of the Reserve Bank of India Act, 1934.

It will be seen that during 1949-50, there was a net absorption amounting to Rs. 2·29 crores as against a net return of Rs. 4·31 crores in 1948-49. This was brought about by a total absorption of Rs. 8·39 crores during May and June 1949, and November 1949 to March 1950, which was partially offset by a total return of Rs. 6·10 crores during the remaining five months of the year (April and July to October).

During the year, the Reserve Bank received from the Government of India one-rupee notes and coin for Rs. 5 crores, under Section 36 (2) of the Reserve Bank of India Act, against payment of legal tender value.

93. *Absorption of Small Coin.*—Statement 87 shows the annual absorption of small coin by denominations in undivided India since 1909-10 upto 1947-48 and in the Indian Union since 1948-49, while Statement 86 shows the monthly figures of absorption in the Indian Union during 1948-49 and 1949-50. Since 1944-45, when the wartime demand for small coin had carried the figure of absorption to a record level of Rs. 19·20 crores, there has been a sharp decline in the demand for this form of currency. In 1948-49, the absorption was nominal, being Rs. 24 lakhs, while in 1949-50, for the first time since 1930-31 a net return of Rs. 2·16 crores has emerged, which resulted from a return of Rs. 2·49 crores over the larger part of the year and an absorption of Rs. 0·33 crore during April and May 1949. Circle-wise, all the circles recorded net returns during the year under review as indicated in the Table below:—

(In thousands of rupees)

Circle	Absorption (+) or Return (−) of Small Coin	
	1948-49	1949-50
Bombay	+47,33	−30,67
Calcutta	+67,21	−16,13
Delhi	−32,97	−39,10
Kanpur	− 8,58	−81,28
Madras	−48,80	−57,41
Total ..	**+24,19**	**−215,59**

Denomination-wise, there was a return of Rs. 67·01 lakhs in half-rupees and Rs. 56·24 lakhs in four-annas as against an absorption of Rs. 18·94 lakhs and Rs. 6·71 lakhs, respectively, in 1948-49. The denominations of two-annas and one-anna, which had shown returns of Rs. 12·60 lakhs and Rs. 13·55 lakhs in 1948-49, showed further returns of Rs. 47·47 lakhs and Rs. 57·79 lakhs, respectively, during 1949-50. In contrast, half-anna and single pice registered absorption of Rs. 1·40 lakhs and Rs. 11·52 lakhs, respectively, the corresponding absorption in the preceding year being Rs. 9·24 lakhs and Rs. 15·45 lakhs, respectively. The demand for single pice continues to be appreciable.

Statement 88 shows the metal-wise absorption or return of small coin since 1939-40. It will be seen that during the year under review, the amount of standard silver small coins returning from circulation in the Indian Union remains small, being Rs. 4 lakhs. The total amount of these coins returned from circulation in undivided India since 1941-42 (when they were replaced by quaternary coins of one-half fineness) upto 1947-48 amounted to Rs. 45 lakhs. The meagre return of

these coins is probably attributable to the prevailing high price of silver, which has remained above the theoretical melting point of the standard silver coin since August 1943.

Quaternary half-rupee and quarter-rupee coins of one-half fineness were issued for the first time in August 1940 and May 1940, respectively, with a view to minimising the cost of coinage. The total absorption of these coins, since their issue upto the end of March 1947, aggregated Rs. 39·22 crores. In view of inadequate supplies of silver, the current level of silver prices in India and the obligation to return in kind the 226 million ounces of lend-lease silver received from the United States between 1943 and 1945, the Government of India discontinued from May 1946 the issue of quaternary half-rupee and quarter-rupee coins (as well as quaternary rupee coins) and decided to replace them by pure nickel coins. During 1947-48, the return from circulation of quaternary half-rupee and quarter-rupees amounted to Rs. 1·14 crores in undivided India, and Rs. 1·83 crores and Rs. 2·66 crores, respectively, in 1948-49 and 1949-50 in the Indian Union.

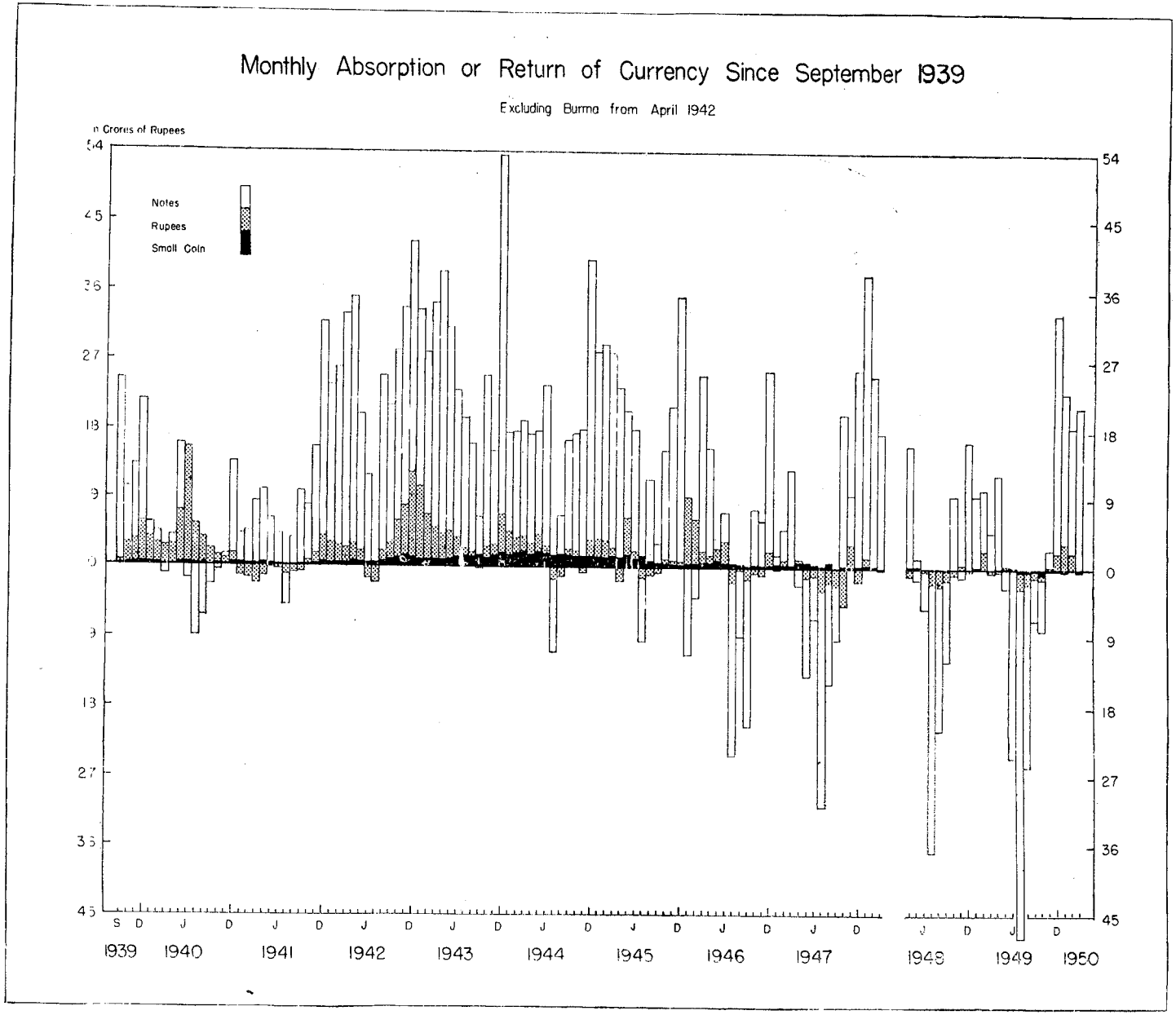
The absorption, in the Indian Union, of the nickel half-rupee and quarter-rupee coins, which were first issued in May 1946, amounted to Rs. 1·50 crores in 1949-50 and Rs. 2·11 crores in 1948-49, and in undivided India Rs. 6·39 crores during 1946-47 and 1947-48.

94. *Total Absorption of Currency.*—Statement 89 gives the annual absorption of notes, rupee coin and small coin in undivided India during the years 1914-15 to 1947-48 and in the Indian Union for the years 1948-49 and 1949-50. Statement 86 gives the corresponding figures for the Indian Union on a monthly basis for the years 1948-49 and 1949-50. During the year under review, there was a further contraction of Rs. 5·71 crores in legal tender currency (including small coin) in circulation in the Indian Union. The total contraction since 1948-49 (which was the first year since 1938-39 to show a net contraction) amounted to Rs. 18 crores. During the war and post-war years upto 1947-48 there was continuous absorption of currency, the total amounting to about Rs. 13,63 crores.

Graph 26 shows absorption or return during the year 1947-48 for undivided India, and during the years 1948-49 and 1949-50 for the Indian Union, of (i) notes, (ii) rupees and (iii) small coin. Graph 27 depicts the absorption or return, month by month, of notes, rupees and small coin separately since September 1939.

95. *Absorption and Return of Currency by Periods.*—Statement 90 and Graph 28 show the absorption and return of currency since 1920-21 upto 1947-48 for undivided India, and during 1948-49 and 1949-50 for the Indian Union. They indicate the seasonal variations in the currency circulation, its volume growing in the busy season and contracting in the slack season. The commencement or the duration of the busy season varies in the different parts of the country, depending on the harvesting of the region's principal crops. Broadly speaking, the busy season, with its absorption of currency, usually begins in August, September or October—mostly in September—and ends after December, January or February, with an average duration of five to six months ; the slack season, when currency returns, begins usually in January, February or March and extends upto July, August or September, the average duration being six or seven months.

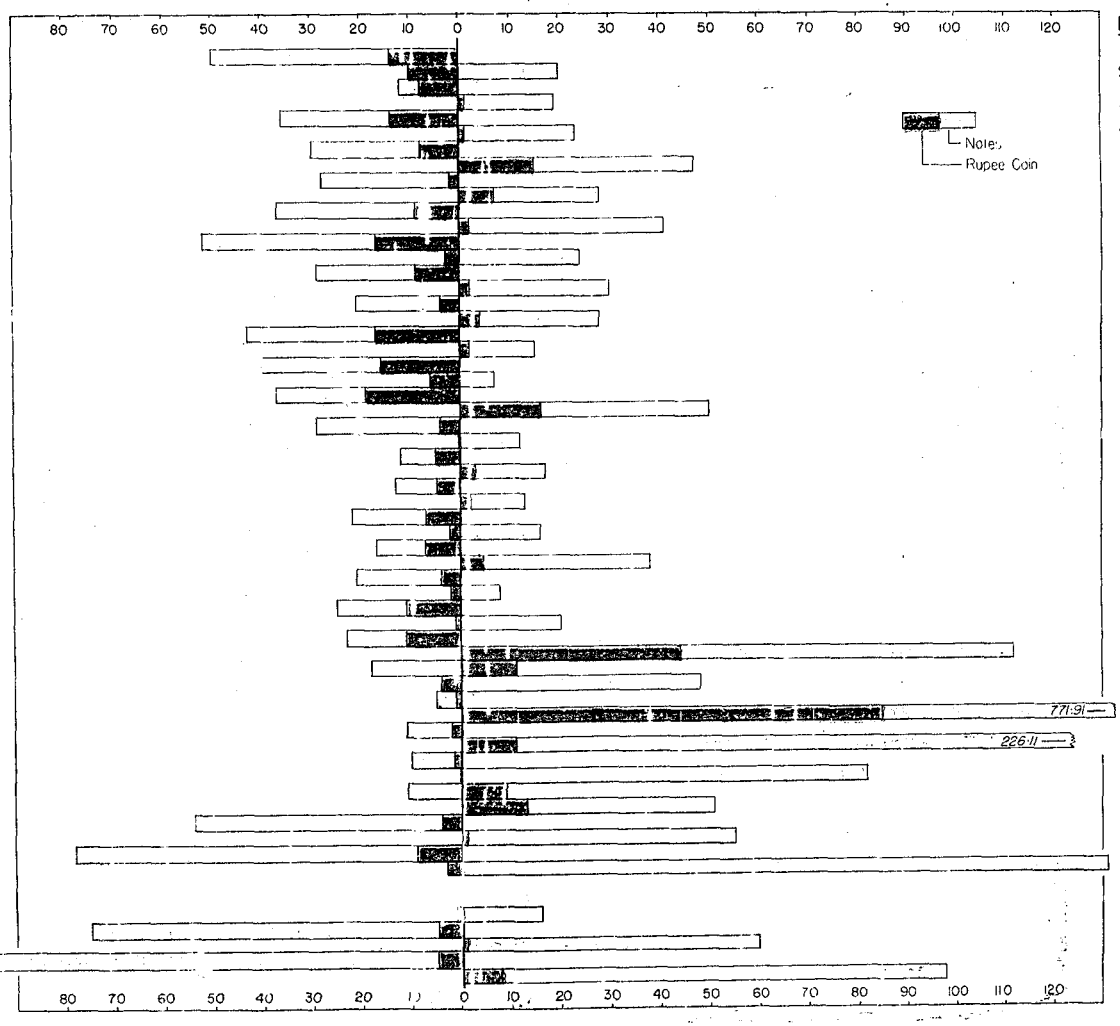
GRAPH 27


Monthly Absorption or Return of Currency Since September 1939
Excluding Burma from April 1942
In Crores of Rupees
Notes
Rupees
Small Coin
54
45
36
27
18
9
0
9
18
27
36
45
S D J D J D J D J D J D J D J D J D J D J
1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950

GRAPH 28

Absorption and Return of Notes and Rupee Coin by Periods

(Crores of Rupees)



PERIODS OF RETURN	PERIODS OF ABSORPTION
Feb. 1920 to Aug. 1920	Sept. 1920 to Mar. 1921
Apr. 1921 to July 1921	Aug. 1921 to Dec. 1921
Jan. 1922 to Aug. 1922	Sept. 1922 to Dec. 1922
Jan. 1923 to Aug. 1923	Sept. 1923 to Feb. 1924
Mar. 1924 to July 1924	Aug. 1924 to Feb. 1925
Mar. 1925 to July 1925	Aug. 1925 to Dec. 1925
Jan. 1926 to Aug. 1926	Sept. 1926 to Feb. 1927
Mar. 1927 to July 1927	Aug. 1927 to Dec. 1927
Jan. 1928 to Aug. 1928	Sept. 1928 to Dec. 1928
Jan. 1929 to Sept. 1929	Oct. 1929 to Dec. 1929
Jan. 1930 to July 1930	Aug. 1930 to Dec. 1930
Jan. 1931 to Aug. 1931	Sept. 1931 to Feb. 1932
Mar. 1932 to July 1932	Aug. 1932 to Dec. 1932
Jan. 1933 to Aug. 1933	Sept. 1933 to Feb. 1934
Mar. 1934 to Aug. 1934	Sept. 1934 to Feb. 1935
Mar. 1935 to Aug. 1935	Sept. 1935 to Apr. 1936
May 1936 to July 1936	Aug. 1936 to Mar. 1937
Apr. 1937 to Aug. 1937	Sept. 1937 to Feb. 1938
Mar. 1938 to Aug. 1938	Sept. 1938 to Feb. 1939
Mar. 1939 to Aug. 1939	Sept. 1939 to June 1940
July 1940 to Sept. 1940	Oct. 1940 to June 1941
July 1941	Aug. 1941 to June 1944
July 1944	Aug. 1944 to June 1945
July 1945	Aug. 1945 to Dec. 1945
January 1946	Feb. 1946 to June 1946
July 1946 to Sept. 1946	Oct. 1946 to Mar. 1947
Apr. 1947 to Sept. 1947	Oct. 1947 to Mar. 1948
	April 1948
May 1948 to Sept. 1948	Oct. 1948 to Apr. 1949
May 1949 to Oct. 1949	Nov. 1949 to Mar. 1950

In pre-war years, there was a fair regularity in the commencement and duration of the busy and slack seasons. During war years, the tide of currency expansion resulting from steadily growing governmental outlays largely submerged the seasonal ebb and flow of currency. With the termination of the war, signs of seasonal variations reappeared which seemed to have fully asserted themselves by 1947-48. Other factors also continued to influence changes in the volume of money. The absorption, during the busy season of 1947-48, of Rs. 127·73 crores (which is the largest post-war absorption) probably embodies also the effect of governmental deficit financing, particularly after the Partition. The absorption during 1948-49 was on a smaller scale for each of the busy season months (October 1948 to April 1949) than the corresponding months of 1947-48. In 1949-50, during the slack season (May to October 1949), the return of currency, which amounted to Rs. 113·39 crores, was the largest seasonal contraction on record. This is probably, in part, attributable to the payments deficits which followed the progressive liberalisation of import restrictions from July 1948 to May 1949, the import licences then issued remaining effective for some time after a reversal of the policy. Owing partly to the difficulties which arose in regard to the trade with Pakistan, the busy season of 1949-50 began later than usual, the net absorption of currency not appearing until the middle of November 1949. Since then the outward flow of currency has been on a substantial scale. To the seasonal demand was added the effect of the export surplus leading to large net purchases of sterling by the Reserve Bank, which followed devaluation. The total absorption from November 1949 to March 1950 amounted to Rs. 98·15 crores.

96. *Money Supply.*—For the purposes of Statement 91, money supply is taken as the total of (1) legal tender currency with the public (*i.e.*, notes and coin in circulation *minus* notes and coin held in Government Treasuries *minus* notes and coin held by scheduled, non-scheduled and co-operative banks), and (2) demand liabilities of scheduled, non-scheduled and co-operative banks, *minus* inter-bank demand deposits* of scheduled banks *plus* deposits with the Reserve Bank of India excluding those of the Central Government and banks but including 'other Government deposits' and 'other deposits'. Under 'other deposits' with the Reserve Bank, the balance held on No. I Account of the International Monetary Fund has been excluded from money supply since it is not being directly used as a means of payment. The Central Government's holdings of currency and deposits have been excluded from money supply, since it is possible for Governments to use changes in their cash balances as instruments of monetary policy and as the size of such cash balances does not generally influence their expenditure in the same way as in the case of individuals and businessmen. Money supply as defined above covers all forms of exchange media held by the public, *i.e.*, by all entities other than banks and the Central Government.

Statement 91(A) gives figures of money supply with the public (excluding small coin) in undivided India for the period 1938-39 to 1947-48 as on the last Friday of each year. For the years 1938-39 to 1941-42 (*vide* column 13), only variations in money supply are shown in the absence of figures of circulation of rupee coin. For subsequent years upto 1947-48 (*vide* column 12), absolute figures of money supply, including the circulation of rupee coin, are given. For the years 1948-49 and

*As the figures in respect of inter-bank demand deposits are available only from July 1948, these have been taken into account in computing money supply for the year 1949-50 only.

1949-50 only variations in money supply are given (*vide* Statement 91(B)) owing to the non-availability of figures of circulation of notes and rupee coin in the Indian Union separately from Pakistan (*vide* para. 90).

The downtrend in money supply with the public in the Indian Union noticed in 1948-49 continued during the year under review. It showed a net contraction of Rs. 18·4 crores during the year as compared with a net contraction of Rs. 43·3 crores in 1948-49. This contraction was made up of a fall in deposit money of Rs. 17·8 crores and of Rs. 0·6 crore in the currency with the public.

The decline in the money supply during the slack season of the year under review was more marked than in the corresponding period of 1948-49. The contraction from April to September 1949 amounted to Rs. 121·2 crores as against a contraction of Rs. 35·0 crores in the slack season of 1948-49. It coincided with a net loss of sterling of Rs. 143 crores† by the Reserve Bank of India to meet the import surplus. The expansion of money supply during the busy season, October 1949 to March 1950, amounted to Rs. 102·8 crores as compared with a decline of Rs. 8·7 crores during the same period in the preceding year. This reflected in part the effect of a net accrual of sterling to the Reserve Bank of India which amounted to Rs. 69 crores during October 1949 to March 1950 as a result of the payments surplus which followed devaluation.

97. *Trends in Note Circulation and Demand Deposits.*—Statement 92 gives comparative figures of changes in the note circulation and scheduled banks' demand deposits (including inter-bank demand deposits) for undivided India from 1939-40 to 1947-48 and for the Indian Union for 1948-49 and 1949-50.

In pre-war years, broadly speaking, the note circulation and demand deposits tended to show opposite trends ; in the slack season, the note circulation fell and deposits rose, while, in the busy season, note circulation rose and demand deposits fell. During war years, these trends were submerged by the inflationary expansion of money, both currency and credit moving upward. During the busy season, however, there was a relatively greater increase in the note circulation than in demand deposits and *vice versa* in the slack season. After the termination of the war, the pre-war movements in the note circulation and demand deposits began to reappear, though not with the same uniformity. In the first full post-war year, 1946-47, there was a reduction of 3 per cent in the note circulation and a rise of 7 per cent in deposits during the slack season, while, during the busy season, there was an expansion of 5 per cent in the note circulation and a contraction of 9 per cent in demand deposits. In 1947-48, however, the busy season witnessed a rise of 7 per cent in deposits, owing partly to expansion of credit by banks and partly to governmental disbursements. The normal seasonal trends re-emerged in 1948-49‡. During the busy season of the year the note circulation increased by Rs. 47 crores and deposits decreased by Rs. 57 crores, while during the slack season, the note circulation fell by Rs. 55 crores and deposits rose by Rs. 19 crores.

During the year under review, the busy season showed an expansion of Rs. 84 crores in the note circulation, but deposits remained virtually unchanged. In the slack season, the note circulation fell by Rs. 89 crores and deposits by Rs. 37 crores.

†Exclusive of Rs. 12 crores paid in April 1949 to the U. K. Government under the Sterling Balances Agreement. ‡Figures from 1948-49 relate to the Indian Union.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

98. *Changes in the Form of India Notes.*—Early in the year under review, a change was made in the paper used for Bank notes of the denomination of Rs. 100. The new paper bears a full-face portrait water-mark of King George VI in the blank water-mark panel in place of the profile water-mark. The new Rs. 100 notes were first issued from the Bombay Office on 31st May, 1949. Later, with a view to facilitating sorting and listing of notes, the colours of the numbers on the George VI design of the Reserve Bank of India notes of the denominations of Rs. 2, Rs. 5 and Rs. 100 and of the Government of India one-rupee notes were also changed, as shown below :—

Denomination	Original Colours	Changed Colours
Re. 1	Green	Black
Rs. 2	Black	Red
Rs. 5	Black	Red
Rs. 100	Black	Green

With the inauguration of the Indian Republic on 26th January, 1950, a new series each of the Government of India one-rupee notes and the Bank notes of the denominations of Rs. 2, Rs. 5, Rs. 10 and Rs. 100 was issued with the Republic's distinctive design of the 'Asoka Pillar', which replaced the King's effigy. The existing notes continue to be legal tender. The details regarding the new design, paper used, size, colour, etc. for each of the denominations mentioned above appeared in two *Press Communiques* dated 9th January, 1950, issued, respectively, by the Government and Reserve Bank, which are reproduced in Appendix I.

99. *Withdrawal of Rs. 100 Notes of the 'Karachi' and 'Lahore' Circles.*—Owing to the transfer of the 'Karachi' and 'Lahore' offices of the Reserve Bank of India to the State Bank of Pakistan with effect from 1st July, 1948, it was deemed inappropriate to retain in circulation the hundred-rupee India notes of the 'Karachi' and 'Lahore' Circles. Accordingly, all hundred-rupee notes of the Government of India and of the Reserve Bank of India with the words 'Karachi' and 'Lahore' printed on them were demonetised with effect from 12th September, 1949 by notification dated 7th September, 1949, issued by the Central Government in terms of Sub-section (2) of Section 26 of the Reserve Bank of India Act. These notes, however, will continue to be accepted, until further notice, at the offices of the Issue Department of the Reserve Bank at Bombay, Calcutta, Delhi, Kanpur and Madras and at Government Treasuries and Sub-Treasuries and branches of the Imperial Bank of India maintaining Currency Chests of the Issue Department of the Reserve Bank.

100. *Cessation of Legal Tender Character of Indian Currency in Pakistan.*—The Pakistan Government decided to withdraw from 1st July, 1948 from circulation, to be replaced by new notes and coin of distinctive designs, the India notes and

coin, and the Pakistan inscribed notes issued from 1st April, 1948. The dates on which the various denominations of notes and coin ceased to be legal tender in Pakistan are given in the Table below :—

Denomination	Date of cessation of legal tender character
Indian Currency and Bank notes of all current denominations (including Government of India one-rupee notes)	1st October, 1948
Inscribed Pakistan notes of all denominations (including Government of India one-rupee notes inscribed with the words 'Government of Pakistan') issued by the Reserve Bank of India	1st November, 1949
Nickel Rupee coins	1st October, 1949
Half and Quarter Rupee coins	1st December, 1949
Two-anna Nickel-brass coins	1st July, 1949

The Government of Pakistan announced on 30th May, 1950, that 'India' quaternary silver coins of the denomination of one-rupee and India subsidiary coins of the denominations of two-anna (cupro-nickel) one-anna, half-anna and single pice shall cease to be legal tender in Pakistan with effect from 1st September, 1950, by which date the process of demonetisation of India notes and coin of all denominations (including inscribed Pakistan notes) in circulation in Pakistan will have been completed.

101. *Encashment of Burma Notes.*—During 1949-50, facilities for the 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 at Bombay, Calcutta and Madras ; (*b*) Offices of the Imperial Bank of India at Vizagapatam, Cochin, Tuticorin and Negapatam and (c) Treasuries at Kohima, Aijal and the Sub-Treasury at Margherita in Assam and at Port Blair. To meet the convenience of the poor repatriates from Burma, the arrangements made in March 1949 to exchange Burma notes at the quays at Calcutta, Madras and Vizagapatam were continued.

During the year, encashments continued to be restricted to a maximum of Rs. 100 per adult and Rs. 50 per minor under 12 years. The commission chargeable was 4 annas per cent with a minimum of 4 annas per tender, except in Assam, where, in view of the special conditions prevailing, encashments were made at par. The total amount of Burma notes (*i.e.*, old Burma notes, British Military Administration notes and Burma Currency Board notes) encashed during 1949-50 amounted to Rs. 2,43,97,198 as against Rs. 48,50,310 during 1948-49 ; the total value of the notes tendered since January 1942*, when encashment facilities were first provided, aggregated Rs. 29,14,18,523.

102. *Purchase and Sale of Pakistan Notes.*—The facilities afforded by the Reserve Bank of India for the purchase and sale of Pakistan notes, noticed in last year's Report, were suspended on 20th September, 1949, following the devaluation of the Indian rupee and Pakistan's decision not to devalue its rupee. The Pakistan notes purchased and sold by the Reserve Bank of India at their Bombay, Calcutta, Madras, Delhi and Kanpur Offices from 1st April, 1949 to 20th September, 1949, amounted to Rs. 12,87,612 and Rs. 13,26,694, respectively, the aggregate amounts purchased and sold since these facilities† were first introduced being Rs. 1,03,00,916 and

*For details please see Report for 1948-49, page 161.
†From 20th July, 1948, for encashment, and from 25th September, 1948, for sale.

Rs. 71,15,708, respectively. In the middle of March 1950, however, with a view to affording relief to evacuees arriving in India from East Bengal, arrangements were made to exchange on Government account, Pakistan notes and coins into Indian money at a par rate of Re. 1 Indian to Re. 1 Pakistan at the Reserve Bank's Calcutta office, at the Treasuries and Imperial Bank branches in West Bengal, Assam and Tripura State, and at certain selected Treasuries and Imperial Bank branches in Bihar and Orissa. There is no limit on the amount which a person may tender. The exchange is subject to a commission of 4 annas per cent with a minimum of 4 annas per tender. The total notes and coins exchanged upto 31st March, 1950 amounted to Rs. 11,00,979.

103. *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 10 years from its date of issue, shall be deemed to be no longer in circulation. The value of the currency notes written off under this Section during 1949-50 amounted to Rs. 1,17,370. Notes, which had been previously written off under this Section, but which were subsequently presented for payment and paid by the Banking Department of the Bank amounted to Rs. 16,910 during the year.

104. *Lost, Destroyed and Mutilated Notes.*—The Table below gives details of lost or wholly destroyed, half and multilated 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
			Rs.	Rs.
Lost or wholly destroyed notes ..	628	1,165	1,16,300	61,200*
Half notes	1,307	2,312	2,26,775	54,550
Mutilated Notes :				
Registered (Denominations of Rs. 20 to Rs. 100)	6,660†	13,319	11,65,590	10,31,240
Unregistered (Denominations of Re. 1 to Rs. 10)	50,970†	4,95,733	28,11,447	26,48,625
Government of India one-rupee notes	27,273†	4,83,018	4,83,018	4,68,744

Note.—Figures relate to the circles in the Indian Union only. †Excludes figures for soiled notes in respect of the Bombay circle. *Represents amount paid during 1949-50 in respect of claims admitted in previous years.

105. *Note Forgeries.*—The total number of forged notes (including Government of India one-rupee notes) received by the Bank during the year was 11,045 (*vide* Table below) as compared with 11,042 in 1948-49 ; 6,541 were detected in Calcutta, 2,140 in Kanpur, 1,012 in Bombay, 720 in Madras and 632 in Delhi. The distribution of note forgeries according to denominations for the last three years is given below:—

Year	Re. 1 old Notes	Re. 1 Govt. of India Notes	Rs. 2	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Total Number	Total Value
									Rs.
1947-48	—	1,574	159	1,667	10,238	—	19	**13,657**	**1,14,507**
1948-49	1	2,468	175	1,884	6,499	—	15	**11,042**	**78,729**
1949-50	—	4,464	117	1,703	4,726	—	35	**11,045**	**63,973**

Note.—Figures for 1948-49 and 1949-50 relate to the circles in the Indian Union only.

The largest number of forgeries, 4,726 or 43 per cent of the total, was in Rs. 10 notes—a feature noticed since 1946-47. The forged notes of this denomination received from the Calcutta and Kanpur Offices numbered 2,137 and 1,081, respectively. Forgeries in the Government of India one-rupee notes aggregated 4,464 or 40 per cent of the total, the largest number, 3,242, being received by the Calcutta Office.

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	57	91	15	19	57
1948-49	34	55	89	24	24	41
1949-50	42	41	83	22	10	51

106. *Coinage.*—Statement 93 gives coinage of India rupee coin since 1835. Rupees were not minted between 1922 and 1940. India rupee coin minted during 1949 amounted to Rs. 3·62 crores against Rs. 5·74 crores in 1948 and Rs. 10·26 crores in 1947. The following Table shows the coinage of India rupee coin and the various denominations of India small coin during 1949-50 at the Bombay and Calcutta Mints.

Denomination	Bombay Mint	Calcutta Mint	Total
	Rs.	Rs.	Rs.
Nickel Rupees	3,56,82,000	——	3,56,82,000
„ Half-Rupees	1,17,26,000	——	1,17,26,000
„ Quarter-Rupees	69,64,000	——	69,64,000
Cupro-nickel Two-Annas	11,99,000	5,36,000	17,35,000
„ „ One-Anna	11,78,500	83,500	12,62,000
„ „ Half-Anna	2,77,750	2,72,250	5,50,000
Bronze Single Pice	2,35,200	7,79,000	10,14,200
Total	**5,72,62,450**	**16,70,750**	**5,89,33,200**

The issue of quaternary (silver) rupee coin was discontinued from the end of May 1946. The India nickel rupees minted during 1949-50 amounted to Rs. 3,56,82,000 as against Rs. 5,42,56,000 during 1948-49 ; the total since April 1947, when they were first minted, upto the end of March 1950 amounted to Rs. 20,50,77,000. The total of all coins minted during the year amounted to Rs. 5·89 crores, of which small coin accounted for Rs. 2·33 crores or 40 per cent as against 41 per cent in 1948-49.

107. *Withdrawal of Silver Coin.*—All Victoria and King Edward VII rupee and half rupee coins were demonetised 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 demonetised with effect from 1st May, 1943. The amounts of rupee coin withdrawn from circulation during the last three years are given below :—

(In lakhs of rupees)

	1947-48	1948-49	1949-50
William IV 1835	—	—	—
Queen Victoria 1840	—	—	—
Standard Silver Rupees	0·51	0·30	—
Other uncurrent coin	0·80	0·22	0·21
Defective Quaternary Rupees	15·82	0·07	0·02
Total ..	**17.13**	**0.58**	**0.24**

Standard silver two-anna pieces are no longer coined or issued but they as well as standard silver four-anna coin continue to be legal tender.

108. *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 have thereafter been receivable at the Issue Offices only. Double pice coins are also being withdrawn from circulation and are received at the Treasuries and the Issue Offices. The total nominal value of uncurrent and badly worn and defaced nickel, copper and brass coins withdrawn from circulation during the year was as follows :—

		Rs	as.	p.
Uncurrent Coin	Cupro-nickel* eight-anna	2,779	0	0
	Bronze double pice	1,256	1	6
Badly worn and defaced nickel, copper and bronze coin	Cupro-nickel*-/4/-	6,38,001	8	0
	Nickel-brass and cupro-nickel coin			
	-/2/- pieces	58,15,132	14	0
	-/1/- pieces	58,07,632	1	0
	-/½/- pieces	8,58,747	0	6
	Copper and bronze coin—			
	Single pice	72,385	15	0
	Half pice	3,407	15	8
	Pie pieces	164	4	6
	Total	**1,31,99,506**	**12**	**2**

*Includes worn-out pure nickel coins.

109. *Counterfeit Coin.*—The following Table gives the number of counterfeit coins by denominations which were cut at Treasuries and railway stations during the three years 1947-48 to 1949-50.

	1947-48		1948-49		1949-50	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	9,159	79	9,742	1,291	12,825	5,896
Half-Rupees	13,361	1,856	10,817	4,198	9,249	7,447
Quarter-Rupees	12,052	1,220	11,021	1,702	13,524	13,231
Eighth-Rupees	301	76,774	1,393	1,03,969	3	1,35,784
One-Anna	—	7,536	—	10,995	—	14,452
Half-Anna	—	55	—	29	—	226
Total ..	**34,873**	**90,520**	**33,273**	**1,28,244**	**35,601**	**1,77,036**

Note.—Figures for 1947-48 relate to undivided India ; later figures relate to the Indian Union.

STATEMENT I

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN SELECTED COUNTRIES SINCE 1938

(*Base :* 1937=100)

(*Reference paragraph* 2)

Year and Month	UNITED STATES		UNITED KINGDOM		CANADA		AUSTRALIA		UNION OF SOUTH AFRICA		FRANCE	
	P	C	P	C	P	C	P †	C	P †	C	P †	C**
1938	91	98	93	101	93	101	100	103	103	104	112	116
1939	89	97	95	104	89	100	100	105	101	104	118	125
1940	91	98	126	121	98	104	110	110	112	107	156	149
1941	101	102	140	133	106	110	117	115	123	112	192	173
1942	114	113	147	143	113	116	132	125	138	122	226	202
1943	119	120	150	147	118	117	138	129	150	129	263	259
1944	121	122	153	151	121	117	139	129	155	133	298	329
1945	123	125	155	152	122	118	140	129	158	137	421	454
1946	140	136	161	154	128	122	141	131	161	139	728	745
1947	176	155	176	163	153	134	150	136	169	145	1,110	1,190
1948	191	167	202	174	181	153	170	148	181	153	1,920	1,890
1949	180	165	212	179	186	159	189	162	191	159	2,150	2,110
January 1948 ..	192	164	195	168	174	147	162		175	147	1,640	1,660
February „ ..	186	163	199	171	174	148	163	143§	175	148	1,730	1,780
March „ ..	187	163	200	171	174	149	163		174	150	1,730	1,760
April „ ..	189	165	202	174	176	150	163		175	150	1,750	1,760
May „ ..	190	166	203	174	178	151	165	146§	176	152	1,860	1,780
June „ ..	192	167	204	178	180	152	166		184	154	1,900	1,800
July „ ..	195	169	204	174	180	155	169		184	156	1,910	1,800
August „ ..	196	170	203	174	187	156	173	150§	185	155	2,000	1,960
September „ ..	195	170	202	174	187	157	174		186	157	2,110	2,100
October „ ..	192	169	202	174	188	158	174		186	157	2,120	2,140
November „ ..	190	168	203	176	188	158	180	154§	185	157	2,220	2,160
December „ ..	188	167	203	176	189	157	182		184	156	2,220	2,230
January 1949 ..	186	166	204	176	188	158	183		186	157	2,190	2,240
February „ ..	183	165	203	176	187	158	185	156§	187	157	2,130	2,150
March „ ..	184	165	203	176	186	157	186		188	158	2,100	2,060
April „ ..	182	165	208	176	186	157	185		188	158	2,070	2,030
May „ ..	180	165	213	179	185	158	185	161§	190	160	2,120	2,010
June „ ..	179	165	213	179	185	159	185		191	160	2,040	1,990
July „ ..	178	164	211	179	185	160	190		192	159	2,030	1,980
August „ ..	177	164	211	179	184	161	190	164§	193	159	2,160	2,030
September „ ..	178	165	212	180	184	160	190		194	159	2,200	2,110
October „ ..	176	164	218	181	186	160	193		193	159	2,250	2,180
November „ ..	176	164	221	181	186	160	198	168§	194	159	2,250	2,210
December „ ..	175	163	222	182	185	160	203		194	160	2,250	2,220
January 1950 ..	176	163	225	182	186	159	207		195	160	2,320	2,210
February „ ..	177	162	225	182	187	160	210	170§	196	161	2,310	2,220
March „ ..	177	163	226	182	188	162	210		196	162	2,360	2,200

P=Wholesale Prices; C=Cost of Living. **Retail prices (Food). § Quarterly Indices. † Index numbers of home-consumed goods.

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

STATEMENT 2

January 1950	..	176	163	225	182	180	159	207	170§	196	161	2,310	2,220
February	..	177	162	225	182	187	160	210		196	161	2,310	2,220
March	,,	177	63	1	18	188	62	)		194	162	2 30	2,2

P=Who esale Prices; C=Cost of Living. **Retail prices (Food). § Quarterly Indices. † Index numbers of home-consumed goods.
Source : International Financial Statistics issued by the International Monetary Fund.

STATEMENT 2

Money Supply in Selected Countries

(Reference paragraph 3)

End of	UNITED KINGDOM† (Billion Pounds Sterling)			CANADA (Million Canadian Dollars)			UNION OF SOUTH AFRICA (Million S A Pounds)			AUSTRALIA § (Million Australian Pounds)		
	Currency	Deposit Money (Net)	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency (Gross)	Deposit Money	Total
1938	0·46	1·19	**1·64**	238	850	**1088**	19·7	77·7	**97·5**	49	141	**190**
1945	1·34	3·07	**4·42**	1055	2459	**3514**	66·9	267·4	**334·4**	205	443	**649**
1948	1·25	3·87	**5·12**	1184	3150	**4334**	66·2	343·3	**409·5**	213	660	**873**
1949	1·27	3·92	**5·19**	1183	3238	**4421**	64·8	301·1	**365·9**	232	812	**1044**
January 1949	1·22	3·84	**5·06**	1131	3030	**4161**	64·5	328·5	**393·0**	197	663	**860**
February ,,	1·22	3·62	**4·84**	1139	2952	**4091**	64·4	314·9	**379·3**	201	689	**889**
March ,,	1·24	3·61	**4·84**	1164	2977	**4141**	64·1	303·8	**367·9**	204	702	**906**
April ,,	1·26	3·66	**4·91**	1188	3063	**4251**	65·5	296·8	**362·3**	208	704	**913**
May ,,	1·25	3·69	**4·94**	1155	3000	**4155**	65·1	291·3	**356·4**	205	700	**905**
June ,,	1·26	3·72	**4·98**	1201	2986	**4187**	64·9	285·8	**350·7**	210	692	**902**
July ,,	1·27	3·76	**5·03**	1184	2990	**4174**	65·2	284·1	**349·3**	210	674	**881**
August ,,	1·26	3·71	**4·98**	1155	3032	**4187**	63·6	287·9	**351·5**	210	678	**888**
September ,,	1·24	3·74	**4·98**	1211	3158	**4369**	66·5	273·5	**340·0**	212	693	**905**
October ,,	1·24	3·82	**5·06**	1188	3191	**4379**	64·3	280·7	**345·0**	213	717	**929**
November ,,	1·24	3·78	**5·02**	1168	3208	**4376**	64·5	289·4	**353·9**	215	760	**975**
December ,,	1·27	3·92	**5·19**	1183	3238	**4421**	64·8	301·1	**365·9**	232	812	**1044**

† Annual data represent December averages ; Monthly data are averages of weekly figures. § Data for 1938 are averages of weekly figures for the last quarter.

STATEMENT 2—(*Contd.*)

End of	UNITED STATES (Billion US Dollars) Currency	Deposit Money (Net)	Total	FRANCE (Billion French Franc) Currency (Gross)	Deposit Money**	Total	ITALY (Billion Lire) Currency	Deposit Money*	Total	JAPAN (Billion Yen) Currency (Gross)	Deposit Money	Total
1938	5·8	26·0	**31·8**	112	80	**192**	19·3	21·1	**40·4**	2·9	5·3	**8·2**
1945	26·5	75·8	**102·3**	577	429	**1006**	367·7	325·0	**692·7**	54·8	37·9	**92·7**
1948	26·1	85·5	**111·6**	993	1175	**2168**	934·1	1088·6	**2022·7**	338·1	330·7	**668·9**
1949	25·4	85·8	**111·2**	1301	1412	**2713**	1016·9	1349·0	**2365·0**	336·0	433·5	**769·5**
January 1949	25·2	85·4	**110·6**	1001	1147	**2148**	890·3	1025·6	**1984·2**	343·2	322·3	**665·5**
February „	25·1	83·4	**108·5**	1021	1147	**2168**	874·7	1094·6	**1969·4**	306·7	319·6	**626·4**
March „	25·1	81·1	**106·2**	1045	1107	**2152**	867·1	1145·0	**2012·1**	292·8	338·2	**631·0**
April „	25·0	82·4	**107·3**	1065	1203	**2268**	877·9	1189·4	**2067·3**	301·0	325·4	**626·4**
May „	25·0	82·5	**107·5**	1076	1155	**2231**	864·8	1165·2	**2029·9**	290·2	346·2	**636·4**
June „	25·3	81·9	**107·2**	1116	1166	**2282**	868·5	1200·4	**2068·9**	285·5	355·8	**641·2**
July „	24·9	83·1	**108·0**	1155	1295	**2450**	908·1	1224·7	**2132·7**	281·9	364·0	**645·8**
August „	25·1	83·4	**108·5**	1175	1259	**2434**	915·7	1226·9	**2142·7**	281·0	367·6	**648·6**
September „	24·9	83·1	**108·0**	1225	1304	**2529**	927·0	1257·5	**2184·6**	281·2	419·2	**700·4**
October „	24·9	84·3	**109·2**	1219	1312	**2550**	924·6	1278·4	**2203·1**	290·0	385·9	**675·8**
November „	25·1	85·0	**110·1**	1238	1427	**2665**	920·5	1306·0	**2226·6**	288·2	392·7	**680·9**
December „	25·4	85·8	**111·2**	1301	1412	**2713**	1016·9	1349·0	**2365·0**	336·0	433·5	**769·5**

**Includes figures relating to Bank of France, other Banks and Postal cheque system.

*Includes figures relating to Bank of Italy, Other Banks, and Postal Savings Banks ; figures for January 1949 relate to deposits of other banks and Postal Savings Banks only.

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

STATEMENT 3

Money Market Rates in Selected Countries since 1945

(Per cent per annum)

(Reference paragraph 3)

COUNTRY		Average of months					1949												Period of Currency
		1945	1946	1947	1948	1949	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
United States of America	B1	0.38	0.38	0.60	1.04	1.10	1.16	1.16	1.16	1.16	1.16	1.16	0.99	1.03	1.06	1.04	1.07	1.10	3 months
	A1	2.2	2.1	2.1	2.5	2.7	..	..	2.70	..	..	2.74	..	..	2.63	..	..	2.65	
	C1	0.75	0.81	1.03	1.44	1.48	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.44	1.38	1.38	1.38	1.31	4-6 months
United Kingdom	B1	0.88	0.51	0.51	0.51	0.52	0.52	0.52	0.52	0.51	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	3 months
	A*	0.53	0.53	0.53	0.56	0.69	0.56	0.56	0.56	0.58	0.63	0.63	0.63	0.67	0.69	0.69	0.69	0.69	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	0.63	0.63	0.63	0.63	0.63	
Union of South Africa ..	B1	0.74	0.63	0.63	0.64	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.85	1.00	1.00	6 months
Canada ..	B1	0.36	0.38	0.41	0.41	0.48	0.41	0.42	0.42	0.49	0.50	0.51	0.51	0.51	0.51	0.51	0.51	0.51	3 months
France ..	B1	1.50	1.50	1.70	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	$2\frac{1}{2}$-$3\frac{1}{2}$ months
	C*	1.33	1.19	2.04	2.00	..	2.09	2.08	2.10	2.12	2.43	..	..	..	..	..	..	..	
Australia ..	B1	1.04	1.00	1.00	1.00	0.83	1.00	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	3 months
Belgium ..	B1	1.56	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	4 months
Indian Union ..	B1	0.39	0.43	0.44	0.50	0.51							0.50	0.50	0.53			0.50	3 months
	D*	0.25	0.50	0.50	0.63	0.50	0.81	0.75	0.75	1.13	1.03	0.50	0.50	0.50	0.50	0.53	0.50	0.50	
Italy ..	B1	3.25	3.25	3.39	3.75	3.41	3.75	3.75	3.75	3.61	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3-4 months
Netherlands .	B1	1.71	1.20	1.35	1.30	1.27	1.23	1.39	1.38	1.29	1.28	1.32	1.43	1.25	1.15	1.07	1.16	1.32	3 months
	C*	..	0.78	0.53	0.96	1.03	1.13	0.90	1.01	1.24	1.03	0.83	0.83	0.91	1.01	0.78	0.93	1.03	
Japan ..	C2*	..	1.00	1.20	1.60	1.85	1.55	1.60	1.65	1.70	1.70	1.60	1.70	1.70	1.70	1.75	1.75	1.85	
Switzerland ..	B*	1.25	1.25	1.38	1.63	1.50	1.63	1.63	1.63	1.63	1.63	1.50	1.50	1.50	1.50	1.50	1.50	1.50	

A Bankers' Acceptances.
A1 Average rates charged on short-term loans to business in 19 cities
B Private Discount rate.
B1 Treasury bill rate.
* Annual figures are for December of each year.
C Day-to-day money.
C1 Commercial paper rate in New York City.
C2 Average call money rate in Tokyo.
D Call money rate in Bombay quoted by larger scheduled banks.

Sources : Monthly Bulletin of Statistics of the United Nations ; Federal Reserve Bulletin ; Financial Statistics Monthly, Bank of Japan.

STATEMENT 4

Liabilities and Assets of Commercial Banks in Selected Countries

(Reference paragraph 3)

(Millions of national currency)

COUNTRY	End of Year	Deposits	Cash Balances	*Percentage of 3 to 2*	Investments	*Percentage of 5 to 2*	Loans and Advances including Bills Discounted	*Percentage of 7 to 2*
	1	2	3	4	5	6	7	8
United States of America ($) (All Commercial Banks)	1945	150,227	34,806	*23.17*	97,936	*65.19*	26,083	*17.36*
	1948	142,843	38,596	*27.02*	71,811	*50.27*	42,488	*29.74*
	1949	143,870	34,190	*23.76*	77,530	*53.89*	42,965	*29.86*
United Kingdom (£) (London Clearing Banks)	1945	4,850	726	*14.97*	2,757*	*56.85*	1,436‡	*29.61*
	1948	6,200	787	*12.69*	2,875*	*46.37*	2,604‡	*42.00*
	1949	6,202	770	*12.42*	2,305*	*37.17*	3,203‡	*51.64*
Canada ($ C) (Chartered Banks) ..	1945	6,884	684	*9.94*	4,038	*58.66*	1,796	*26.09*
	1948	8,002	738	*9.22*	4,268	*53.34*	2,567	*32.08*
	1949	8,177	753	*9.21*	4,345	*53.14*	2,685	*32.84*
Union of South Africa (£ SA) (Commercial Banks)	1945	321	193	*60.12*	82	*25.55*	47	*14.64*
	1948	379	107	*28.38*	117	*30.87*	156	*41.38*
	1949	331	83	*25.23*	123	*37.16*	126	*38.30*
Australia (£ A) (Nine Trading Banks)† ..	1945	606	42	*6.93*	183	*30.20*	209	*34.49*
	1948	789	50	*6.34*	91	*11.53*	372	*47.15*
	1949	915	58	*6.34*	122	*13.33*	404	*44.15*
New Zealand (£ NZ) (Trading Banks) ..	1945	141	67	*47.52*	30	*21.28*	53	*37.59*
	1948	184	75	*40.76*	16	*8.70*	80	*43 48*
	1949	201	89	*44.28*	14	*6.97*	80	*39.80*
Pakistan (Rs.) (Scheduled Banks) ..	1948	1,065	174	*16.34*	..	..	410	*38.50*
	1949	1,109	250	*22.54*	..	..	445	*40.13*
Burma (Rs.) (Commercial Banks) ..	1948	189	70	*37.04*	..	..	68	*35.98*
	1949	228	100	*43.86*	..	..	58	*25.44*
Japan (Yen) (All Banks except Bank of Japan)	1948	629,879§	72,661§§	*13.71*	117,034	*22.09*	381,348	*71.97*
	1949	831,833§	121,156§§	*14.56*	106,147	*12.76*	679,053	*81.63*
Indian Union (Rs.) (Scheduled Banks) ..	1947	9,351	1,369	*14.19*	5,000††	*51.81*	4,050	*41.96*
	1948	9,632	1,073	*11.14*	4,400††	*45.68*	4,421	*45.90*
	1949	8,539	1,134	*13.28*	3,600††	*42.16*	4,106	*48.09*

* Including Treasury Deposit Receipts. ‡ Including money at call and short notice. § Including local Government deposits but excluding blocked deposits. §§ Cash and cheques. †† Estimated. † Average of weekly figures in December.

		1949	8.539	1.134	*13.28*	3.600††	*42.16*		4,106	*48.09*													

‡ Including Treasury Deposit Receipts. ‖ Including money at call and short notice. § Including local Government deposits but excluding blocked deposits. §§ Cash and cheques. †† Estimated. † Average of weekly figures in December.

STATEMENT 5

INDEX NUMBERS OF MARKET VALUE OF INDUSTRIAL SHARES SINCE 1942

(*Base :* 1937=100)

(*Reference paragraph* 4)

COUNTRY	Average of Months								1949											
	1942	1943	1944	1945	1946	1947	1948	1949	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Argentina (1) ..	168	188	220	284	402	602	725	636	858	748	681	654	614	613	552	546	614	608	588	554
Australia ..	93	111	113	116	133	155	169	164	168	167	164	161	162	164	153	157	161	166	170	173
Belgium (2) ..	209	214	226§	232§	226	153	129	133	132	131	129	122	123	126	126	141	137	139	139	145
Canada ..	53	69	69	82	96	87	94	91	96	90	88	88	87	81	86	89	90	95	99	99
Denmark (3) ..	125	136	145	130	132	133	133	122	125	125	123	121	117	115	115	118	124	125	127	132
Finland ..	196	188	181	346	301	247	203	189	178	180	181	192	196	186	185	187	194	191	190	202
France (4) ..	633	605	625	694	897	1,122	1,172	1,072	1,184	1,108	1,028	1,052	1,014	1,014	1,065	1,112	1,116	1,084	1,019	1,062
India ..	109	150	169	183	242	183	151	124	136	135	131	122	120	111	114	124	126	119	120	128
Italy (5) ..	240	495	1,131	613	1,446	1,377	1,724	1,862	2,111	2,165	2,174	2,000	1,887	1,884	1,822	1,882	1,882	1,868	1,850	1,862
Japan ..	115	114	108	107*		100	210	397	306	351	368	421	503	413	414	468	470	393	343	316
Mexico ..	208	281	296	313	319	264	250	301	265	262	263	266	273	279	301	318	327	352	354	349
New Zealand (6) ..	94	108	116	120	128	135	133	127	130	128	127	126	127	125	125	126	126	128	129	131
Norway (7) ..	150	150	150	140	134	129	142	138	147	145	143	136	135	129	128	133	137	140	140	138
Sweden (6) ..	110	110	119	134	142	148	131	131	130	131	129	131	129	125	128	128	132	132	133	138
Switzerland (6) ..	123	125	117	121	142	153	145	132	137	126	125	132	133	133	134	135	134	134	133	133
United Kingdom (6) ..	81	98	107	116	129	131	118	106	121	118	109	111	107	99	99	100	104	98	99	102
United States of America (8)	60	80	86	104	121	108	110	108	108	104	105	106	105	99	105	109	111	114	116	119
Union of South Africa	109	135	146	153	188	211	216	166	187	182	171	167	160	156	155	159	168	167	161	158

(1) Base : December 1938=100 ; (2) Monthly figures relate to beginning of the following month ; (3) Average of highest and lowest prices of month ; (4) Base : End of December 1938=100; from 1942 to 1945 figures relate to end of period; (5) Base : December 1938=100; figures relate to end of period. (6) Monthly figures relate to end of month. (7) Mid-month average. (8) Average of one day each week. § Based on fewer than twelve months. * January to August.

Sources : Monthly Bulletin of Statistics of the United Nations, and International Financial Statistics issued by the International Monetary Fund.

STATEMENT 6

Annual Revenue, Expenditure, National Income and Debt of the Commonwealth Countries, U.S.A. and U.S.S.R.

(Reference paragraph 5)

COUNTRY	Year	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Total Expenditure	Defence Expenditure	*Percentage of 6 to 5*		Surplus(+) or Deficit (−)	National Income	*Percentage of 2 to 9*	Floating or Short-term Debt	Public Debt (year-end figures)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)	(12)
	July-June												
United States of America*	1938-39	5,103	2,189	*43*	3,966	1,206	*13*	—	3,862	67,375	*8*	1,308	40,440
(In millions of $)	1944-45	44,762	35,173	*79*	98,703	90,029	*91*	—	53,941	183,838	*24*	51,177	258,682
	1945-46	40,027	30,885	*77*	60,703	48,542	*80*	—	20,676	182,691	*22*	51,843	269,422
	1946-47	40,043	30,306	*76*	39,289	16,674	*42*	+	754	179,562	*22*	41,071	258,286
	1947-48	42,211	31,171	*74*	33,791	11,500	*34*	+	8,419	201,709	*21*	36,345	252,292
	1948-49	38,243	29,482	*77*	40,057	12,158	*30*	—	1,811	226,204	*17*	40,963	252,770
	1949-50(Revised)	37,763	29,146	*77*	43,297	13,434	*31*	—	5,534	259,800	*15*	..	258,400
	1950-51(Budget)	37,306	28,764	*77*	42,439	13,837	*33*	—	5,133	..	..	..	263,800
	* Figures revised according to the new system of accounting. Column 11 comprises Treasury bills and certificates of indebtedness.												
	April-March												
United Kingdom	1938-39	927	420	*45*	927	272	*29*		..	4,638	*20*	920	8,163
(In millions of £)	1944-45	3,238	1,901	*59*	6,058	5,125	*85*	—	2,820	8,366	*39*	6,116	22,398
	1945-46	3,284	1,897	*58*	5,475	4,410	*81*	—	2,191	8,340	*39*	6,487	23,636
	1946-47	3,341	1,589	*48*	3,910	1,653	*42*	—	569	8,249	*41*	6,955	25,631
	1947-48	3,845	1,570	*41*	3,209*	854	*27*	+	636	9,071	*42*	6,542	25,621
	1948-49	4,007	1,744	*44*	3,176*	753	*24*	+	831	9,928	*40*	5,897	25,168
	1949-50	3,924	1,850	*47*	3,375*	741	*22*	+	549	10,226	*38*	5,715	25,804
	1950-51(Budget)	3,898	1,778	*46*	3,455*	781	*23*	+	443	..	..	..	..
	* Includes Sinking Funds.												
	April-March												
Canada	1938-39	502	142	*28*	553	34	*6*	—	51	3,986	*13*	..	3,711
(In millions of $ C)	1944-45	2,687	1,539	*57*	5,246	4,418	*84*	—	2,559	9,712	*28*	..	15,712
	1945-46	3,013	1,432	*48*	5,136	4,003	*78*	—	2,123	9,747	*31*	..	18,960
	1946-47	3,008	1,412	*47*	2,634	1,315	*50*	+	374	9,796	*31*	..	17,698
	1947-48	2,872	1,287	*45*	2,196	634	*29*	+	676	10,938	*26*	459	17,197
	1948-49	2,771	1,243	*48*	2,176	426	*20*	+	595	12,455	*22*	451	16,950
	1949-50(Revised)	2,549	1,241	*49*	2,438	464	*19*	+	111	12,977	*20*	494	16,751
	1950-51(Budget)	2,430	1,156	*48*	2,450	425	*18*	+	20	..	..	..	..
	Column 6 represents total demobilisation and reconversion expenditure including national defence.												
	July-June												
Australia*@	1938-39	95	12	*13*	94	14	*15*	+	1	814	*12*	59	1,215†
(In millions of £ A)	1944-45	341	182	*53*	607	460§	*76*	—	266	1,274	*27*	440	2,550†
	1945-46	355	181	*51*	508	378§	*74*	—	153	1,299	*27*	440	2,715†
	1946-47	373	168	*45*	411	233§	*57*	—	38	1,358	*27*	400	2,767†
	1947-48	412	188	*46*	411	180§	*44*	+	1	1,753	*24*	350	2,790†
	1948-49	481	219	*45*	481	196§	*41*	—	—	1,955	*25*	305	2,828†
	1949-50 (Budget)	470	214	*46*	505	171§	*34*	—	35	..	..	..	..
	* Since 1944-45 revenue, expenditure and taxes on income exclude grants to States for reimbursements under the State Grants (Tax Reimbursement) Acts 1942 and 1946. § Includes post-war charges. † Excludes War (1914-18) Debt of £A. 79,724,220 due to the British Government.												

April-March

	1945-46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1946-47	373	168	*45*	411	233§	57	—	36	[illegible]	*24*	350	2,790†
	1947-48	2	1	*06*	4	180	41	+	1	1,753	*25*	305	2,228†
	1948-49	481	219	*46*	451	196	4	—	—	1,9[illegible]	..	..	..
	1949-50 (Budget)	470	214	*46*	505	171§	*34*	—	35	..	..	..	..

* Since 1944-45 revenue, expenditure and taxes on income exclude grants to States for reimbursements under the State Grants (Tax Reimbursement) Acts 1942 and 1946. § Includes post-war charges. † Excludes War (1914-18) Debt of £A 79,724,220 due to the British Government.

	April-March												
Union of South Africa	1938-39	47	17	*36*	65	2	*3*	—	18	365	*13*	..	279
(In millions of £ S A)	1944-45	115	60	*52*	186	101	*54*	—	71	634	*18*	38	540
	1945-46	134	68	*51*	131	83	*63*	+	3	674	*20*	52	583
	1946-47	139	60	*51*	132	18	*14*	+	7	—	—	47	595
	1947-48	128	59	*46*	122	13	*11*	+	6	699	*18*	..	609
	1948-49	143	59	*41*	136	..	..	+	7	784	*19*	..	659
	1949-50 (Revised)	146	70	*48*	147	..	..	—	1	832	*18*	..	718
	1950-51 (Budget)	149	73	*49*	149	..	..		—	..	..	..	..
	January-December												
U.S.S.R.	1938	128	..	..	124	23	*19*	+	4	..	..	..	..
(In billions of roubles)	1944	269	..	..	264	138	*52*	+	5	..	..	..	..
	1945	302	..	..	299	128	*43*	+	3	..	..	..	..
	1946	325	..	..	308	73	*24*	+	17	..	..	..	..
	1947	385	..	..	361	66	*18*	+	24	..	..	..	..
	1948	408	..	..	369	66	*18*	+	39	..	..	..	..
	1949	437	..	..	412	79	*18*	+	25	..	..	..	..
	1950	433	..	..	428	79	*18*	+	5	..	..	..	..
	April-March												
New Zealand*	1938-39	37	9	*24*	36	..	..	+	1	194	*19*	17	304
(In millions of £ N Z)	1944-45	54	26	*48*	53	..	..	+	1	350	*16*	..	603
	1945-46	59	26	*44*	57	..	..	+	2	350	*17*	55	625
	1946-47	108	32	*30*	104	..	..	+	4	365	*29*	55	635
	1947-48	117	37	*32*	115	9	8	+	2	411	*28*	55	599
	1948-49	122	49	*40*	119	10	8	+	3	419	*29*	55	615
	1949-50(Budget)	121	49	*40*	121	11	9		—	..	..	..	..

* Revenue and expenditure figures relate to Consolidated Fund.

	April-March												
Pakistan	1947-48*	21	5	*24*	44	34	*77*	+	23	..	..	..	..
(In crores of rupees)	1948-49(Revised)	59	7	*12*	58	40	*69*	+	1	..	..	..	76†
	1949-50(Revised)	75	9	*12*	75	51	*68*		—	..	..	..	86†
	1950-51(Budget)	75	10	*13*	77	50	*65*	—	2	..	..	..	..

* Figures for the 7½ months from 15th August, 1947 to 31st March, 1948. † Permanent Debt.

	October-September												
Ceylon	1938-39	117	21	*18*	127	5	*4*	—	10	..	..	—	204
(In millions of rupees)	1944-45	302	78	*26*	254	16	*6*	+	48	1,842	*16*	9	392
	1945-46	381	114	*30*	313	6	*2*	+	68	..	..	10	438
	1946-47	458	96	*21*	405	6	*1*	+	53	..	..	—	469
	1947-48	541	62	*11*	622	3	*1*	—	81	1,969	*27*	24	493
	1948-49	576	75	*13*	548	4	*1*	+	28	2,272	*25*	16	549
	1949-50(Budget)	564	71	*13*	564	5	*1*		—	2,323	*24*	50	561

Column 3 comprises Incometax, Estate Duty, Stamps, Excess Profits Tax, etc.

STATEMENT 7

World Gold Production since 1939

(Reference paragraphs 9 & 83)

(In thousands of fine ounces)

COUNTRIES	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	*Percentage increase (+) or decrease (−) over 1948*
I. British Commonwealth ..	22,471	24,054	24,145	22,466	19,084	17,502	17,226	17,181	16,859	17,779	18,430*	+ *3.7*
(*a*) Union of South Africa ..	12,822	14,047	14,408	14,127	12,804	13,280	12,225	11,927	11,200	11,585	11,705	+ *1.0*
(*b*) Canada ..	5,094	5,311	5,345	4,841	3,651	2,923	2,697	2,828	3,070	3,530	4,075	+ *15.4*
(*c*) Australia ..	1,646	1,644	1,497	1,154	751	657	657	824	937	888	880*	— *0.9*
(*d*) Gold Coast ..	782	886	889	779	567	523	539	586	558	673	660*	— *1.9*
(*e*) Southern Rhodesia ..	796	826	790	760	657	593	568	545	523	514	535	+ *4.1*
(*f*) New Zealand ..	179	186	175	166	149	142	128	119	112	94	100*	+ *6.4*
(*g*) Indian Union ..	317	289	286	256	252	187	168	132	172	180	164	— *8.9*
II. United States of America ..	4,621	4,863	4,822	3,583	1,381	1,022	915	1,462	2,165	2,025	1,996	— *1.4*
III. Latin American Countries												
(*a*) Mexico ..	842	883	800	801	632	509	524	430	465	368	370*	+ *0.5*
(*b*) Colombia ..	570	632	656	597	566	554	507	437	383	325	370*	+ *13.8*
(*c*) Chile ..	325	343	264	187	174	204	180	231	169	164	170*	+ *3.7*
(*d*) Peru ..	267	281	285	258	197	175	163	158	118	120	120*	—
(*e*) Brazil ..	253	264	147	157	160	166	162	140	135	130*	130*	—
IV. All Countries† ..	**39,038**	**40,702***	**39,347***	**34,426***	**26,694***	**23,959***	**23,043***	**23,301***	**23,524***	**24,200***	**24,900***	+ **2.9**
British Commonwealth: Percentage	*57.6*	*58.9*	*61.4*	*65.3*	*71.6*	*73.0*	*74.8*	*73.7*	*71.7*	*73.5*	*74.0*	+ *0.7*
Union of South Africa: Percentage.	*32.8*	*34.4*	*36.6*	*41.0*	*48.0*	*51.3*	*53.1*	*51.2*	*47.6*	*47.8*	*47.1*	— *1.5*

* Estimated or Provisional figures. † Inclusive of Russian production, placed nominally at 2 million ounces.

Source: [illegible] Corporation Limited, South Africa.

STATEMENT 8

Currency Readjustments
(18th September, 1949 to 31st March, 1950*)

(Reference paragraph 10)

COUNTRY	Monetary Unit	Date of Devaluation	Value of Monetary Unit in U.S. Cents** Old	Value of Monetary Unit in U.S. Cents** New	Percentage of Devaluation
Argentina	Peso	3rd Oct.	(a)26·80 to 20·26 (b)29·78 to 20·00	(a) 26·80 to 11·09 (b) 29·78 to 11·11	0·0 to 46·7 0·0 to 46·7
Australia	Pound	19th Sept.	322·40	224·00	30·5
Austria	Schilling	22nd Nov.	10·00	(c) 6·94 (d) 4·68 (e) 3·85	30·6 53·2 61·5
Belgium Luxembourg†	Franc	21st Sept.	2·28	2·00	12·3
Burma	Rupee	18th Sept.	30·23	21·00	30·5
Canada	Dollar	19th Sept.	100·00	90·91	9·1
Ceylon	Rupee	19th Sept.	30·23	21·00	30·5
Denmark	Krone	18th Sept.	20·84	14·48	30·5
Egypt	Pound	19th Sept.	413·30	287·16	30·5
Finland	Markka	19th Sept.	(f) 0·6250	(f) 0·4348	30·4
France††	Franc	20th Sept.	(g) 0·303 (§) (h) 0·367 (§)	0·286 (§)	5·6 22·1
Germany—Western	Deutsche Mark	19th Sept.	(f) 30·00	(f) 23·81	20·6
Greece	Drachma	22nd Sept.	0·01 (§)	0·0067	33·0
Iceland (o)	Krona	20th Sept.	15·41	10·71	30·5
India	Rupee	19th Sept.	30·23	21·00	30·5
Iraq	Dinar	20th Sept.	403·00	280·00	30·5
Ireland	Pound	18th Sept.	403·00	280·00	30·5
Israel	Pound	18th Sept.	403·00 (k)	280·00	30·5
Italy	Lira	19th Sept.	0·1739 (§)	0·1576 (§)	9·4
Netherlands (p)	Guilder	20th Sept.	37·70	26·32	30·2
New Zealand	Pound	19th Sept.	(f) 399·96	(f) 277·89	30·5
Norway	Krone	18th Sept.	20·15	14·00	30·5
Portugal	Escudo	21st Sept.	4·00	3·48	13·0
Spain¶	Peseta	7th Oct.	(a)8·91 to 3·65 (b)9·13 to 4·00	(a) 8·91 to 2·54 (b) 9·13 to 3·61	0·0 to 30·4 0·0 to 12·3
Sweden	Krona	20th Sept.	(f) 27·82	(f) 19·32	30·5
Thailand	Baht	27th Sept.	10·08	8·00	20·6
Union of S. Africa	Pound	18th Sept.	403·00	280·00	30·5
United Kingdom (r)	Pound	18th Sept.	403·00	280·00	30·5

*In addition to the devaluations shown in the Statement, Paraguay, Peru and Uruguay carried out re-adjustments of their multiple-exchange rate systems that amounted to substantial depreciations for some types of transactions.

**In some cases figures are rounded to simplify the Statement.

†The Belgian Congo franc remains at par with the Belgian franc.

§Rates based wholly or in part on dollar quotations in officially regulated free markets; new lira rate based on 21, September 1949 quotation, French franc on post-devaluation quotations.

††All local currencies of French dependencies are pegged to the French franc except: (i) the rupee of the French possessions in India, which is maintained at par with the Indian rupee; and (ii) the Djibouti franc, which retains its old dollar parity of 0·47 U.S. cents.

(a) Selling rates; (b) buying rates; (c) basic rate; (d) effective average rate; (e) premium rate; (f) middle rate; (g) free rate; (h) commercial rate.

(k) In addition a rate of approximately 300·00 was used for certain transactions.

(o) On 20th March, 1950 Icelandic Krona was again devalued in terms of U.S. dollar by 42·6 per cent the new rate working out at 1 Krona=6·14 U.S. cents.

(p) The Indonesian guilder remained at par with the Netherlands guilder; but the Surinam and West Indies guilders retain the old dollar parity of 53 U.S. cents.

(r) All local currencies of British dependencies have been devalued by 30·5 per cent; the British Honduras dollar was devalued by 30·0 per cent on 31st December 1949.

¶ Representative rates applicable to specified commodity transactions.

STATEMENT 9

STATISTICS (QUARTERLY) OF ECONOMIC AND FINANCIAL TRENDS IN INDIA

(Reference paragraph 12)

	1939-40	1947-48				1948-49				1949-50			
	II	I	II	III	IV	I	II	III	IV	I	II	III	IV
A. Price Indices[a] (Quarter-end figures)													
1. General index		297·4	303·3	319·0	342·6	384·8	382·9	382·5	369·8	377·3	388·3	379·0	390·8
2. Bombay cost of living	106	278	299	285	284	307	323	326	311	300	306	308	302
3. Government & Semi-Government securities		103·6	103·3	103·4	102·6	102·0	102·3	101·7	101·4	101·5	101·1	101·2	100·9
4. Fixed Dividend Industrial securities		120·7	118·4	118·7	114·3	110·9	109·9	107·6	106·9	104·0	100·7	100·8	100·1
5. Variable Dividend Industrial securities		189·2	172·6	182 1	154·2	141·2	136·4	130·3	124·4	110·6	118·0	117·9	113·1
6. Bullion :—													
(*a*) Gold (Bombay spot)	110·7	305·2	293·5	282·0	300·5	309·8	305·9	303·0	295·1	308·9	314·6	304·6	310·8
(*b*) Silver (Bombay spot)	123·3	359·3	338·[illegible]	351·1	351·1	361·8	359·3	369·7	365·0	377·7	350·3	356·0	387:1
B. Financial Statistics (In crores of rupees)													
7. Scheduled Banks (Average of weekly figures)													
(*a*) Demand Liabilities	133·1	672·4	686·4	721·0	746·8	689·4	693·1	670·3	643·3	609·5	596·8	592·9	592·1
(*b*) Time Liabilities	101·6	348·9	343·8	343·2	339·6	313·3	310·7	299·6	291·2	284·0	271·6	267·5	267·4
(*c*) Cash & Balances with the Reserve Bank of India	28·4	133·7	146·5	147·6	132·2	117·4	134·9	110·9	91·9	93·8	113·0	104·7	88·9

8. Cheque clearings (Total)	469·4	1,413·5	1,451·2	1,409·9	1,686·7	1,537·4	1,493·7	1,477·3	1,576·6	1,413·3	1,311·2	1,426·2	1,448·9
9. Notes in circulation§ (Quarter-end)	192·8	1,221·5	1,173·6	1,225·4	1,304·4	1,275·1	1,204·8	1,188·2	1,169·4	1,154·5	1,079·9	1,106·5	1,163·5
10. Absorption (+) or Return (--) of Notes and Rupees	+12·7¶	--22·6	—55·1	+48·0	+79·8	+ 9·2	—69·5	+24·4	+23·8	—14·8	—79·5	+28·2	+62·6
11. Foreign Assets of Reserve Bank (Quarter-end)	78·1	1,571·2	1,522·3	1,518·5	1,528·0	1,535·5	1,100·0	1,025·2	944·1	828·1	789·4	826·3	858·8
12. Tax Revenue† (April to Quarter-end)	34·3	59·7	27·3‡	87·7‡	191·1‡	58·2	129·1	209·7	358·6	74·7	156·2	236·7	338·6
13. Defence Expenditure (April to Quarter-end)	21·0	45·4	6·5‡	37·1‡	86·6‡	23·3	55·9	89·3	146·0	34·2	69·3	97·6	170·1
14. Rupee debt of Government of India (Quarter-end) :—													
(*a*) Rupee Loans	427·7	1,534·4	1,535·5	1,520·4	1,520·7	1,520·6	1,468·6	1,483·7	1,480·0	1,478·4	1,437·2	1,437·2	1,452·2
(*b*) Treasury bills outstanding	59·8	76·0	80·0	101·3	98·7	75·8	380·5	352·1	350·5	334·4	378·5	356·9	341·9

Note.—Figures from 1948-49 and those in respect of items 1-5 and 12-14 for the last three quarters of 1947-48 relate to the Indian Union ; other figures relate to undivided India. Figures from July 1948 in respect of item 11 are exclusive of the assets provisionally allocated to Pakistan.

* Base : Item 1 : Year ended August 1939=100 ; Item 2 : July 1933—June 1934=100 ; Items 3 to 5 : 1938=100 ; new series compiled by the Reserve Bank of India ; Item 6 : June-August 1939=100. ¶ Including Burma. ‡ From 15th August, 1947 to Quarter-end. † Includes customs, central excise duties, income tax and salt. § Figures from 1948-49 are net of adjustments made in respect of India notes returned from circulation in Pakistan.

STATEMENT 10

Agricultural Production in the Indian Union

(Reference paragraph 18)

Commodity	Unit	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
1. Rice	(000 tons)	17,847	18,432	16,575	17,343	18,107	20,846	19,771	18,208	19,856	19,584	21,725	21,913
2. Wheat	(„)	6,944	7,305	6,928	6,446	6,945	6,324	6,849	5,907	4,745	5,389	5,472	6,110
3. Jowar‡	(„)	6,368	6,414	6,892	6,153	6,437	6,541	6,862	5,517	5,277	5,967	5,013	5,760
4. Bajra‡	(„)	2,200	2,218	2,669	2,632	3,374	3,273	3,339	2,803	2,667	2,764	2,129	2,554
5. Maize‡	(„)	1,521	1,864	1,844	1,658	2,035	1,969	2,269	2,060	2,035	2,127	1,719	1,959
6. Ragi	(„)	1,550	1,729	1,854	1,845	1,771	1,764	1,638	1,170	1,476	1,455	1,445	1,438
7. Barley	(„)	1,719	1,832	2,124	1,837	2,041	1,898	2,138	1,962	2,414	2,604	2,177	2,198
8. Gram	(„)	2,749	2,970	3,004	2,720	3,514	2,826	3,227	3,141	3,599	4,503	4,580	3,909
Total	**(„)**	**40,398**	**42,764**	**41,891**	**40,634**	**44,224**	**45,441**	**46,053**	**40,768**	**42,069**	**44,393**	**44,260**	**45,841**
9. Raw Sugar	(„)	2,848	4,006	5,055	3,709	4,439	5,094	4,740	4,552	4,913	5,803	4,993	4,904
10. Tea*	(000 lbs.)	4,37,003	4,44,785	4,71,285	5,01,508	4,93,003†	4,79,806†	4,90,933†	5,48,482	5,61,722†	5,60,702†	..	..
11. Coffee	(tons)	17,962	15,545	14,037	16,185	16,052	18,011	18,128	21,069	17,243	15,146	..	..

Note.—Figures relate to the agricultural year ending June except where otherwise indicated. * Figures relate to the calendar year. ‡ Figures from 1945 are not strictly comparable with those relating to earlier years owing to an increase in reporting areas. † Provisional.

Sources : Abstract of Agricultural Statistics of India ; Estimates of Area and Yield of Principal Crops in undivided India and Agricultural Situation in India.

STATEMENT 11

Production of Industrial Raw Materials in the Indian Union

(Reference paragraph 18)

Sources : Abstract of Agricultural Statistics of India (Estimates of Area and Yield of Principal Crops in undivided India and Agricultural Situation in India.

STATEMENT II

Production of Industrial Raw Materials in the Indian Union

(Reference paragraph 18)

Commodity	Unit	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
1. Oilseeds*	(000 tons)	4,811	4,970	5,476	4,203	4,578	5,431	5,548	5,013	5,148	5,117	4,516	5,095
2. Sesamum	(„)	364	383	401	382	424	411	353	354	323	351	333	379
3. Groundnut (Nuts in shell)	(„)	3,219	3,165	3,702	2,545	2,858	3,823	3,856	3,466	3,588	3,411	2,896	3,399
4. Rape & Mustard	(„)	690	872	846	837	757	692	828	719	792	806	735	774
5. Linseed	(„)	427	453	422	346	393	365	380	351	328	431	444	425
6. Castorseed	(„)	111	97	105	93	146	140	131	123	117	118	108	118
7. Cotton	(000 bales)	3,601	3,638	4,365	4,429	3,092	3,631	2,178	2,124	2,125	2,188	1,864	..
8. Jute	(„)	1,638	1,859	2,773	1,646	1,637	1,463	1,164	1,459	1,320	1,658	2,055	3,117
9. Lac	(000 mds.)	1,465	1,394	1,233	1,421	1,374	849	962	1,127	1,767	972	806	1,101
10. Mica	(000 cwts.)	199	170	287	203	202	72	96	210	193	152	..	..
11. Iron Ore	(000 tons)	3,166	3,103	3,194	3,219	2,655	2,364	2,264	2,408	2,498	2,285	..	..
12. Manganese Ore	(„)	845	869	786	757	595	371	211	253	451	467	544†	..
13. Rubber	(„)	..	17	16	17	17	17	16	16	16	15	16	..
14. Raw Hides	(Lakhs Nos.)	..	..	..	..	..	..	206	..	..	..	190	..
15. Raw Skins	(„)	..	..	..	..	..	..	370	..	..	..	..	..
16. Silk Raw	(000 lbs.)	..	..	1,524	1,724	1,858	1,939	2,060	2,100	2,122	2,232	2,071	..

Note.— Items 1-8 refer to the agricultural year. Item 9 refers to the financial year. Items 10-16 refer to the calendar year. Items 10-12 : figures upto and including 1946 relate to undivided India. † Provisional. * Total of items 2 to 6.

Sources : Items 1-8 : As in Statement 10. Item 9 : figures supplied by the Indian Lac Cess Committee. Items 10-12 : figures supplied by the Ministry of Works, Mines & Power. Items 13-16 : figures supplied by the Ministry of Industry & Supply.

STATEMENT 12

INDUSTRIAL PRODUCTION IN INDIA SINCE 1938

(Reference paragraph 19)

Industry	Unit	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Finished Steel* ..	(000 tons)	702	781	886	1,000	923	947	934	954	866	893	854	927
Cotton Yarn ..	(million lbs.)	1,289	1,264	1,276	1,537	1,529	1,635	1,643	1,644	1,398	1,296	1,448	1,359
Cotton Piece-goods	(million yds.)	4,306	4,116	4,092	4,531	4,025	4,751	4,852	4,711	4,025	3,762	4,319	3,904
Jute Manufactures*†	(000 tons)	1,266	1,189	1,234	1,194	1,278	1,084	1,115	1,086	1,088	1,052	1,091	946
Paper & Paper Boards	(000 cwts.)	1,164	1,331	1,698	1,854	1,810	1,792	1,927	1,964	1,934	1,862	1,958	2,064
Sulphuric Acid ..	(000 cwts.)	485	587	731	874	784	864	804	734	803	1,200	1,600	1,989
Ammonium Sulphate	(000 tons)	14·5	19·7	25·4	29·7	27·3	21·7	23·5	22·0	22·7	21·3	35·2	45·9
Paints	(000 cwts.)	572	660	728	1,064	1,055	1,105	1,141	1,030	776	772	715	619
Matches	(million gross)	21·6	21·6	22·8	19·2	14·4	16·8	18·0	22·8	22·8	23·3	26·7	26·3
Sugar	(000 tons)	994	695	1,182	1,210	886	1,075	1,091	967	901	925	1,000	1,045
Cement	(000 tons)	1,404	1,720	1,712	2,083	2,188	2,118	2,048	2,209	2,035	1,448	1,553	2,102
Salt§	(000 mds.)	43,968	43,476	43,093	52,087	50,120	53,519	50,708	54,602	49,250	51,602	63,524	55,616
Coal Raisings ..	(000 tons)	28,344	27,768	29,388	29,460	29,436	25,512	26,040	28,716	29,280	30,000	29,822	31,450
Electricity ..	(million kwh.)												
Generated	..	..	2,532	2,808	3,240	3,276	3,576	3,828	4,116	4,032	4,140¶	4,572	4,920
Sold	..	..	2,119	2,341	2,724	2,770	3,012	3,212	3,439	3,348	3,415¶	3,721	3,984
Kerosene.. ..	(000 gallons)	38,284	29,724	38,413	39,553	25,484	19,894	17,942	11,110	14,486	13,594¶	11,382	11,611

Note.—Figures from August 1947 relate to the Indian Union. * Figures relate to the Indian Union.
†From August 1949, figures relate to the production of mills in the membership of the Indian Jute Mills Association. §Figures upto 1946 relate to fiscal year beginning April. ¶Data based on the average for last five months.
Sources : Monthly Abstract of Statistics ; Ministry of Industry and Supply ; Monthly Survey of Business Conditions.

STATEMENT 13

Index Numbers of Wholesale Prices in India and Cost of Living § in Bombay

(Compiled by the Office of the Economic Adviser to the Government of India)

(*Average of weekly figures*)

(*Reference paragraph* 20)

(A) SENSITIVE SERIES

(*Base*: Week ended 19th August, 1939=100)

Year	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*	105
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	226
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	228
1946-47	313.8	235.3	280.0	259.1	296.8	275.4	252
1947-48	356.9	264.0	312.6	287.8		307.0	268

(B) GENERAL PURPOSE SERIES

(*Base*: Year ended August 1939=100)

Year and Month	Food Articles	Industrial Raw Materials	Semi-Manufactures	Manufactured Articles	Miscellaneous	General Index	Cost of Living § (Bombay)
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	268
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	297
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	291
April 1948 ..	348.8	414.6	299.8	325.7	478.5	347.9	277
May „ ..	357.6	442.3	317.9	351.0	504.2	367.2	278
June „ ..	377.0	451.5	323.4	370.0	520.0	382.2	292
July „ ..	390.7	449.9	338.2	370.1	537.3	389.6	297
August „ ..	397.7	438.1	330.7	352.8	532.6	382.9	306
September „ ..	396.6	435.1	340.2	348.0	531.1	382.3	308
October „ ..	393.1	435.7	340.3	347.6	547.8	381.7	300
November „ ..	394.1	440.3	341.0	345.8	548.0	382.2	302
December „ ..	397.5	457.7	328.3	347.3	536.7	383.6	310
January 1949 ..	385.3	456.6	324.7	339.2	530.2	376.2	301
February „ ..	383.8	457.2	322.0	330.1	524.3	372.6	292
March „ ..	376.5	462.8	322.4	329.4	515.2	370.2	296
April „ ..	373.8	462.8	325.2	347.0	528.5	376.1	290
May „ ..	377.0	463.8	324.5	347.1	526.1	377.1	291
June „ ..	381.6	459.7	326.3	349.2	502.3	378.3	286
July „ ..	395.9	449.4	326.7	344.7	535.1	380.6	288
August „ ..	410.6	460.5	330.8	348.6	541.6	389.0	291
September „ ..	403.1	468.5	335.0	351.4	547.1	389.8	291
October „ ..	406.8	477.9	332.2	352.6	588.8	393.3	292
November „ ..	405.1	472.4	333.9	344.2	612.0	390.2	295
December „ ..	374.1	477.0	334.1	345.8	609.8	381.3	293
January 1950 ..	379.1	486.2	335.5	344.6	614.9	384.7	294
February „ ..	395.3	493.3	338.1	346.5	632.3	392.3	290
March „ ..	396.2	490.1	338.2	347.4	630.6	392.4	288

§ Compiled by the Office of the Deputy Commissioner of Labour (Information) Bombay; monthly indices—original base: year ended June 1934=100, shifted to August 1939=100; annual figures are averages of monthly indices.

†Discontinued from April 1947. ‡Discontinued from April 1948. *Seven months ended March 1940.

STATEMENT 14

Movements in Price Indices since Devaluation

(*Base:* Year ended August 1939=100)

(*Reference paragraph* 21)

Commodity Groups	March 1949*	August 1949*	October 1949*	*Percentage increase (+) or decrease (−) of Col. (3) over Col. (2)*	March 1950*	*Percentage increase (+) or decrease (−) of Col. (5) over Col. (1)*	*Percentage increase (+) or decrease (−) of Col. (5) over Col. (2)*
	1	2	3	4	5	6	7
I. Food Articles	**376·5**	**410·6**	**406·8**	**− 0·9**	**396·2**	**+ 5·2**	**− 3·5**
1. Cereals	467	474	465	*− 1·9*	454	*− 2·8*	*− 4·2*
2. Pulses	445	461	403	*−12·6*	440	*− 1·1*	*− 4·6*
3. Others	246	309	322	*+ 4·2*	303	*+ 23·2*	*− 1·9*
II. Industrial Raw Materials	**462·8**	**460·5**	**477·9**	**+ 3·8**	**490·1**	**+ 5·9**	**+ 6·4**
1. Fibres	458	423	451	*+ 6·6*	469	*+ 2·4*	*+ 10·9*
2. Oilseeds	563	633	644	*+ 1·7*	642	*+ 14·0*	*+ 1·4*
3. Minerals	320	336	329	*− 2·1*	337	*+ 5·3*	*+ 0·3*
4. Others	364	347	352	*+ 1·4*	366	*+ 0·5*	*+ 5·5*
III. Semi-Manufactures	**322·4**	**330·8**	**332·2**	**+ 0·4**	**338·2**	**+ 4·9**	**+ 2·2**
1. Leather	306	309	322	*+ 4·2*	361	*+ 18·9*	*+ 16·8*
2. Mineral Oils	188	183	183	—	199	*+ 5·9*	*+ 8·7*
3. Vegetable Oils	578	641	668	*+ 4·2*	678	*+ 17·3*	*+ 5·8*
4. Cotton Yarn	425	435	423	*− 2·8*	413	*− 2·8*	*− 5·1*
5. Metals	171	174	176	*+ 1·1*	172	*+ 0·6*	*− 1·1*
6. Oilcakes	394	409	416	*+ 1·7*	424	*+ 7·6*	*+ 3·7*
7. Others	255	245	254	*+ 3·7*	290	*+ 13·7*	*+ 18·4*
IV. Manufactured Articles	**329·4**	**348·6**	**352·6**	**+ 1·1**	**347·4**	**+ 5·5**	**− 0·3**
1. Textiles	375	403	409	*+ 1·5*	402	*+ 7·2*	*− 0·2*
2. Metal Products	247	272	272	—	265	*+ 7·3*	*− 2·6*
3. Others	272	267	270	*+ 1·1*	270	*− 0·7*	*+ 1·1*
V. Miscellaneous	**515·2**	**541·6**	**588·8**	**+ 8·7**	**630·6**	**+ 22·4**	**+ 16·4**
VI. All Commodities	**370·2**	**389·0**	**393·3**	**+ 1·1**	**392·4**	**+ 6·0**	**+ 0·9**

Source: Office of the Economic Adviser to the Government of India. * Average of weeks.

STATEMENT 15

Index Numbers of Security Prices§

(*Base :* 1927-28=100)

the Government of India)

370·2 389·0 393·3 630·6 +22·4 +16·4
Source : Office of the Economic Adviser to the Government of India. * Average of weeks. 1·1 39·4 +0·0 + 0·9

STATEMENT 15

INDEX NUMBERS OF SECURITY PRICES§

(*Base :* 1927-28 = 100)

(Compiled by the Office of the Economic Adviser to the Government of India)

(Reference paragraph 24)

Average of Months‡	Govern-ment Securities	Fixed Yield Industrial Securities	Variable Yield Industrial Securities	Selected 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)
1939-40	**111·2**	**134·5**	**120·5**	**85.1**	**64.3**	**164.5**	**539.3**	**69.0**	**97.2**	**162.8**	**346.7**	**116.6**
1940-41	**114·6**	**147·5**	**117·4**	**85.5**	**54.6**	**149.0**	**507.1**	**67.5**	**86.2**	**159.4**	**299.4**	**123.8**
1941-42	**115·9**	**155·9**	**129·0**	**111.0**	**57.2**	**152.5**	**504.3**	**77.7**	**107.2**	**193.9**	**323.9**	**133.3**
1942-43	**115·0**	**144·9**	**138·6**	**146.6**	**53.9**	**161.3**	**441.5**	**86.9**	**141.7**	**235.9**	**359.9**	**144.9**
1943-44	**117·2**	**164·3**	**182·2**	**198.8**	**65.6**	**227.2**	**555.9**	**118.0**	**211.4**	**278.4**	**488.0**	**190.9**
1944-45	**118·0**	**176·2**	**197·3**	**185.2**	**79.3**	**298.1**	**557.5**	**120.3**	**220.0**	**294.0**	**510.1**	**194.1**
1945-46	**118·6**	**187·0**	**220·8**	**199.0**	**100.9**	**356.4**	**651.1**	**131.8**	**215.3**	**287.6**	**599.2**	**217.6**
1946-47	**120·4**	**197·3**	**268·6**	**267.1**	**133.3**	**408.8**	**787.2**	**170.5**	**236.6**	**303.4**	**888.1**	**286.7**
1947-48	**117·2**	**169·9**	**191·9**	**194.3**	**90.7**	**260.7**	**525.9**	**145.5**	**164.8**	**215.6**	**609.3**	**222.6**
1948-49	**114·7†**	**156·9**	**162·4**	**175.1**	**70.8**	**202.9**	**428.8**	**123.3**	**142.0**	**202.0**	**509.7**	**209.2**
1949-50*	**114·6†**	**137·7**	**139·6**	**142.9**	**61.5**	**186.9**	**376.9**	**96.9**	**111.5**	**176.1**	**442.5**	**179.0**
Average of Weeks												
April 1948 ..	**114·3†**	**162·2**	**170·8**	187.8	76.4	213.0	440.0	137.1	138.6	216.4	517.6	207.7
May „ ..	**114·9†**	**161·2**	**173·3**	139.9	76.2	222.8	456.5	133.9	138.9	215.9	590.1	205.7
June „ ..	**114·5†**	**160·6**	**168·9**	186.2	73.5	208.6	447.6	127.3	146.2	216.0	562.1	204.9
July „ ..	**114·7†**	**159·2**	**164·9**	180.5	70.7	201.6	436.8	124.3	146.2	210.6	500.8	208.1
August „ ..	**114·9†**	**157·3**	**167·3**	180.5	71.2	214.9	433.4	125.2	147.0	206.5	522.8	205.7
September „ ..	**115·0†**	**157·1**	**163·0**	173.8	70.2	203.3	410.5	124.0	147.4	199.0	513.7	199.0
October „ ..	**115·1†**	**157·6**	**162·6**	173·1	69.8	194.6	411.9	122.1	146.9	201.4	501.9	200.4
November „ ..	**114·8†**	**157·1**	**158·1**	171.5	68.8	190.0	409.3	121.4	143.3	189.8	490.6	192.9
December „ ..	**114·8†**	**155·9**	**157·9**	167.1	68.6	201.2	430.8	119.4	140.2	194.3	494.3	192.5
January 1949 ..	**114·7†**	**153·7**	**156·7**	164.3	68.4	202.0	429.2	117.6	140.2	195.3	494.1	194.9
February „ ..	**114·4†**	**150·7**	**153·3**	160.3	67.8	194.5	419.5	114.3	140.8	191.7	456.4	196.0
March „ ..	**114·3†**	**149·7**	**152·0**	161.6	67.4	188.7	420.5	113.1	127.8	187.2	471.4	195.0
April „ ..	**113·9†**	**148·3**	**145·8**	156.2	67.2	176.7	379.6	110.1	120.1	177.7	435.4	188.0
May „ ..	**114·1†**	**145·6**	**141·2**	149.9	67.1	173.8	369.1	103.4	116.8	171.7	397.3	184.1
June „ ..	**114·2†**	**141·6**	**135·5**	143.1	66.8	161.7	346.8	99.4	109.5	166.2	366.0	181.8
July „ ..	**114·0†**	**134·0**	**131·1**	134.1	66.5	169.7	330.0	91.0	98.9	171.7	372.6	174.9
August „ ..	**113·8†**	**132·4**	**138·2**	140.2†	61.0	196.3	369.0	91.4	114.1	180.2	455.9	177.6
September „ ..	**115·6†**	**135·2**	**143·1**	139.6†	59.6	213.9	393.3	95.7	109.6	178.2	490.8	176.5
October „ ..	**115·1**	**134·4**	**140·2**	139.0†	56.3	200·4	390.3	93.7	105.4	173.6	488.0	174.7
November „ ..	**115·4**	**133·3**	**137·1**	138.5†	52.6	189.0	387.7	92.8	107.3	177.1	473.4	173.9
December „ ..	**115·7**	**134·1**	**144·2**	145.9†	56.1	200.5	426.5	94.8	122.0	188.8	503.4	179.1

§Series discontinued from January 1950 and replaced by a new series issued by the Reserve Bank of India (*vide* Statement 16.)
‡Average of weeks from 1946-47. *Nine months ended December 1949. †Estimated.

STATE

INDEX NUMBERS OF

Base : 1938 =

(Compiled by the Department of

(Reference

Average of weeks	GROUP INDICES			SUB-GROUP						
	Government and Semi-Government Securities	Industrial Securities: Fixed Dividend	Industrial Securities: Variable Dividend	Banks	Insurance	Investment Trust	Electricity & Tramways	Shipping & other Transport	Railways	Plantations
1946-47 ..	**104.7**	**140.6**	**252.5**	**195**	**292**	**297**	**137**	**295**	**105**	**284**
1947-48 ..	**103.3**	**120.2**	**181.5**	**152**	**206**	**229**	**104**	**194**	**95**	**223**
1948-49 ..	**102.0**	**109.4**	**136.5**	**133**	**159**	**193**	**87**	**144**	**90**	**157**
1949-50 ..	**101.2**	**101.9**	**115.4**	**122**	**123**	**173**	**84**	**99**	**91**	**124**
January 1946 ..	102.5	135.2	231.6	186	252	266	139	283	106	261
February „ ..	102.6	136.2	230.2	189	249	270	139	283	107	263
March „ ..	103.0	137.3	236.9	174	247	275	138	279	106	264
April „ ..	103.5	138.5	242.5	179	254	275	139	280	106	266
May „ ..	103.6	138.8	249.6	192	281	284	142	301	105	274
June „ ..	104.5	144.1	262.5	205	315	308	144	321	106	287
July „ ..	105.7	146.8	278.4	212	337	315	147	343	106	311
August „ ..	106.0	146.2	286.1	211	334	319	146	339	106	312
September „ ..	105.4	144.8	266.7	200	318	321	141	312	106	299
October „ ..	105.3	143.8	259.1	199	303	322	137	303	105	290
November „ ..	105.4	142.9	251.2	195	291	303	135	295	105	280
December „ ..	105.1	140.1	237.9	187	267	273	132	275	105	271
January 1947 ..	104.6	135.0	237.8	191	267	275	129	273	104	276
February „ ..	103.7	132.4	226.9	182	258	276	125	247	104	269
March „ ..	103.5	130.6	217.1	173	252	276	122	227	103	264
April „ ..	103.7	129.4	208.4	164	243	266	120	222	101	256
May „ ..	103.7	124.5	202.5	160	233	262	117	216	98	247
June „ ..	103.5	121.2	195.8	156	225	259	109	209	98	239
July „ ..	103.3	121.1	187.8	153	206	241	105	203	98	233
August „ ..	103.1	121.0	182.7	154	198	215	103	194	97	228
September „ ..	103.2	119.6	176.6	151	196	216	100	185	96	222
October „ ..	103.3	118.3	171.6	148	195	216	100	182	92	216
November „ ..	103.3	118.2	167.5	147	192	213	102	178	92	211
December „ ..	103.4	118.6	178.6	149	199	214	104	198	94	209
January 1948 ..	103.3	118.3	177.0	149	202	219	101	189	95	211
February „ ..	103.0	116.7	168.3	145	197	214	92	176	93	209
March „ ..	102.8	114.9	160.9	141	192	212	88	171	91	195
April „ ..	101.9	111.9	151.3	137	187	204	87	164	91	176
May „ ..	102.1	110.9	147.1	136	180	189	87	159	91	167
June „ ..	102.1	111.1	143.6	136	173	196	86	159	89	166
July „ ..	102.1	111.1	138.9	137	167	196	87	152	89	163
August „ ..	102.2	110.7	139.1	137	162	195	89	152	89	161
September „ ..	102.2	110.3	136.4	134	161	195	89	149	90	158
October „ ..	102.3	110.0	135.5	134	159	194	90	148	91	155
November „ ..	102.0	109.3	132.6	130	151	193	88	139	91	154
December „ ..	101.8	108.1	130.8	128	147	187	86	133	91	150
January 1949 ..	101.7	106.9	128.9	129	142	186	86	129	90	148
February „ ..	101.3	105.8	126.8	131	141	187	86	123	91	144
March „ ..	101.5	106.3	125.9	130	140	192	87	119	91	141
April „ ..	101.4	106.5	120.9	128	135	194	86	112	92	134
May „ ..	101.1	106.2	116.7	124	130	186	84	107	92	128
June „ ..	101.4	104.8	112.9	122	126	182	83	103	93	126
July „ ..	101.5	101.7	109.7	119	120	175	82	99	93	116
August „ ..	101.4	99.9	112.2	120	118	167	82	98	89	115
September „ ..	101.2	101.0	117.0	121	121	169	84	104	89	120
October „ ..	101.1	100.4	116.9	121	122	169	85	102	90	122
November „ ..	101.1	99.7	112.1	119	119	165	84	93	90	120
December „ ..	101.2	100.4	115.9	121	119	164	84	94	90	122
January 1950 ..	101.1	100.8	118.8	123	122	170	86	94	90	127
February „ ..	101.0	100.3	116.3	121	122	166	85	92	90	128
March „ ..	100.9	100.2	115.1	120	122	164	85	89	89	128

MENT 16

SECURITY PRICES—ALL-INDIA

100)
Research and Statistics of the Reserve Bank of India)
paragraphs 22 & 24)

INDICES OF VARIABLE DIVIDEND INDUSTRIAL SECURITIES

Cotton, Woollen & Silk Mills	Jute Mills	Coal	Mining & Oil	Iron and Steel	General Engineering	Sugar	Breweries	Chemicals	Paper	Cement
437	**276**	**283**	**198**	**278**	**324**	**219**	**331**	**282**	**367**	**208**
298	**184**	**188**	**116**	**189**	**236**	**161**	**183**	**203**	**254**	**147**
202	**112**	**129**	**82**	**150**	**192**	**138**	**117**	**176**	**125**	**134**
155	**84**	**108**	**61**	**134**	**154**	**116**	**105**	**157**	**99**	**120**
372	238	261	197	255	280	222	309	275	289	211
369	233	254	191	257	274	217	293	274	293	205
399	249	257	184	273	286	218	318	286	329	215
414	260	273	189	275	290	220	345	298	353	214
434	256	276	190	277	313	221	368	309	357	215
455	277	279	197	297	349	233	349	318	366	222
477	317	312	220	321	370	235	395	330	404	228
499	331	337	252	330	371	235	387	316	450	232
456	306	311	225	292	340	228	353	284	390	213
449	279	294	216	274	338	223	336	276	378	212
434	272	276	200	269	332	220	323	272	371	208
405	260	261	179	254	305	212	295	245	343	198
414	263	259	176	255	303	210	285	244	339	194
398	249	254	162	241	284	198	270	235	314	178
377	231	245	156	225	271	185	239	233	311	165
352	230	245	149	208	253	184	231	222	305	155
335	231	242	143	199	252	183	231	219	300	151
330	204	223	138	197	254	176	214	213	276	149
318	170	198	122	200	257	164	191	212	242	150
299	174	187	117	194	256	154	186	210	246	142
292	176	178	109	174	247	151	181	196	234	137
283	170	163	101	179	227	149	166	191	226	138
276	160	156	95	174	208	148	162	184	220	133
287	179	169	113	197	230	166	175	198	257	154
280	179	176	111	192	227	161	164	201	252	158
264	165	167	103	184	215	151	154	197	244	149
256	163	151	95	169	211	150	143	195	239	145
245	150	142	92	159	204	145	134	196	226	143
235	136	139	91	160	208	141	128	195	170	142
227	124	131	88	158	207	138	124	184	124	141
220	109	123	81	152	199	140	116	177	111	138
211	110	129	85	151	198	140	120	170	115	139
198	109	128	83	145	197	138	118	167	112	133
193	109	127	81	144	202	140	114	176	111	133
188	106	126	81	144	187	137	108	172	111	128
182	101	129	81	149	181	135	113	171	110	128
177	97	130	76	149	179	136	113	172	108	129
173	97	125	70	146	171	135	108	165	102	126
174	96	123	69	143	168	133	109	166	103	124
168	95	116	62	128	156	128	104	158	99	119
161	95	109	60	125	142	119	103	155	89	116
156	95	106	55	115	134	116	100	150	84	112
149	95	101	53	111	132	105	94	141	84	114
150	86	102	61	125	143	110	100	151	97	121
152	82	113	70	139	167	116	113	158	106	120
152	81	113	68	141	164	115	112	166	104	118
147	73	108	60	133	156	112	109	157	102	117
153	77	107	62	146	162	118	107	162	107	124
158	78	107	63	155	167	122	107	163	109	133
151	75	105	60	152	163	119	104	162	106	126
157	72	104	59	147	159	114	100	161	105	127

STATEMENT 17

Monthly and Annual Average Yields and Annual Highest and Lowest Prices (in Bombay) of Government of India Securities, 1949-50

(Reference paragraph 23)

LOANS	Monthly Average Yield, 1949-50												Annual Average Yield		1949-50			
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1949-50	1948-49	Highest Price	Yield	Lowest Price	Yield
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	Rs. a.	%	Rs. a.	%
Under 5 years																		
3 % 1949-52 ‡	1.73	1.83	1.57	§§									1.71**	1.83	100 6	1.52	100 2	2.24
2½% 1950	2.29	2.28	2.09	1.86	2.01	2.19	2.16	1.92	1.83	1.88	2.35	2.31	2.10	2.03	100 11	1.82	100 1	2.35
3 % 1951-54	2.51	2.42	2.34	2.17	2.13	2.10	2.13	2.02	2.01	2.11	2.16	2.15	2.19	2.29	101 14	1.94	101 2	2.52
3 % 1953-55	2.64	2.62	2.55	2.50	2.51	2.47	2.46	2.43	2.41	2.44	2.48	2.49	2.50	2.51	102 0	2.40	101 6	2.64
2½% 1954	2.56	2.56	2.54	2.52	2.52	2.51	2.51	2.50	2.49	2.50	2.50	2.49	2.52	2.48	98 15	2.49	98 6	2.57
Between 5 and 10 years																		
2½% 1955	2.56	2.56	2.56	2.54	2.56	2.56	2.56	2.54	2.54	2.54	2.52	2.52	2.55	2.52†	99 14	2.52	99 8	2.58
4½% 1955-60	2.55	2.52	2.59	2.65	2.62	2.60	2.57	2.55	2.53	2.51	2.52	2.49	2.56	2.55	111 8	2.50	110 4	2.53
3 % 1957	2.86	2.86	2.82	2.77	2.76	2.82	2.82	2.77	2.74	2.75	2.76	2.77	2.79	2.77	101 12	2.74	101 0	2.87
3 % 1959-61	2.91	2.91	2.90	2.86	2.87	2.91	2.91	2.87	2.85	2.86	2.86	2.85	2.88	2.85	101 6	2.83	100 12	2.92
Between 10 and 15 years																		
2¾% 1960	2.80	2.81	2.80	2.80	2.82	2.82	2.82	2.81	2.80	2.79	2.81	2.81	2.81	2.77	99 12	2.78	99 6	2.82
4 % 1960-70	2.92	2.92	2.91	2.90	2.90	2.89	2.90	2.89	2.89	2.88	2.89	2.88	2.90	2.93	110 7	2.90	110 2	2.89
2½% 1961	2.84	2.84	2.84	2.83	2.85	2.86	2.86	2.86	2.85	2.82	2.88	2.81	2.84	2.77	97 1	2.80	96 6	2.87
2¾% 1962	2.83	2.83	2.82	2.81	2.82	2.83	2.84	2.84	2.83	2.83	2.83	2.83	2.83	2.77	99 7	2.80	99 0	2.84
3 % 1963-65	2.99	2.97	2.98	2.96	2.98	2.99	2.99	2.95	2.96	2.98	2.98	2.96	2.97	2.95	100 12	2.93	99 14	3.01
Between 15 and 20 years																		
3 % 1966-68	3.00	3.00	2.99	2.98	2.99	2.99	3.00	2.98	2.97	2.99	2.99	2.98	2.99	2.99	100 8	2.96	99 0	3.03
Over 20 years																		
3 % 1970-75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.99	3.00	3.00	3.00	3.00	3.00	100 2	2.99	99 14	3.01
2½% 1976	2.94	2.97	2.98	2.98	2.98	2.98	2.98	2.97	2.97	2.98	2.98	2.98	2.97	2.83	96 9	2.93	95 8	2.99
3 % Conversion Loan 1986 or later § ..	3.05	3.05	3.05	3.05	3.06	3.08	3.08	3.08	3.07	3.07	3.08	3.08	3.07	3.03	98 11	3.04	96 14	3.10
3 % Undated § ..	3.06	3.05	3.05	3.06	3.06	3.07	3.08	3.08	3.06	3.07	3.08	3.09	3.07	3.03	98 8	3.04	97 0	3.09
Rupee Counterparts																		
4½% 1950-55	1.92	1.71	1.60	1.47	1.30	1.37	1.05	0.50	0.33	0.50	0.39	§§	1.15*	1.71	102 12	1.48	101 0	0.88
3½% 1954-59	2.60	2.58	2.57	2.55	2.56	2.55	2.61	2.58	2.55	2.55	2.53	2.52	2.56	2.60	104 12	2.55	104 4	2.62
4½% 1958-68	2.65	2.64	2.67	2.69	2.67	2.66	2.79	2.78	2.76	2.75	2.77	2.77	2.72	2.65	114 14	2.62	112 10	2.78

Note.—Income tax is neglected in calculating yields. Yield to redemption. The earlier or later date is taken according as the price is above or below par.
§§Negative Yield. ‡Redeemed on 1st August, 1949. **Average for three months. †Average for six months; loan issued on 1st October, 1948.
§Flat Yield. *Average for eleven months.

STATEMENT 18

Movements in the Prices of Representative Industrial Shares, 1949-50

(Reference paragraph 24)

Percentage

Note.—Income tax is neglected in calculating yields. Yield to redemption is the earlier of alternate is taken according as the price is above or below par.
§Negative yield. ‡Redeemed on 1st August, 1949. **Average for three months. †Average for six months; loan issued on 1st October, 1948.
‖Flat yield. *Average for eleven months.

STATEMENT 18

MOVEMENTS IN THE PRICES OF REPRESENTATIVE INDUSTRIAL SHARES, 1949-50

(Reference paragraph 24)

SCRIPS	END OF					1949-50		Percentage increase (+) or decrease (−) of 5 over 2	Percentage increase (+) or decrease (−) of 5 over 1
	March 1949	June 1949	September 1949	December 1949	March 1950	Highest	Lowest		
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.		
	1	2	3	4	5	6	7	8	9
Steels :									
Tata Deferred	1,472 8	1,152 8	1,485 0	1,590 0	1,600 0	1,727 8	1,091 4	+ *38.8*	+ *8.7*
Tata Ordinary	284 8	238 8	293 8	327 8	316 8	345 0	230 0	+ *32.7*	+ *11.2*
Bengal Stee	20 8	15 2	22 8	23 8	20 0	24 1	14 10	+ *32.2*	— *2.4*
Indian Iron	24 5	19 5	31 2	31 3	28 4	33 7	18 4	+ *46.3*	+ *16.2*
Textiles :									
Bombay Dyeing	957 8	923 12	1,051 4	1,080 0	1,041 4	1,167 8	902 8	+ *12.7*	— *8.7*
Kohinoor	292 8	232 4	284 0	304 0	313 8	325 0	229 12	+ *35.0*	+ *7.2*
Swadeshi	303 0	254 8	267 0	276 0	270 0	305 8	239 6	+ *6.1*	— *10.9*
Buckingham	153 4 xd.	124 8	140 8	159 0	136 8	159 8	123 8	+ *9.6*	— *10.9*
Banks & Insurance :									
India	193 8	176 0	173 4	176 0 xd.	168 8	194 8	166 0	— *4.3*	— *12.9*
Central	85 0	75 0	78 8	83 0	81 8 xd.	87 0	72 8	+ *8.7*	— *4.1*
Imperial	1,877 8	1,762 8	1,767 8	1,805 0	1,782 8	1,885 0	1,702 8	+ *1.1*	— *5.1*
Oriental	5,100 0	4,030 0	4,125 0	4,250 0	4,720 0	5,100 0	4,000 0	+ *17.1*	— *7.5*
New India	61 8	53 8	51 0	63 0	55 0	66 8	48 8	+ *2.8*	— *10.6*
Jute :									
Anglo-India	283 4*	283 4	205 0	188 0	185 0	211 0	165 0	— *34.7*	— *34.7*
Howrah	27 7*	27 1 xd.	30 4	27 9	25 0	30 4	21 8	— *7.6*	— *8.9*
Coal :									
Bengal	434 0*	356 0	485 0	514 0	510 0*	550 0	350 0	+ *43.3*	+ *17.5*
Burrakur	12 2*	10 2	13 12	12 14	12 1	14 5	9 10	+ *19.1*	— *0.5*
Tea :									
Hasimara	47 8*	44 8	46 0	37 14	34 8*	46 8	37 0	— *22.5*	— *27.4*
Patarkola	252 8*	252 0	218 0	192 0 xd.	193 8*	218 8	192 0	— *23.2*	— *23.4*
Miscellaneous :									
Carew Sugar	8 6*	6 12	10 4	9 11	7 8	11 0	6 10	+ *11.1*	— *10.4*
Belapur Sugar	214 4	169 0	200 0	230 0	224 8	244 0	154 8	+ *32.8*	+ *4.8*
Chembra Peaks	4 14	4 3	4 9	5 1	5 0	5 4	4 1	+ *19.4*	+ *2.6*
Cochin Malabar	4 1	3 10	4 9	4 11	4 9	4 15	3 5	+ *25.7*	+ *12.3*
Associated Cement Companies	146 8	128 4	142 12	157 4	152 4	167 0	127 0	+ *18.7*	+ *3.9*
Fertilisers and Chemicals, Travancore, Ltd. ..	4 1	3 1	4 8	4 8	5 2	5 6	3 1	+ *67.3*	+ *26.2*
Scindia Steam	16 2	12 15	15 13	15 9	13 4	17 2	11 9	+ *2.4*	— *17.7*

* Nominal quotations; minimum prices fixed by the Calcutta Stock Exchange Association.

STATEMENT 19

Annual Average Prices§ of Representative Rupee Securities of the Government of India since 1939-40

(Reference paragraph 23)

Year	3 per cent Loan 1951-54	2½ per cent Loan 1955	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)†
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
1939-40	95 4			105 4	91 5			80 13
1940-41	97 5			106 2	91 11			79 2
1941-42	98 13			108 13	93 15			81 3
1942-43	98 14			108 8	93 11			79 10
1943-44	100 1			111 8	97 4			84 2
1944-45	100 12			112 8	98 13	98 2		90 3
1945-46	101 8		100 11	113 5	99 8	98 13	97 12	95 13
1946-47	103 7		103 10	115 10	103 13	103 13	103 15	103 8
1947-48	102 10		102 10	113 11	101 15	101 13	101 10	100 13
1948-49	102 1	99 14	101 13	110 12	100 9	100 2	100 0	99 1
1949-50	101 8	99 12	101 8	110 5	100 4	100 3	100 0	97 13

§Based on monthly averages.

†Annual average prices of the 3 per cent Rupee Paper given for the years 1939-40 to 1946-47.

STATEMENT 20

Control of Capital Issues, 1949

(Reference paragraph 25)

(Rupees in crores)

Classification	Immediate Schemes		Long-range Schemes		Immediate and Long-range Schemes Combined	
	No. of Companies	Amount Sanctioned	No. of Companies	Amount Sanctioned	No. of Companies	Amount Sanctioned
I. Industrial	186	35·13	9	6·00	195	41·13
II. Agricultural	7	0·80	—	—	7	0·80
III. Financial	73	8·82	—	—	73	8·82
IV. Trade and Transport	45	6·55	1	0·50	46	7·05
V. Other Services	4	0·23	1	5·00	5	5·23
VI. Total Non-Industrial	29	16·40	2	5·50	131	21·90
Total for 1949 (Industrial and Non-Industrial) ..	**315**	**51·53**	**11**	**11·50**	**326**	**63·03**
Grand Total from 17th May, 1943 to 31st December, 1949*	**5,242**	**532·81**	**728**	**417·29**	**5,970**	**950·10**

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

STATEMENT 21

Control of Capital Issues

Total for 1949 (Industrial and Non-Industrial)				129	16·40	1	5·00	5	5·23
Grand Total from March, 19 to August, 1949*				31	1·51	2	5·50	131	2·90
							11	·50	326	83·03
				5,242	532·81	728	417·29	5,970	950·10

Figures relate to undivided India upto 15th August, 1947.

STATEMENT 21

Control of Capital Issues

(Reference paragraph 25)

Classification	17-5-1943 to 30-9-1945		1-10-1945 to 31-3-1947		1-4-1947 to 31-3-1948		1-4-1948 to 31-3-1949		1-4-1949 to 31-12-1949	
	N.	A.	N.	A.	N.	A.	N.	A.	N.	A.
(A) Percentage Distribution, Group Wise, of Immediate and Long-Range Schemes Combined										
I. Industrial	46.67	61.26	60.25	59.18	65.49	56.75	62.36	54.78	60.79	76.24
II. Agricultural	7.21	5.42	6.58	3.16	5.40	1.70	2.87	3.25	2.64	1.24
III. Financial	13.45	19.50	16.54	11.58	15.26	19.09	21.26	16.90	21.59	9.28
IV. Trade and Transport	25.11	10.57	11.23	21.07	10.33	21.02	10.92	19.59	13.66	12.86
V. Other Services	7.56	3.25	5.40	5.01	3.52	1.44	2.59	5.48	1.32	0.39
VI. Total Non-Industrial	53.33	38.74	39.75	40.82	34.51	43.25	37.64	45.22	39.21	23.76
VII. Grand Total—Industrial and Non-Industrial	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
(B) Percentage Distribution in each Group between Immediate and Long-Range Schemes										
I. Industrial :										
Immediate	87.77	48.53	56.72	34.67	85.66	62.62	82.95	69.18	96.38	85.47
Long-Range	12.23	51.47	43.28	65.33	14.34	37.38	17.05	30.82	3.62	14.53
II. Agricultural :										
Immediate	99.63	98.94	91.03	77.62	95.65	82.73	100.00	100.00	100.00	100.00
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	97.30	97.09	100.00	100.00
Long-Range	1.18	3.05	9.69	28.51	4.62	6.91	2.70	2.91		
IV. Trade and Transport :										
Immediate	98.63	69.24	82.71	41.38	81.82	30.24	84.21	35.48	100.00	100.00
Long-Range	1.37	30.76	17.29	58.62	18.18	69.76	15.79	64.52		
V. Other Services :										
Immediate	96.15	74.03	71.88	48.48	93.33	95.73	77.78	14.36	100.00	100.00
Long-Range	3.85	25.97	28.12	51.52	6.67	4.27	22.22	85.64		
VI. Total Non-Industrial :										
Immediate	98.46	87.75	85.77	53.59	91.16	62.23	92.37	60.58	100.00	100.00
Long-Range	1.54	12.25	14.23	46.41	8.84	37.77	7.63	39.42		
VII. Grand Total—Industrial and Non-Industrial :										
Immediate	93.47	63.72	68.27	42.40	87.56	62.45	86.49	65.29	97.80	88.92
Long-Range	6.53	36.28	31.73	57.60	12.44	37.55	13.51	34.71	2.20	11.08

N.—Number of Companies. A.—Amount Sanctioned.

MONEY RATES IN

(Reference

	Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate				Bazar Bill‡	
				Calcutta		Bombay		Calcutta	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1935-36 ..	3 (3½ up to Nov.)	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		½ Apr.-June	¼ July-Mar.	1½ Jan.	¼ Sept.-Nov.	6	5
1937-38 ..	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		2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept. and 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	3½ Apr.-Jan.	3 Feb.-Mar.	¾ April & June	½ May & July-Mar.	1¾ April	¼ Aug.-Mar.	7	6
1941-42 ..	3	3		½		¼ April & Jan.	¼ MayDec., 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 March	¼ Apr.-Mar.	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
						Larger Banks§		Smaller Banks			
						H.	L.	H.	L.		
1948-49 ..	3	3½ Jan.-Mar.	3 Apr.-Jan.	¾ Jan.	¼ Apr.-Dec. Feb.-Mar.	1 Jan. & Mar.	½ Apr. Dec.	1¾ Jan.	1 Feb.-Mar.	15 Feb.-Mar.	9 Apr. Feb..
1949-50 ..	3	3½		½		1¼ Apr.& May	½ June-Mar.	½ Apr.-May	¾ June-Oct.	12 to 15 Apr.-Aug.	10 to 12 Aug.-Mar.
1949-50 1st of											
April ..	3	3½		½		1		1¼		12 to 15	
May ..	3	3½		½		1¼	1	1½		12 to 15	
June ..	3	3½		½		¾		1¼		12 to 15	
July ..	3	3½		½		½		1¼	1	12 to 15	
August ..	3	3½		½		½		1¼	1	12 to 15	
September	3	3½		½		½		1¼	1	10 to 12	
October ..	3	3½		½		½		1	¾	10 to 12	
November	3	3½		½		½		1¼	1	10 to 12	
December ..	3	3½		½		½		1¼	1	10 to 12	
January ..	3	3½		½		½		1¼	1	10 to 12	
February ..	3	3½		½		½			1¼	10 to 12	
March ..	3	3½		½		¾	½	1¼		10 to 12	

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

§ Includes Exchange Banks.

MENT 22

INDIA SINCE 1935-36

paragraph 27)

Rate‡		Treasury Bill Rate (Average 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						
5¼ Apr.-May, Jan.-Mar.	3⅜ July-Dec.	0.78						
	5¼	0.97						
5⅝ Apr. & Feb.	3 October	1.63	2½ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1¼ Aug.-Sept.	2 Dec.-Jan.	1½ Aug.-Sept.
6¾ Jan.-Mar.	5¼ 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	2¼ April	¾ Sept.-Mar.	2¼ April	1¼ Aug.-Mar.	2 April	1¾ May-Mar.
6¾ Jan.-Mar.	4⅛ Aug.-Oct.	0.72	1¼ Feb.-Mar.	½ Sept.	1⅝ 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	¾ Sept.-Oct., Dec.-Jan.	2 Apr.-May	1½ 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.	1¾	1½
5½ Apr.-July, Nov.-Mar.	4⅛ Aug.-Oct.	0.49	¾ Apr.-May, Oct.-Mar.	¼ June-Sept.	1¼ April	½ May-Sept.	1¾ Oct.-Dec.	1 Feb. & Mar.
	5¼	0.40	1 Jan.-Mar.	½ June-Dec.	1¼ Jan.-Mar.	½ June-Aug.	1¾ Jan.-Mar.	1¼ Apr.-Dec.
7½ Jan.-Mar.	5¼ Apr.-Oct.	0.42	1¼ Feb.-Mar.	½ Aug.-Sept.	1½ Jan.-Mar.	¾ July-Nov., March	1¾	1¼ Apr.-June
	7½	0.45	1¼ Feb.-Mar.	½ Aug.-Feb.	1½ May-Aug., Feb.-Mar.	¾ Aug.-Nov.	2 Feb.-Mar	1½ Apr.-Feb.
8¼ Jan.-Mar.	7½ Apr.-Jan.	0.49	1½ January	1	1¾ Jan.-Mar.	1¼ Apr.-Dec.	2	1¾
8¼ Feb.-Mar.	7½ Apr.-Feb.	0.51	1¾ Jan.-Mar.	1 Apr. & June-Sept.	1¾	1½ Apr.-Jan.	2	1¾
7½		—	1¼	1	1¾	1½	2	1¾
7½		—	1½	1¼	1¾	1½	2	1¾
7½		—	1½	1¼	1¾	1½	2	1¾
7½		0.50	1¼	1	1¾	1½	2	1¾
7½		0.50	1¼	1	1¾	1½	2	1¾
7½		0.53	1¼	1	1¾	1½	2	1¾
7½		—	1¼	1	1¾	1½	2	1¾
7½		—	1½	1¼	1¾	1½	2	1¾
7½		0.50	1½	1¼	1¾	1½	2	1¾
7½		—	1½	1¼	1¾	1½	2	1¾
7½		—	1½	1½	1¾	1½	2	1¾
8¼		—	1¾	1½	1¾		2	1¾

mmercial paper eligible for purchase under the Reserve Bank of India Act. † The rate at which the Imperial Bank counted by shroffs. These are unofficial quotations. ‡‡ Quoted by the larger banks in Bombay.

STATEMENT 23

WEEKLY CONSOLIDATED POSITION OF SCHEDULED BANKS, 1949-50

(Reference paragraph 28)

(In lakhs of rupees)

Friday 1949-50			Number of Reporting Banks	Demand Liabilities§	Time Liabilities§	Total Liabilities§	Inter-Bank Borrowings		Net Liabilities	Cash	Balances with Reserve Bank	Excess of (9) over the statutory minimum	Advances	Bills Discounted
							Demand	Time						
			1	2	3	4	5	6	7	8	9	10	11	12
April	1	..	95	625,92	285,97	**911,89**	33,19	10	**878,54**	34,95	51,96	14,94	482,83	18,61
„	8	..	95	627,17	286,39	**913,56**	32,48	13	**880,95**	34,25	50,75	13,66	485,12	19,33
„	15	..	96	623,32	288,67	**911,99**	30,79	12	**881,08**	35,71	50,42	13,48	486,14	19,35
„	22	..	96	625,26	287,87	**913,13**	31,07	11	**881,95**	36,42	55,35	18,33	487,34	18,37
„	29	..	96	620,46	286,82	**907,28**	33,30	11	**873,87**	35,37	53,40	16,64	490,56	17,82
May	6	..	95	621,36	285,09	**906,45**	37,77	14	**868,54**	35,35	51,83	15,06	496,81	17,59
„	13	..	94	606,12	282,09	**888,21**	33,58	14	**854,49**	36,75	54,26	18,31	488,94	17,13
„	20	..	94	599,2[illegible]	281,72	**880,93**	30,37	14	**850,47**	36,11	60,70	25,10	476,15	17,25
„	27	..	93	594,13	281,81	**875,[illegible]5**	27,11	14	**848,70**	35,66	64,69	29,35	468,06	16,48
June	3	..	94	594,56	281,73	**876,29**	27,98	5	**848,26**	35,71	65,83	30,47	466,80	16,16
„	10	..	94	593,77	280,80	**874,57**	28,54	10	**845,93**	35,66	57,76	22,46	466,24	15,73
„	17	..	94	597,98	281,45	**879,43**	26,22	5	**853,16**	37,54	65,08	29,55	455,94	15,01
„	24	..	94	593,87	281,24	**875,11**	26,07	5	**848,99**	37,06	70,47	35,15	444,84	15,32
July	1	..	94	595,68	279,53	**875,21**	24,87	15	**850,19**	42,59	66,45	31,08	440,71	15,20
„	8	..	94	590,24	277,49	**867,73**	25,81	20	**841,72**	35,84	66,67	31,61	440,63	14,46
„	15	..	94	590,42	276,82	**867,24**	25,16	23	**841,85**	35,24	73,23	38,17	429,98	14,21
„	22	..	94	594,65	275,81	**870,46**	25,08	28	**845,10**	35,35	81,21	45,96	420,13	14,60
„	29	..	94	595,60	271,05	**866,64**	26,06	31	**840,27**	34,20	84,28	49,08	415,65	14,09
August	5	..	94	597,8[illegible]	[illegible],47	**867,36**	25,88	15	**843,33**	[illegible]				
„	12	..	94	599,31	269,00	**868,31**								
„	19	..	94											

„	15	..	94	590,42	270,82	861,24	25,10	28	845,10	35,35	81,21	45,96	420,13	14,60
	22	..	94	594,65	275,81	870,46	25,08	28	[illegible]	[illegible]	28	[illegible]	[illegible]	14,09
	29	..	[illegible]	595	71,0	[illegible]	[illegible]	3[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

August	5	..	94	597,89	271,47	869,36	25,88	15	843,33	33,68	90,62	55,30	413,41	13,98
„	12	..	94	599,31	269,00	868,31	27,53	12	840,66	33,13	87,56	52,21	411,64	14,91
„	19	..	94	600,69	268,88	869,57	27,44	10	842,03	34,46	87,72	52,31	408,27	14,98
„	26	..	94	600,40	270,51	870,91	27,06	10	843,75	32,88	89,49	54,06	400,45	14,70
September	2	..	94	597,39	271,73	869,12	25,53	12	843,47	32,07	91,97	56,67	398,80	13,90
„	9	..	94	598,43	270,06	868,49	27,43	12	840,94	32,60	88,46	53,14	401,25	13,53
„	16	..	94	594,08	268,48	862,56	25,57	16	836,83	32,69	69,17	34,10	400,49	12,24
„	23	..	94	606,01	266,03	872,04	30,43	11	841,50	35,38	60,36	24,74	406,64	11,75
„	30	..	94	594,32	265,85	860,17	29,92	5	830,20	31,81	63,05	28,02	411,05	11,58
October	7	..	94	600,99	264,27	865,26	27,86	5	837,35	34,89	58,89	23,56	411,38	11,87
„	14	..	94	600,86	265,02	865,87	24,47	8	841,32	33,52	61,13	25,79	404,41	12,24
„	21	..	94	597,32	264,91	862,23	23,79	3	838,41	30,10	65,76	30,60	399,69	13,02
„	28	..	94	600,45	265,63	866,08	19,88	3	846,17	34,90	69,58	34,24	390,88	13,70
November	4	..	94	598,11	267,65	865,76	19,83	21	845,72	34,30	71,34	36,08	388,82	13,80
„	11	..	94	593,06	267,71	860,77	19,51	31	840,95	33,48	70,60	35,59	387,87	14,19
„	18	..	94	594,24	267,83	862 07	18,22	46	843,39	33,98	78,56	43,49	383,83	14,20
„	25	..	94	593,65	269,14	862,79	18,76	97	843,06	33,86	80,63	45,56	380,67	14,59
December	2	..	94	591,36	268,53	859,89	20,11	1,27	838,51	32,02	77,31	42,37	385,34	14,30
„	9	..	94	587,94	269,11	857,04	21,12	1,47	834,45	32,45	69,90	35,12	387,69	14,64
„	16	..	94	583,93	269,23	853,16	21,15	1,47	830,54	32,72	73,37	38,79	390,47	14,68
„	23	..	94	580,38	268,94	849,31	21,14	77	827,40	31,74	71,96	37,56	391,13	14,95
„	30	..	94	584,85	269,04	853,89	19,94	58	833,37	38,25	75,18	40,56	395,25	15,37
January	6	..	94	583,78	267,53	851,31	21,26	64	829,41	33,81	69,51	34,97	402,11	16,01
„	13	..	94	585,51	268,36	853,87	22,02	70	831,15	33,50	59,04	24,40	410,62	16,19
„	20	..	94	593,71	268,04	861,76	23,97	60	837,19	33,82	60,93	25,88	411,60	15,59
„	27	..	94	592,50	268,90	861,40	25,42	70	835,28	33,28	55,53	20,53	415,54	15,65
February	3	..	95	597,59	268,71	866,30	27,13	1,30	837,87	35,13	54,48	19,23	425,16	16,38
„	10	..	95	593,72	269,93	863,65	25,89	1,28	836,48	34,73	53,06	17,98	425,11	16,47
„	17	..	94	596,87	268,96	865,83	28,22	1,31	836,30	35,54	51,57	16,35	426,09	16,88
„	24	..	94	596,49	269,00	865,49	26,82	1,44	837,23	35,08	54,15	18,95	425,67	16,60
March	3	..	94	591,22	267,34	858,56	26,07	1,37	831,12	33,10	52,52	17,61	429,75	16,93
„	10	..	94	594,67	267,35	862,02	27,59	1,46	832,97	34,40	50,53	15,45	433,30	16,73
„	17	..	94	588,44	265,95	854,39	27,16	1,25	825,98	33,88	50,04	15,30	436,86	16,72
„	24	..	94	589,71	264,55	854,26	25,21	1,25	827,80	33,74	51,25	16,47	437,77	16,57
„	31	..	94	593,38	261,42	854,80	26,25	97	827,58	32,49	50,55	15,65	445,61	16,71

§ Inclusive of inter-bank borrowings.

STATEMENT 24

CONSOLIDATED POSITION OF SCHEDULED BANKS SINCE 1937-38

(Reference paragraph 28)

(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)*
						(A) UNDIVIDED INDIA									
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	5,38	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	5,73	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*	103,87	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	51,99	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	1,050,54	39,92	100,81	58,60	140,73	*13.40*	427,54	16,82	444,36	*42.30*
						(B) INDIAN UNION									
1948-49 ..	94	674,56	*68.9*	303,88	140,39	978,44	37,51	76,63	36,32	114,14	*11.67*	424,85	16,44	441,29	*45.10*
1949-50	94	597,79	*68.7*	272,59	133,95	870,38	34,47	65,85	30,51	100,32	*11.53*	426,74	15,35	442,09	*50.79*
April 1949	95	624,43 (32,17)	*68.50*	287,14 (13)	140,81	911,57 (32,29)	35,34	52,37	15,41	87,71	*9.62*	486,40	18,70	505,10	*55.41*
May „	93	605,22 (32,21)	*68.16*	282,68 (14)	137,05	887,90 (32,35)	35,97	57,87	21,96	93,84	*10.57*	482,49	17,11	499,60	*56.27*
June „	94	595,04 (27,20)	*67.90*	281,30 (6)	137,01	876,35 (27,26)	36,49	64,79	29,41	101,28	*11.56*	458,46	15,56	474,02	*54.09*
July „	94	593,31 (25,40)	*68.24*	276,14 (23)	137,53	869,45 (25,03)	36,64	74,37	39,18	111,01	*12.77*	429,42	14,51	443,93	*51.06*
Aug. „	94	599,57 (26,98)	*68.95*	269,96 (12)	137,69	869,54 (27,10)	33,54	88,85	53,47	122,39	*14.07*	408,44	14,64	423,08	*48.66*
Sept. „	96	598,04 (27,78)	*69.02*	268,43 (11)	137,00	866,47 (27,89)	32,91	74,60	39,33	107,51	*12.41*	403,65	12,60	416,25	*48.04*
Oct. „	94	599,91 (24,00)	*69.36*	264,96 (5)	136,46	864,86 (24,05)	33,35	63,84	28,55	97,19	*11.24*	401,59	12,71	414,30	*47.90*
Nov. „	94	594,76 (19,08)	*68.93*	268,09 (49)	135,91	862,85 (19,57)	33,91	75,28	40,18	109,19	*12.65*	385,30	14,20	399,50	*46.30*
Dec. „	94	585,69 (20,69)	*68.53*	268,97 (1,11)	135,94	854,66 (21,81)	33,44	73,54	38,88	106,98	*12.52*	389,97	14,79	404,76	*47.36*
Jan. 1950	94	588,88 (23,17)	*68.71*	268,21 (66)	134,58	857,08 (23,83)	33,60	61,26	26,45	94,86	*11.07*	409,97	15,86	425,83	*49.68*
Feb. „	94	596,17 (27,02)	*68.90*	269,15 (1,33)	133,82	865,32 (28,35)	35,12	53,32	18,13	88,44	*10.22*	425,51	16,58	442,09	*51.09*
Mar. „	94	591,48 (26,45)	*69.03*	265,32 (1,26)	133,95	856,81 (27,71)	33,52	50,98	16,10	84,50	*9.86*	436,66	16,73	453,39	*52.92*

Note.—Data are exclusive of Burma. Figures in brackets relate to inter-bank borrowings.

† For the purpose of Section 42 of the Reserve Bank of India Act, Savings Deposits are classified under demand or time liabilities according to the rules of the various scheduled banks in respect of withdrawal of these deposits. Annual figures are given the last Friday of March and monthly figures are as on last Friday of the month.

STATEMENT 25

INDEXES OF THE CONSOLIDATED POSITION OF SCHEDULED BANKS

		(27,02)	(1,33)	(28,35)										
[illegible] r.	[illegible]4	591	265,2[illegible]	[illegible],95	856,91	33,52	50 98	16,1[illegible]	84,50	9.86	426,66	16.73	453,39	52.92
		(26,45)	(1,2[illegible],		(27,[illegible])									

Note. Data are exclusive of Burma. Figures in brackets relate to inter-bank borrowings.

† For the purpose of Section 42 of the Reserve Bank of India Act, Savings Deposits are classified under demand or time liabilities according to the rules of the various scheduled banks in respect of withdrawal of these deposits. Annual figures are given on the last Friday of March and monthly figures are as on last Friday of the month.

STATEMENT 25

INDICES OF THE CONSOLIDATED POSITION OF SCHEDULED BANKS

(Reference paragraph 28)

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)*
(A) UNDIVIDED INDIA												
(Base : 1938-39=100)												
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*
(B) INDIAN UNION												
(Base : 1948-49=100)												
1949-50	88.6	89.7	89.0	91.9	85.9	82.9	87.9	*98.8*	100.4	93.4	100.2	*112.6*
April 1949 ..	92.6	94.5	93.2	94.2	68.3	41.9	76.8	*82.4*	114.5	113.7	114.5	*122.9*
May ,, ..	89.7	93.0	90.7	95.9	75.5	59.6	82.2	*90.6*	113.6	104.1	113.2	*124.8*
June ,, ..	88.2	92.6	89.6	97.3	84.5	79.9	88.7	*99.1*	107.9	94.6	107.4	*119.9*
July ,, ..	88.0	90.9	88.9	97.7	97.0	106.4	97.3	*109.4*	101.1	88.3	100.6	*113.2*
August ,, ..	88.9	88.8	88.9	89.4	115.9	145.2	107.2	*120.6*	96.1	89.1	95.9	*107.9*
September ,, ..	88.7	88.3	88.6	87.7	97.3	108.8	94.2	*106.3*	95.0	76.6	94.3	*106.5*
October ,, ..	89.0	87.2	88.4	88.9	83.3	77.5	85.1	*96.3*	94.5	77.3	93.9	*106.2*
November ,, ..	88.2	88.2	88.2	90.4	98.2	109.1	95.7	*108.4*	90.7	86.4	90.5	*102.7*
December ,, ..	86.8	88.5	87.3	89.1	96.0	105.6	93.7	*107.3*	91.8	90.0	91.7	*105.0*
January 1950 ..	87.3	88.3	87.6	89.6	79.9	71.8	83.1	*94.9*	96.5	96.5	96.5	*110.2*
February ,, ..	88.4	88.6	88.4	93.6	69.6	49.2	77.6	*87.6*	100.2	100.9	100.2	*113.3*
March ,, ..	87.7	87.3	87.6	89.4	66.5	43.7	74.0	*84.5*	102.8	101.8	102.7	*117.3*

Note.—Excluding figures for Burma.

STATEMENT 26

SURVEY OF BANK ADVANCES

(Reference paragraphs 28 & 29)

(In crores of rupees)

	30th June, 1949		30th Sept., 1949		31st Dec., 1949		31st March, 1950	
	Amount	*Per cent to total*	Amount	*Per cent to total*	Amount	*Per cent to total*	Amount	*Per cent to total*
	1	2	3	4	5	6	7	8
I.—SCHEDULED BANKS								
No. of Reporting Banks ..	87		88		88		89	
A.—According to Purpose :								
Advances to—								
(1) Industry ..	154.1	*32.3*	132.1	*29.8*	133.2	*30.4*	156.8	*31.5*
(2) Commerce ..	226.6	*47.6*	220.0	*49.6*	222.4	*50.7*	257.1	*51.6*
(3) Agriculture ..	17.6	*3.7*	16.1	*3.6*	8.5	*1.9*	11.5	*2.3*
(4) Personal and Professional ..	40.9	*8.6*	42.6	*9.6*	41.1	*9.4*	41.6	*8.3*
(5) All Others ..	37.2	*7.8*	33.0	*7.4*	33.3	*7.6*	31.3	*6.3*
**Total .. **	**476.4**	*100.0*	**443.8**	*100.0*	**438.5**	*100.0*	**498.3**	*100.0*
B.—According to Security :								
Advances against—								
(1) Government Securities	57.3	*12.0*	54.1	*12.2*	50.5	*11.5*	56.7	*11.4*
(2) Shares	51.0	*10.7*	53.1	*12.0*	52.6	*12.0*	53.2	*10.7*
(3) Merchandise ..	201.1	*42.2*	178.4	*40.2*	179.3	*40.9*	226.4	*45.4*
(4) Real Estate ..	22.6	*4.7*	21.9	*4.9*	22.8	*5.2*	21.2	*4.3*
(5) Bullion	8.3*	*1.8*	7.3*	*1.7*	9.6	*2.2*	11.0	*2.2*
(6) All Others ..	77.6	*16.3*	73.8	*16.6*	65.0	*14.8*	61.0	*12.2*
(7) Unsecured ..	58.5	*12.3*	55.2	*12.4*	58.7	*13.4*	68.8	*13.8*
**Total .. **	**476.4**	*100.0*	**443.8**	*100.0*	**438.5**	*100.0*	**498.3**	*100.0*
II.—NON-SCHEDULED BANKS								
No. of Reporting Banks ..	267		294		416		406	
A.—According to Purpose :								
Advances to—								
(1) Industry ..	5.4	*17.8*	5.7	*17.8*	8.4	*19.2*	6.2	*15.5*
(2) Commerce ..	12.6	*41.6*	13.3	*41.9*	17.6	*40.5*	17.3	*43.1*
(3) Agriculture ..	1.4	*4.8*	1.6	*5.1*	2.2	*5.1*	1.9	*4.7*
(4) Personal and Professional ..	7.1	*23.4*	7.8	*24.6*	12.7	*29.2*	11.3	*28.2*
(5) All Others ..	3.7	*12.4*	3.3	*10.6*	2.6	*6.0*	3.4	*8.5*
**Total .. **	**30.2**	*100.0*	**31.7**	*100.0*	**43.5**	*100.0*	**40.1**	*100.0*
B.—According to Security :								
Advances against—								
(1) Government Securities	0.2	*0.7*	0.2	*0.7*	0.2	*0.5*	0.3	*0.7*
(2) Shares	2.3	*7.5*	2.0	*6.4*	2.9	*6.7*	2.1	*5.2*
(3) Merchandise ..	6.3	*20.7*	6.3	*19.6*	9.7	*22.3*	7.5	*18.7*
(4) Real Estate ..	5.1	*16.9*	5.3	*16.8*	8.1	*18.6*	8.4	*21.0*
(5) Bullion	4.4	*14.8*	5.8	*18.3*	7.6	*17.4*	6.8	*17.0*
(6) All Others ..	5.4*	*17.8*	5.2*	*16.5*	5.9	*13.6*	5.7	*14.2*
(7) Unsecured ..	6.5	*2116*	6.9	*21.7*	9.1	*20.9*	9.3	*23.2*
**Total .. **	**30.2**	*100.0*	**31.7**	*100.0*	**43.5**	*100.0*	**40.1**	*100.0*

* Includes decreed, doubtful and bad debts.

STATEMENT 27

Survey of Investments of Banks

(Reference paragraphs 28 & 29)

(In crores of rupees)

End of	No. of Reporting Banks	Government Securities* Maturing: Within 5 years	*Percentage of 2 to 8*	Between 5 and 15 years	*Percentage of 4 to 8*	After 15 years	*Percentage of 6 to 8*	**Total**	*Percentage of 8 to 15*	Shares and Debentures	Trustee Securities	Fixed Deposits	Others	Foreign Investments	**Grand Total**
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(A) SCHEDULED BANKS															
June 1949 ..	91	95.8	*27.9*	186.2	*54.2*	61.5	*17.9*	**343.5**	*88.7*	12.8	3.7	0.5	2.1	24.7	**387.3**
December ,, ..	92	107.5	*30.1*	188.2	*52.7*	61.6	*17.2*	**357.3**	*88.8*	13.3	5.1	0.5	6.0	20.4	**402.6**
(B) SAMPLE OF NON-SCHEDULED BANKS															
June 1949 ..	62	1.5	*17.6*	4.0	*47.5*	2.9	*34.9*	**8.4**	*78.6*	1.0	0.2	0.4	0.5	0.1	**10.6**
December ,, ..	101	1.7	*19.5*	4.1	*45.5*	3.2	*35.0*	**9.0**	*78.8*	1.1	0.3	0.5	0.5	0.1	**11.5**

* Includes Central and State Government Securities.

STATEMENT 28

Survey of Ownership of Deposits of Banks

(As on 31st December, 1949)

(Reference paragraphs 28 & 29)

(In crores of rupees)

	SCHEDULED BANKS (88)								SAMPLE OF NON-SCHEDULED BANKS (109)							
	Demand	*Percentage to total of (1)*	Savings	*Percentage to total of (3)*	Time	*Percentage to total of (5)*	**Total (1+3+5)**	*Percentage to total of (7)*	Demand	*Percentage to total of (9)*	Savings	*Percentage to total of (11)*	Time	*Percentage to total of (13)*	**Total (9+11+13)**	*Percentage to total of (15)*
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
I. Business ..	245·7	*51·4*	1·9	*1·4*	50·5	*23·6*	**298·0**	*36·1*	4·8	*57·1*	0·3	*5·8*	4·1	*26·7*	**9·3**	*32·2*
II. Personal ..	137·6	*28·8*	129·4	*96·5*	127·3	*59·4*	**394·3**	*47·7*	2·2	*26·2*	4·6	*88·4*	9·7	*62·9*	**16·3**	*56·4*
III. Others .	84·3	*17·6*	2·8	*2·1*	35·0	*16·3*	**122·1**	*14·8*	0·9	*10·7*	0·3	*5·8*	1·2	*7·8*	**2·4**	*8·3*
IV. Unclassified*	10·6	*2·2*	—	—	1·4	*0·7*	**12·0**	*1·5*	0·5	*6·0*	—	—	0·4	*2·6*	**0·9**	*3·1*
Total ..	**478·2**	*100·0*	**134·1**	*100·0*	**214·2**	*100·0*	**826·4**	*100·0*	**8·4**	*100·0*	**5·2**	*100·0*	**15·4**	*100·0*	**28·9**	*100·0*

* Accounts with balances of less than Rs. 500/-.

STATEMENT 29

LIABILITIES AND ASSETS OF BANKING COMPANIES†

(*Reference paragraphs* 28 & 29)

(In lakhs of rupees)

Last Friday of	No. of Reporting Banks	Paid-up Capital and Reserves	DEPOSITS			Due to other Banks	Total Liabilities	Cash in hand and with Reserve Bank	(8) as Percent of (5)	Balances with other banks & money at call and short notice	INVESTMENTS		(11+12) as Percent of (5)	Loans and Advances	14 as Percent of (5)	Total Assets
			Demand	Time	Total						Govt. Securities	Others				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1948-49																
(A) SCHEDULED BANKS																
September ..	94	54,01	614,03	256,58	870,61	21,76	**1,021,71**	123,46	14·2	26,45	462,64	17,30	55·1	352,59	40·5	**1,066,56**
October .	94	56,38	596,92	251,63	848,55	26,82	**1,012,32**	93,36	11·0	26,47	466,92	15,36	56·8	363,97	42·9	**1,054,27**
November ..	95	55,88	600,29	252,54	852,83	25,06	**1,005,37**	114,99	13·5	26,18	441,37	15,41	53·6	364,07	42·7	**1,042,27**
December ..	94	56,59	588,26	251,82	840,08	47,30	**1,000,20**	100,20	11·9	30,74	426,10	16,16	52·6	375,03	44·4	**1,025,59**
January ..	94	56,65	573,69	247,58	821,27	29,17	**959,10**	90,51	11·0	25,17	399,16	15,74	50·5	396,05	48·2	**994,96**
February ..	94	56,90	567,83	245,16	812,99	31,79	**953,84**	83,81	10·3	24,85	378,27	15,70	48·5	410,61	50·5	**980,58**
March ..	92	57,18	566,44	260,00	826,44	36,35	**977,41**	90,28	10·9	16,54	365,21	21,44	46·8	438,39	53·0	**1,006,49**
(B) NON-SCHEDULED BANKS																
September ..	418	8,36	18,03	27,70	45,73	4,18	**60,34**	3,36	7·3	3,22	11,16	3,84	32·8	33,63	73·5	**58,59**
October ..	422	8,27	17,45	27,34	44,79	4,38	**59,59**	3,18	7·1	2,74	11,24	3,82	33·6	33,60	75·0	**58,01**
November ..	419	8,25	17,63	26,87	44,50	4,53	**59,47**	3,20	7·2	2,70	10,83	3,53	32·3	33,60	75·5	**57,39**
December ..	419	8,12	17,92	26,64	44,56	3,97	**58,73**	3,84	8·6	3,46	10,46	3,41	31·1	32,74	73·5	**57,33**
January ..	408	8,07	16,73	26,69	43,42	4,12	**57,68**	3,07	7·1	3,01	10,40	3,59	32·2	32,71	75·3	**56,29**
February ..	400	6,59	16,36	25,76	42,12	3,94	**56,11**	3,00	7·1	2,44	10,31	2,91	31·4	32,89	78·1	**54,84**
March ..	399	8,75	18,41	28,32	46,73	4,41	**63,52**	3,39	7·3	1,88	10,90	3,39	30·6	37,59	80·4	**61,88**
(C) TOTAL OF (A) AND (B)																
September ..	512	62,37	632,06	284,28	916,34	25,94	**1,082,05**	126,82	13·8	29,67	473,80	21,14	54·0	386,22	42·1	**1,125,15**
October ..	516	64,65	614,37	278,97	893,34	31,20	**1,071,91**	96,54	10·8	29,21	478,16	19,18	55·7	397,57	44·5	**1,112,28**
November ..	514	64,13	617,92	279,41	897,33	29,59	**1,064,84**	118,19	13·2	28,88	452,20	18,94	52·5	397,67	44·3	**1,099,66**
December .	513	64,71	606,18	278,46	884,64	51,27	**1,058,93**	104,04	11·8	34,20	436,56	19,57	51·6	405,77	45·9	**1,082,92**
January .	502	64,72	590,42	274,27	864,69	33,29	**1,016,78**	93,58	10·8	28,18	409,56	19,33	49·6	428,76	49·6	**1,051,25**
February .	494	63,79	584,19	270,92	855,11	35,73	**1,009,95**	86,81	10·2	27,29	388,58	18,61	47·6	443,50	51·9	**1,035,42**
March .	491	65,93	584,85	288,32	873,17	40,76	**1,040,93**	93,67	10·7	18,42	376,11	24,83	45·9	475,98	54·5	**1,068,37**
1949-50																
(A) SCHEDULED BANKS																

[illegible]ember	..	512	62,97	632,06	284,28	916,34	25,94	1,082,05	126,82	13·8	29,01	478,16	19,18	55·7	397,57	44·5	1,112,28
October	..	516	64,[illegible]	4,37[illegible]	278,[illegible]	89[illegible]34	31,20	1,07[illegible]91	96,54	10·8	29,21	478,16	19,18	55·7	397,57	44·3	1,099,66
November	..	514	64,13	617,92	279,41	897,33	29,55	1,06[illegible]84	3,19	13·2	28[illegible]	[illegible],20	18,[illegible]	5[illegible]5	2[illegible],67	44·3	,082,[illegible]
December	..	513	64,71	606,18	278,46	884,64	31,27	1,059,93	104,04	11·8	34,20	436,56	19,57	51·6	4[illegible],77	45·9	1,051,25
January	..	502	64,72	590,42	274,27	864,69	33,29	1,016,78	93,58	10·8	28,18	409,56	19,33	49·6	428,76	49·6	1,035,42
February	..	494	63,79	584,19	270,92	855,11	35,73	1,009,95	86,81	10·2	27,29	388,58	18,61	47·6	443,50	51·9	1,068,37
March	..	491	65,93	584,85	288,32	873,17	40,76	1,040,93	93,67	10·[illegible]	18,42	376,11	24,83	45·9	475,98	54·5	1,068,37

1949-50

(A) SCHEDULED BANKS

April	..	93	57,63	558,28	263,29	821,57	33,53	**971,54**	89,93	10·9	15,68	342,96	21,70	44·4	465,57	56·7	**1,010,72**
May	..	92	57,65	544,45	259,06	803,51	28,85	**944,63**	102,83	12·8	13,76	321,01	21,61	42·6	434,19	54·0	**961,68**
June	..	93	58,34	545,57	259,18	804,75	27,73	**942,93**	109,47	13·6	18,04	323,46	21,87	42·9	415,12	51·6	**949,13**
July	..	93	58,35	545,47	253,73	799,20	30,02	**932,62**	119,89	15·0	17,80	334,98	21,88	44·7	384,11	48·1	**937,53**
August	..	93	60,79	559,27	256,94	816,21	24,48	**951,03**	124,42	15·2	19,45	347.58	22,32	45·3	373,24	45·7	**944,58**
September	..	91	56,72	551,48	248,43	799,91	34,12	**939,94**	97,88	12·2	19,44	367,05	22,03	48·6	372,36	46·6	**941,41**
October	..	92	57,46	565,91	248,46	814,37	27,40	**952,33**	108,13	13·3	14,67	365,91	22,28	47·7	364,57	44·8	**935,23**
November	..	91	56,72	560,14	252,36	812,50	24,23	**939,29**	118,01	14·5	15,76	354,42	22,38	46·4	357,09	43·9	**913,55**
December	..	90	56,50	551,16	251,94	803,10	26,04	**934,79**	117,02	14·6	15,45	339,83	21,61	45·0	371,23	46·2	**921,22**
January	..	92	56,83	553,44	250,74	804,18	31,13	**937,15**	92,44	11·5	17,03	343,46	21,67	45·4	385,18	47·9	**913,76**
February	..	92	57,04	559,53	252,74	812,27	36,11	**961,29**	93,11	11·5	18,36	338,84	22,18	44·4	397,32	48·9	**920,69**
March	..	93	57,44	564,19	252,23	816,42	36,01	**970,52**	87,85	10·8	13,59	332,51	22,78	43·5	425,06	52·1	**938,15**

(B) NON-SCHEDULED BANKS

April	..	397	8,62	17,68	28,12	45,80	4,19	**62,24**	3,53	7·7	1,94	10,27	3,23	29·5	36,97	80·7	**60,71**
May	..	395	8,71	18,02	27,24	45,26	3,81	**60,86**	3,75	8·3	1,97	10,16	3,13	29·4	35,99	79·5	**59,22**
June	..	399	8,91	17,74	28,11	45,85	3,42	**61,00**	3,69	8·0	2,00	10,35	3,09	29·3	35,76	78·0	**59,31**
July	..	398	8,74	17,59	27,32	44,91	3,55	**60,27**	3,52	7·8	1,88	10,47	3,04	30·1	35,54	79·1	**58,49**
August	..	380	8,71	17,02	26,47	43,49	3,67	**59,73**	3,18	7·3	1,84	10,23	3,06	30·6	34,28	78·8	**56,54**
September	..	377	8,28	16,28	25,40	41,68	3,55	**55,86**	3,24	7·8	2,01	10,28	2,97	31·8	33,29	79·9	**55,22**
October	..	373	8,40	16,16	24,96	41,12	3,67	**55,64**	3,13	7·6	1,75	10,36	3,05	32·6	33,11	80·5	**54,96**
November	..	364	7,91	15,16	24,30	39,46	3,41	**52,82**	2,96	7·5	1,84	10,01	2,96	32·9	31,42	79·6	**52,15**
December	..	358	7,91	15,38	24,62	40,00	2,87	**53,23**	3,61	9·0	2,15	9,93	2,82	31·9	30,38	76·0	**51,92**
January	..	355	8,24	14,21	24,75	38,96	3,47	**52,94**	3,02	7·8	1,68	10,56	2,88	34·5	31,30	80·3	**52,17**
February	..	365	7,93	11,96	23,26	35,22	3,31	**48,35**	2,69	7·6	1,64	9,19	2,85	30·7	28,36	80·5	**47,51**
March	..	364	8,23	12,67	23,57	36,24	3,48	**49,82**	2,85	7·9	1,64	9,11	2,87	33·1	29,63	81·8	**49,04**

(C) TOTAL OF (A) AND (B)

April	..	490	66,25	575,96	291,41	867,37	37,72	**1,033,78**	93,46	10·8	17,62	353,23	24,93	43·6	502,54	57·9	**1,071,43**
May	..	487	66,36	562,47	286,30	848,77	32,66	**1,005,54**	106,58	12·6	15,73	331,17	24,74	41·9	470,18	55·4	**1,020,90**
June	..	492	67,25	563,31	287,29	850,60	31,15	**1,003,93**	113,16	13·3	20,04	333,81	24,96	42·2	450,88	53·0	**1,008,44**
July	..	491	67,09	563,06	281,05	844,11	33,57	**992,89**	123,41	14·6	19,68	345,45	24,92	43·9	419,65	49·7	**996,02**
August	..	473	69,50	576,29	283,41	859,70	38,15	**1,010,76**	127,60	14·8	21,29	357,81	25,38	44·6	407,52	47·4	**1,001,12**
September	..	468	65,00	567,76	273,83	841,59	37,67	**995,80**	101,12	12·0	21,45	377,33	25,00	47·8	405,65	48·2	**996,63**
October	..	465	65,86	582,07	273,42	855,49	31,07	**1,007,97**	111,26	13·0	16,42	376,27	25,33	46·9	397,68	46·5	**990,19**
November	..	455	64,63	575,30	276,66	851,96	27,64	**992,11**	120,97	14·2	17,60	364,43	25,34	45·7	388,51	45·6	**965,70**
December	..	448	64,41	566,54	276,56	843,10	28,91	**988,02**	120,63	14·3	17,60	349,76	24,43	44·4	401,61	47·6	**973,14**
January	..	447	65,07	567,65	275,49	843,14	34,60	**990,09**	95,46	11·3	18,71	354,02	24,55	44·9	416,48	49·4	**965,93**
February	..	457	64,97	571,49	276,00	847,49	39,42	**1,009,64**	95,80	11·3	20,00	348,03	25,03	44·0	425,68	50·2	**968,20**
March	..	457	65,67	576,86	275,80	852,66	39,49	**1,020,34**	90,70	10·6	15,23	341,62	25,65	43·1	454,69	53·5	**987,19**

† Under Section 27(1) of the Banking Companies Act, 1949 ; from September 1948 to February 1949 under Section 8(1) of the Banking Companies (Control) Ordinance, 1948.

STATEMENT 30

Clearing House Statistics (Annual) since 1918-19

(Reference paragraph 30)

(In lakhs of rupees)

	Bombay	Calcutta	Delhi	Kanpur	Karachi	Lahore	Madras	Other Centres†	Total including 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	36,72	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	1,06,54		19,69,05
1938-39 ..	7,86,22	9,34,65	18,58	11,76	32,66	10,36	98,91	28,31	19,21,45
1939-40 ..	8,83,97	11,54,03	20,35	14,22	37,53	11,14	99,94	31,73	22,52,91
1940-41 ..	8,02,32	10,08,53	28,53	19,20	46,76	16,33	1,08,65	42,28	20,72,60
1941-42 ..	10,48,60	12,33,61	41,35	29,59	58,80	26,71	1,36,41	91,27	26,66,34
1942-43 ..	13,45,23	10,74,66	81,94	56,21	77,51	48,76	1,31,40	1,63,38	29,79,09
1943-44 ..	19,66,69	17,18,61	1,19,16	1,01,06	1,01,36	77,80	1,96,80	2,97,74	45,79,22
1944-45 ..	22,36,97	23,51,59	1,29,94	1,12,95	1,24,54	95,94	2,27,37	3,47,50	56,26,80
1945-46 ..	24,87,60	28,26,21	1,46,02	1,13,47	1,45,49	1,03,39	2,98,23	4,51,96	65,72,37
1946-47 ..	28,59,08	28,42,25	1,56,37	1,42,66	2,01,82	1,36,92	3,78,00	5,04,28	72,21,38
1947-48 ..	24,52,64	25,99,96	1,26,46	1,09,83	2,74,81	49,54	3,47,94	5,18,96	64,80,14
1948-49 ..	27,38,53	26,55,26	1,48,68	1,40,46	*	*	4,02,02	6,01,59	66,86,54
1949-50 ..	25,99,80	23,56,18	1,40,30	1,25,56			3,74,64	5,98,44	61,97,92

† 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). * Rs. 71,04 lakhs and Rs. 10,97 lakhs for the Karachi and Lahore Centres respectively during the quarter ended June 1948.

STATEMENT 31

Number and Amount of Cheques Cleared in the Indian Union, 1949-50

(Reference paragraph 30)

(Rupees in lakhs)

Centre	1949-50												
	April	May	June	July	August	September	October	November	December	January	February	March	Total
Bombay—													
Number ..	8,0(,574	8,09,289	7,28,390	7,07,212	7,37,361	7,22,969	7,71,583	7,97,195	8,10,860	7,79,744	8,24,332	8,09,618	**93,05,127**
Amount ..	2,:3,10	2,23,09	2,10,67	1,95,82	2,04,02	1,95,51	2,02,74	2,14,26	2,29,55	2,15,12	2,32,36	2,53,56	**25,99,80**
Calcutta—													
Number ..	5,6(,239	5,74,328	5,46,003	5,49,461	6,04,)62	5,27,296	5,45,358	5,95,554	5,81,933	5,33,511	5,21,235	5,51,305	**66,90,285**
Amount ..	2,(8,76	2,00,33	1,84,39	1,76,49	2,12,22	1,84,20	1,98,73	2,05,65	2,09,80	1,92,80	1,81,36	2,01,45	**23,56,18**
Delhi—													
Number ..	80,568	82,601	77,570	80,005	78,523	69,756	87,998	89,636	90,890	89,780	90,699	95,867	**10,13,893**
Amount ..	2,61	12,57	11,04	10,58	10,52	9,68	11,66	11,41	12,13	12,65	13,02	12,43	**1,40,30**
Kanpur—													
Number ..	44,528	47,646	40,853	38,342	42,097	35,300	46,887	51,726	58,251	54,753	55,557	50,250	**5,66,190**
Amount ..	11,82	11,89	9,90	9,50	3,65	7,83	9,27	10,65	12,89	12,19	11,81	11,16	**1,28,56**
Madras—													
Number ..	2,23,019	2,28,472	2,27,644	2,28,230	2,35,965	2,07,629	2,46,080	2,46,949	2,58,020	2,38,468	2,45,350	2,76,494	**28,67,320**
Amount ..	33,39	31,26	28,43	27,54	31,07	26,57	32,60	31,57	33,24	29,61	32,47	36,89	**3,74,64**
Other Centres*—													
Number ..	3,33,697	3,49,400	3,22,331	3,41,781	3,55,613	3,24,871	3,75,060	3,82,464	4,00,721	3,90,615	3,98,217	4,13,760	**43,93,530**
Amount ..	59,12	50,48	49,95	46,17	45,75	42,99	47,07	48,08	52,25	50,97	52,91	52,70	**5,98,44**
Total—													
Number	20,58,625	20,91,736	19,42,791	19,45,031	20,53,621	18,87,821	20,72,966	21,63,524	22,00,675	20,86,871	21,35,390	21,97,294	**2,48,36,345**
Amount	5,48,80	5,29,62	4,94,38	4,66,10	5,13,23	4,66,78	5,02,07	5,21,62	5,49,86	5,13,34	5,23,93	5,68,19	**61,97,92**

* Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Patna, Allahabad, Jullundur City, Agra, Dehra Dun, Alleppey, Rajkot, Gaya, Bangalore, Poona and New Delhi.

STATEMENT 32

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers Issued and Paid

(Reference paragraph 31)

(In lakhs of rupees)

Centre	1948-49				1949-50							
	October to December		January to March		April to June		July to September		October to December		January to March	
	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid
Bombay ..	57,68	97,76	79,93	87,64	54,83	77,02	40,00	106,67	68,20	64,44	57,94	62,41
Calcutta ..	50,62	125,23	79,07	118,70	84,54	84,13	64,24	100,58	72,20	96,63	55,55	105,65
Delhi ..	26,54	20,84	30,37	19,80	34,25	23,61	34,08	16,14	25,24	21,40	20,90	14,79
Kanpur ..	16,28	1,93	12,98	14,61	15,92	13,24	27,95	3,84	14,18	11,31	8,43	18,04
Madras ..	16,99	26,22	15,24	43,43	21,79	25,81	20,59	14,09	12,42	33,86	12,52	43,88
Total ..	**168,11**	**271,98**	**217,57**	**284,18**	**211,33**	**223,81**	**186,86**	**241,32**	**192,24**	**227,64**	**155,34**	**244,77**

Note.—Figures relate to the Indian Union.

(B) Remittances§ through the Imperial Bank of India

(Reference paragraph 31)

(In lakhs of rupees)

From Offices in	To Offices in							
	1948-49				1949-50			
	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle	356,11	113,25	23,71	**493,07**	347,81	143,58	30,17	**521,55**
Bombay Circle	76,79	227,54	22,37	**326,70**	98,75	218,08	28,75	**345,58**
Madras Circle	29,83	44,24	194,20	**268,27**	30,55	62,16	203,60	**296,30**
Total ..	**462,73**	**385,03**	**240,28**	**1,088,04**	**477,11**	**423,81**	**262,52**	**1,163,44**

Note.—Figures relate to the Indian Union. § Telegraphic Transfers paid, Mail Transfers received, Drafts paid and Demand Drafts purchased.

STATEMENT 32—*(continued)*.

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

(Reference paragraph 31)

Bengal Circle ..									
Bombay Circle ..	76,79	227,54	22,37	[illegible]	[illegible]	[illegible]	82,16	203,60	296,30
Madras Circle ..	29,83	44,24	194,[illegible]	3,27[illegible]	30,[illegible]	[illegible]	423,81	267,32	1,[illegible]3,44
Total ..	**462,73**	**385,03**	**240,28**	**1,088,04**	**477,11**				

Note.—Figures relate to the Indian Union. § Telegraphic Transfers paid, Mail Transfers received, Drafts paid and Demand Drafts purchased.

STATEMENT 32—(*continued*).

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

(*Reference paragraph* 31)

(Amount in lakhs of rupees)

	Half-year ended 30-9-1948				Half-year ended 31-3-1949				Half-year ended 30-9-1949			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public ..	17,097	46,32	286,014	81,33	16,988	56,01	2,75,092	78,35	20,855	52,61	276,373	75,43
Scheduled Banks :												
At par	11,246	398,03	1,792	7,53	10,406	3,50,88	1,973	8,07	12,086	3,68,03	2,140	11,05
At premium	6,648	51,61	17,076	19,41	6,592	61,86	20,029	23,83	5,850	45,93	18,971	20,93
Approved Non-Scheduled Banks and Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	3,79	209	1,272	2,19	397	2,87	2,866	1,91	409	2,18	3,601	3,25
Co-operative Banks and Societies:												
At par	128	2,82	531	4,43	80	1,79	440	5,27	137	2,93	455	7,02
At premium	467	2,10	10,066	11,49	402	5,82	10,971	15,27	389	3,30	12,434	14,94
Local Funds at a premium (under para. 3E (*i*) ( ) of the Remittance Facilities Scheme)	40	(*a*)	2,334	42	5	(*a*)	2,717	30	19	(*a*)	3,164	31
Other remittances at par	2,149	30,56	104,049	42,29	1,718	21,08	1,05,541	43,63	1,921	29,04	111,554	44,27
Government :												
Intra-Provincial at par ..	593	2,76	127,097	30,22	746	4,30	1,67,719	50,60	567	6,06	161,640	38,01
Extra-Provincial at premium ..	166	46	14,437	3,70	222	1,12	23,314	8,23	285	67	18,728	6,42
Total ..	**38,913**	**536,75**	**566,668**	**203,01**	**37,556**	**5,05,73**	**6,10,662**	**2,35,46**	**42,518**	**5,10,77**	**609,060**	**2,21,63**

Note.—Figures relate to the Indian Union. (*a*) Less than Rs. 50,000

STATEMENT 33

Encashment of Foreign Circle Notes, 1949-50

(*Reference paragraph* 32)

(In rupees)

	Cashed by					
	Bombay	**Calcutta**	**Delhi**	**Kanpur**	**Madras**	**Total**
Bombay ..		5,54,63,000	4,28,90,350	3,09,37,450	4,52,21,250	**17,45,12,050**
Calcutta ..	14,86,40,400		6,57,66,250	7,52,72,900	2,95,38,450	**31,92,18,000**
Delhi ..	71,00,200	1,43,91,200		46,03,300	5,34,500	**2,66,29,200**
Kanpur ..	2,52,20,350	2,12,82,260	3,29,27,500		46,34,850	**8,40,64,960**
Madras ..	5,17,92,300	1,34,31,300	87,92,650	68,23,000		**8,08,39,250**
Karachi ..	3,64,02,500	20,94,300	82,57,170	79,80,900	42,78,050	**5,90,12,920**
Lahore ..	4,80,07,820	1,07,82,430	8,81,55,150	5,90,57,450	1,21,39,250	**21,81,42,100**
Rangoon ..	28,200	96,450	22,350	51,650	1,03,850	**3,02,500**
Total ..	**31,71,91,770**	**11,75,40,940**	**24,68,11,420**	**18,47,26,650**	**9,64,50,200**	**96,27,20,980**

STATEMENT 34

RESERVE BANK OF INDIA : BANKING DEPARTMENT* SINCE 1935-36

(Reference paragraph 33)

(In lakhs of rupees)

Average of Friday Figures	LIABILITIES							ASSETS						
	Deposits					Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad‡	Loans and Advances to Governments	Other Loans and Advances	Bills purchased and discounted	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	75	**31,84**	1,28	**43,12**	28,38	4,21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	**32,71**	1,54	**44,25**	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	**56,15**	2,56	**68,71**	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	**59,22**	4,33	**73,55**	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	**81,75**	7,91	**99,66**	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	**113,81**	10,82	**134,63**	10,67	111,72	49	15	91	7,61	3,08
1944-45	162,67	16,83	90,57	13,25	**283,32**	14,06	**307,38**	11,19	277,28	43	11	1,46	13,13	3,78
1945-46	386,93	20,68	90,22	16,56	**514,39**	16,32	**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	523,83	5	82	2,33	31,70	22,18
1947-48	366,79	16,93	102,47	34,21	**520,40**	14,55	**544,96**	47,24	406,95	1,57	21	2,62	81,53	4,85
	(21,20)	(2,43)												
1948-49 .. .	222,17	16,62	80,53	56,52	**393,72**	15,33	**419,05**	22,12	307,78	1,71	3,34	4,28	75,65	4,14
	(14,33)	(3,04)						(—)		(1)				
1949-50 .. .	141,19	23,12	67,00	64,39	**295,69**	15,76	**321,45**	24,12	180,91	3,35	8,39	4,30	96,04	4,34
1948-49														
April	249,60	14,66	88,30	43,07	**472,76**	19,74	**502,50**	11,71	411,02	41	—	7,19	66,49	5,67
	(58,22)	(18,91)						(1)		(—)				
May	239,41	18,63	94,29	44,26	**465,61**	19,48	**495,09**	14,63	417,81	5	—	3,89	52,64	5,98
	(60,08)	(8,95)						(—)		(9)				
June	220,03	21,19	100,90	46,63	**455,64**	21,27	**486,91**	20,05	405,62	1	2	1,45	53,25	6,48
	(59,87)	(6,95)						(—)		(3)				
July	212,10	16,82	97,02	48,92	**374,77**	14,76	**389,72**	38,36	303,58	10	12	2,19	50,11	5,27
August	226,34	15,60	95	48,05	**396**	11	**415. 8**	40,2.	311,15	3	18	4,41	55,59	3,73
September	227,08	18,45	95 10	58,00	**399 20**									

April ..	249,60 (,22)	14,66 (18,(	88,30	45,61				(1) 14( )	17,8	5 (9)	—	3.89	32,61	
May ..	239.41 (60,08)	18,63 (8,95)	94,29	44,26	465,61	19,48	45 ,09	20,05 (—)	405,62	1 (3)	2	1.45	53,25	6,45
June ..	220,03 (59,87)	21,19 (6,95)	100,90	46,63	455,64	21,27	486,91							
July ..	212,10	10,82	97,02	59,42	374,77	14,75	389,72	38,36	303,58	10	12	2,19	50,11	5,27
August ..	226,34	15,66	96,25	58,03	396,28	9,11	415,38	40,27	311,15	3	18	4,41	55,59	3,75
September ..	227,08	18,45	95,10	58,66	399,30	10,93	420,23	32,95	307,80	13	1,27	3,97	71,48	2,63
October ..	242,00	15,26	79,77	63,01	393,03	11,57	414,61	25,78	296,31	95	4,41	2,27	82,16	2,72
November ..	234,20	11,93	76,52	58,09	330,74	12,61	403,35	18,97	283,51	3,24	4,08	3,68	86,89	2,98
December ..	214,03	14,38	72,61	58,29	359,31	13,63	382,94	15,86	259,23	3,54	8,51	2,50	90,26	3,04
January ..	210,28	12,00	59,56	65,99	347,84	14,52	372,37	15,43	243,90	5,90	11,25	9,09	83,60	3,19
February ..	208,51	12,60	57,00	67,62	345,74	16,89	372,63	15,72	231,24	6,52	4,70	9,56	101,20	3,68
March ..	175,23	29,23	53,93	68,70	327,08	19,88	356,95	14,93	212,46	13	5,65	1,94	117,55	4,25
1949-50														
April ..	166,09	28,07	53,06	69,46	316,58	19,34	346,01	14,54	190,95	2,40	6,05	3,14	118,99	4,94
May ..	150,54	20,51	60,17	62,62	293,85	21,04	324,89	19,41	165,80	4 35	7,22	9,55	113,22	5,33
June ..	131,33	18,22	66,53	60,03	276,11	19,91	306,02	35,58	135,87	8,20	8,04	5,30	107,51	5,51
July ..	129,11	14,58	75,96	59,59	279,24	14,64	303,88	35,93	145,89	11,06	8,16	3,88	94,15	4,80
August ..	104,58	18,66	90,46	61,71	275,42	11,53	296,95	34,59	158,62	3,78	9,42	2,28	84,67	3,53
September ..	133,68	21,11	72,29	70,19	297,27	9,43	316,69	32,55	176,70	16	8,99	1,47	93,90	2,92
October ..	150,40	22,99	65,20	69,20	307,79	11,14	328,93	29,92	188,04	58	9,31	1,85	95,97	3,26
November ..	141,52	23,81	77,38	65,59	308,30	12,81	331,11	30,23	192,70	8	8,31	1,21	95,06	3,53
December ..	142,73	21,36	75,29	64,94	304,33	15,24	329,55	13,52	208,23	92	7,65	4,39	90,66	4,18
January ..	151,09	24,86	62,81	62,84	301,60	16,03	327,64	13,86	203,27	4,70	7,94	5,36	87,99	4,52
February ..	151,38	26,76	54,11	61,80	294,05	17,84	321,89	13,43	195,84	1,41	8,74	4,86	93,00	4,60
March ..	140,27	35,27	52,23	63,37	291,14	20,19	321,32	17,50	203,74	2,51	10,89	3,41	78,34	4,93

Note.—Annual figures : Data for Burma excluded. Figures up to 1947-48 and for the three months April to June 1948 relate to undivided India and thereafter to the Indian Union. Figures shown within brackets for 1947-48 relate to Pakistan and are averages for the period 15th August, 1947 to March 1948. Figures shown in brackets for 1948-49 relate to Pakistan and are annual averages of weekly figures for the period April-June 1948.

Monthly figures : Figures for Pakistan are shown below those for India from April to June 1948 under columns 1, 2, 8 and 10. Figures from July 1948 relate to the Indian Union. * Capital and reserves, rupees ten crores. ‡ Include cash and short-term securities.

STATEMENT 35

RESERVE BANK OF INDIA : BANKING DEPARTMENT*
WEEKLY STATEMENT OF ASSETS AND LIABILITIES, 1949-50

(*Reference paragraph* 33)

(In lakhs of rupees)

Friday 1949-50		LIABILITIES							ASSETS						
		Deposits					Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad†	Loans and Advances to Governments	Other Loans and Advances	Bills purchased and Discounted	Investments	Other Assets
		Central Government	Other Governments	Banks	Others	Total									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
April	1 ..	174,55	26,66	51,07	70,44	**322,72**	20,49	**353,22**	16,79	200,97	—	5,92	2,11	122,68	4,75
"	8 ..	161,72	37,94	51,89	68,65	**320,20**	19,96	**350,17**	10,86	195,21	4,24	6,00	9,39	119,56	4,91
"	15 ..	161,87	32,92	49,98	70,34	**315,12**	18,13	**343,25**	8,57	191,21	70	5,75	9,29	122,80	4,93
"	22 ..	169,32	20,91	57,64	69,64	**317,50**	18,93	**346,43**	16,30	186,59	3,58	6,28	9,55	119,16	4,98
"	29 ..	163,02	21,90	54,70	68,22	**307,84**	19,17	**337,01**	20,20	180,76	3,47	6,31	10,35	110,78	5,14
May	6 ..	159,36	20,39	53,90	67,20	**300,84**	20,82	**331,66**	8,65	176,64	6,10	7,22	10,04	117,79	5,22
"	13 ..	144,93	21,90	57,40	62,25	**286,48**	20,64	**317,12**	12,69	167,13	4,96	6,91	8,98	111,11	5,33
"	20 ..	149,53	18,62	63,69	60,81	**292,64**	21,94	**324,59**	23,90	164,06	2,86	7,08	9,35	111,97	5,38
"	27 ..	148,37	21,14	65,70	60,21	**295,42**	20,75	**326,16**	32,40	155,38	3,49	7,67	9,84	112,00	5,38
June	3 ..	138,16	18,77	65,83	61,12	**283,89**	20,19	**314,07**	31,69	144,30	4,39	7,40	8,87	111,77	5,65
"	10 ..	134,10	18,13	59,23	60,33	**271,79**	19,67	**301,47**	27,93	138,45	9,10	7,77	5,22	107,26	5,72
"	17 ..	127,87	17,71	68,37	59,20	**273,15**	20,07	**303,22**	40,80	127,95	8,85	8,49	4,59	106,81	5,72
"	24 ..	125,20	18,27	72,67	59,46	**275,61**	19,71	**305,31**	41,90	132,76	10,46	8,49	2,54	104,20	4,96
July	1 ..	127,72	16,96	67,21	61,29	**273,19**	11,07	**294,26**	32,86	135,02	10,72	7,32	2,85	103,45	2,04
"	8 ..	129,70	14,37	67,76	59,76	**271,58**	15,34	**296,92**	37,42	136,27	10,69	7,06	3,70	95,80	5,97
"	15 ..	130,03	13,83	75,15	58,96	**277,97**	15,67	**303,64**	36,60	144,11	11,80	8,02	4,55	93,03	5,53
"	22 ..	129,48	14,19	83,33	58,94	**285,99**	15,98	**311,97**	37,99	154,25	12,10	8,95	3,58	89,90	5,20
"	29 ..	128,64	13,57	86,27	58,97	**287,45**	15,14	**312,60**	34,79	159,77	9,97	9,46	4,74	88,57	5,28
August	5 ..	103,28	15,56	92,11	60,92	**271,87**	15,39	**297,27**	33,33	155,47	5,82	9,48	4,75	83,92	4,51
"	12 ..	100,11	18,39	87,91	61,80	**268,21**	16,15	**294,36**	35,94	152,21	6,50	9,47	1,84	84,06	4,34
"	19 ..	105,75	18,98	88,94	61,53	**274,30**	7,27	**291,57**	33,64	157,70	2,68	9,50	1,77	83,64	2,64
"	26 ..	109,18	21,72	93,79	62,60	**287,30**	7,29	**304,59**	35,46	169,11	10	9,23	76	87,09	2,83
Sep.	2 ..	11[illegible]0	24 5[illegible]	[illegible]0,01	61,30	**293,12**	8,18	**311,29**	37,49	167,69	19	9,29	71	[illegible]	[illegible]
"	9 ..	118,89	23,04	78,45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

„	29	..	128,64	15,07	[illegible]	[illegible]	[illegible]	15,39	297,27	[illegible]	152,21	6,50	[illegible]	1,77	83,64	[illegible]
„								15	[illegible]	[illegible]	[illegible]	2,68	[illegible]		[illegible]	2,83
August	5	..	[illegible]	15[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
„	[illegible]	..	100,11	18,39	87,91	[illegible]	[illegible]	7,27	[illegible]	[illegible]	169,11	[illegible]	[illegible]			
„	19	..	105,75	18,98	[illegible]	[illegible]	[illegible]	7,29	[illegible]	[illegible]						
„	26	..	109,18	21,72	93,79	62,60	287,30									
„																

September	2	..	117,90	24,91	[illegible]9,01	61,30	**293,12**	8,18	**311,29**	37,49	167,69	19	9,29	71	93,12	2,80
„	9	..	118,89	23,04	[illegible]8,45	67,52	**287,90**	8,28	**306,18**	30,78	168,77	27	9,39	95	93,20	2,83
„	16	..	143,65	17,66	66,65	70,53	**298,49**	9,89	**318,38**	32,80	177,07	5	8,99	2,12	94,44	2,90
„	23	..	142,36	18,78	65,15	75,74	**302,02**	10,43	**322,45**	32,91	180,93	6	9,28	1,92	94,41	2,95
„	30	..	145,58	21,16	62,18	75,88	**304,81**	10,36	**325,17**	28,76	189,06	22	8,02	1,67	94,34	3,10
October	7	..	147,33	21,56	57,53	75,72	**302,13**	12,23	**324,36**	23,11	190,33	72	9,30	1,91	95,86	3,14
„	14	..	155,50	20,87	64,03	68,08	**308,48**	11,15	**329,63**	30,61	187,30	1,48	9,30	1,83	95,91	3,20
„	21	..	148,10	24,60	66,99	66,55	**306,25**	10,24	**326,48**	29,97	185,82	11	9,32	1,83	96,14	3,30
„	28	..	150,69	24,91	72,24	66,44	**314,29**	10,95	**335,24**	35,98	188,73	—	9,32	1,83	95,97	3,41
November	4	..	145,67	25,54	71,56	67,47	**310,24**	11,55	**331,79**	31,33	190,87	—	8,57	1,65	95,99	3,38
„	11	..	143,33	22,57	73,49	66,48	**305,86**	12,25	**328,12**	25,46	194,02	—	8,54	63	95,94	3,51
„	18	..	139,22	23,52	81,53	64,58	**308,84**	13,93	**332,77**	29,89	194,12	28	8,57	1,13	95,20	3,58
„	25	..	137,85	23,61	82,96	63,81	**308,24**	13,53	**331,76**	34,22	191,76	5	7,56	1,41	93,10	3,66
December	2	..	133,16	23,37	79,18	64,18	**299,88**	13,73	**323,62**	26,61	194,82	2	6,58	1,56	90,13	3,90
„	9	..	135,04	20,96	71,97	65,24	**293,21**	15,76	**318,97**	9,76	201,47	52	6,53	4,23	92,33	4,12
„	16	..	144,27	19,75	76,48	65,80	**306,30**	15,85	**332,15**	8,93	210,80	3,70	8,45	5,44	90,58	4,25
„	23	..	149,18	20,33	73,72	65,62	**308,86**	15,73	**334,60**	8,56	218,12	1	8,35	5,34	89,96	4,25
„	30	..	152,01	22,41	75,12	63,86	**31[illegible],40**	15,04	**338,44**	13,76	215,94	33	8,35	5,39	90,28	4,38
January	6	..	151,25	22,73	70,46	64,14	**308,59**	15,32	**333,91**	12,78	207,74	4,48	7,81	6,00	90,63	4,47
„	13	..	152,15	27,21	60,24	62,18	**301,79**	15,82	**327,61**	14,39	201,80	5,89	7,75	6,42	86,77	4,58
„	20	..	146,33	27,54	62,84	62,75	**299,47**	16,16	**325,63**	15,15	201,24	4,82	8,03	4,47	87,23	4,69
„	27	..	154,63	21,97	57,70	62,27	**296,57**	16,84	**323,41**	13,12	202,30	3,60	8,16	4,54	87,33	4,36
February	3	..	153,15	26,17	53,99	60,68	**293,99**	17,42	**321,41**	15,12	198,87	2,95	7,71	4,30	87,99	4,47
„	10	..	154,58	24,46	53,02	61,53	**293,59**	17,50	**321,09**	11,58	195,18	2,28	8,14	5,07	94,28	4,56
„	17	..	150,71	24,99	53,44	63,24	**292,37**	18,21	**320,58**	12,32	195,48	14	8,40	4,80	94,78	4,65
„	24	..	147,07	31,44	56,00	61,75	**296,26**	18,22	**324,48**	14,71	193,83	27	10,70	5,27	94,95	4,74
March	3	..	152,80	25,67	51,98	63,61	**294,06**	19,86	**323,92**	12,68	198,96	3,40	10,59	7,57	86,08	4,64
„	10	..	153,81	20,62	51,32	62,40	**288,15**	20,19	**318,34**	13,93	200,68	7,08	11,08	3,78	77,04	4,74
„	17	..	132,68	42,76	51,30	63,58	**290,32**	20,49	**320,81**	20,19	204,57	72	10,92	1,78	77,75	4,87
„	24	..	132,79	41,66	53,61	63,65	**291,70**	20,59	**322,29**	22,38	206,04	1,11	10,65	1,94	75,16	5,00
„	31	..	129,28	45,63	52,92	63,61	**29[illegible],44**	19,81	**321,25**	18,34	208,43	24	11,21	1,97	75,67	5,38

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

STATEMENT 36

RESERVE BANK OF INDIA : ISSUE DEPARTMENT

WEEKLY STATEMENT OF ASSETS AND LIABILITIES, 1949-50

(Reference paragraph 34)

(In lakhs of rupees)

Friday 1949-50	LIABILITIES			ASSETS				
	Notes in Circulation‡	Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED)‡ or Assets	Gold Coin* and Bullion	Foreign Securities	Rupee Coin§	Rupee Securities	*Percentage of (4+5) to (3)*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
April 1 ..	1,174,66	16,69	1,191,36	40,02	720,34	42,28	388,72	*63.82*
" 8 ..	1,190,10	10,76	1,200,86	40,02	720,34	46,78	393,72	*63.32*
" 15 ..	1,192,34	8,48	1,200,82	40,02	720,34	46,74	393,72	*63.32*
" 22 ..	1,184,94	16,19	1,201,13	40,02	720,34	47,05	393,72	*63.30*
" 29 ..	1,181,38	20,06	1,201,44	40,02	720,34	47,35	393,72	*63.29*
"								
May 6 ..	1,192,43	8,57	1,200,99	40,02	720,34	46,91	393,72	*63.31*
" 13 ..	1,198,15	12,58	1,210,73	40,02	710,34	46,65	413,72	*61.98*
" 20 ..	1,187,17	23,79	1,210,96	40,02	710,34	46,88	413,72	*61.96*
" 27 ..	1,178,87	32,25	1,211,13	40,02	710,34	47,04	413,72	*61.96*
"								
June 3 ..	1,179,21	31,61	1,210,82	40,02	710,34	46,74	413,72	*61.97*
" 10 ..	1,182,55	27,83	1,210,38	40,02	710,34	46,29	413,72	*61.99*
" 17 ..	1,170,01	40,70	1,210,71	40,02	710,34	46,63	413,72	*61.98*
" 24 ..	1,154,48	41,78	1,196,27	40,02	695,34	47,18	413,72	*61.47*
"								
July 1 ..	1,153,72	32,72	1,186,44	40,02	685,34	47,36	413,72	*61.14*
" 8 ..	1,149,26	37,34	1,186,60	40,02	630,34	47,51	418,72	*60.71*
" 15 ..	1,135,61	36,50	1,172,11	40,02	665,34	48,03	418,72	*60.18*
" 22 ..	1,120,12	37,89	1,158,01	40,02	650,34	48,93	418,72	*59.62*
" 29 ..	1,109,00	34,64	1,143,64	40,02	635,34	49,56	418,72	*59.05*
"								
Aug 5 ..	1,1[illegible]52	33,2[illegible]	1,[illegible]43,7[illegible]					
" 12 ..	1,108,24	35,85	1,144,09	40,02	635,34	49,67	418,72	*59.05*

„										
July		..	1,153,72	32,72	1,186,60	40,02	665,34	48,03	418,72	59.62
„	15	..	1,135,61	37,89	1,158,01	40,02	635,34	49,00	418,72	59.05
„	22	..	1,120,12	34,64	1,143,64					
„	29	..	1,109,00							

August	5	..	1,110,52	33,24	1,143,75	40,02	635,34	49,67	418,72	59.05
„	12	..	1,108,24	35,85	1,144,09	40,02	635,34	49,96	418,77	59.03
„	19	..	1,101,04	33,53	1,134,57	40,02	625,34	50,44	418,77	58.65
„	26	..	1,085,40	35,32	1,120,73	40,02	610,34	51,60	418,77	58.03
September	2	..	1,083,74	37,41	1,121,14	40,02	610,34	52,02	418,77	58.01
„	9	..	1,090,28	30,66	1,120,94	40,02	610,34	51,81	418,77	58.02
„	16	..	1,078,96	32,67	1,111,63	40,02	600,34	52,50	418,77	57.61
„	23	..	1,079,03	32,80	1,111,83	40,02	600,34	52,70	418,77	57.60
„	30	..	1,079,90	28,66	1,108,56	40,02	600,34	52,93	415,27	57.77
October	7	..	1,085,24	23,00	1,108,25	40,02	600,34	52,61	415,27	57.78
„	14	..	1,078,08	30,50	1,108,58	40,02	600,34	52,95	415,27	57.76
„	21	..	1,078,88	29,84	1,108,72	40,02	600,34	53,09	415,27	57.76
„	28	..	1,073,29	35,83	1,109,13	40,02	600,34	53,50	415,27	57.74
November	4	..	1,077,80	31,24	1,109,05	40,02	600,34	53,42	415,27	57.74
„	11	..	1,083,52	25,32	1,108,84	40,02	600,34	53,21	415,27	57.75
„	18	..	1,079,38	29,74	1,109,12	40,02	600,34	53,53	415,23	57.74
„	25	..	1,075,39	34,04	1,109,44	40,02	600,34	53,85	415,23	57.72
December	2	..	1,082,88	26,47	1,109,36	40,02	600,34	53,77	415,23	57.72
„	9	..	1,099,03	9,62	1,108,65	40,02	600,34	53,06	415,23	57.76
„	16	..	1,099,84	8,80	1,108,64	40,02	600,34	53,05	415,23	57.76
„	23	..	1,100,20	8,43	1,108,63	40,02	600,34	53,05	415,23	57.76
„	30	..	1,106,47	13,61	1,120,07	40,02	610,34	54,48	415,23	58.06
January	6	..	1,116,90	12,67	1,129,57	40,02	620,34	53,98	415,23	58.46
„	13	..	1,124,82	14,29	1,139,11	40,02	630,34	53,52	415,23	58.85
„	20	..	1,124,15	15,02	1,139,17	40,02	630,34	53,58	415,23	58.85
„	27	..	1,126,14	12,97	1,139,11	40,02	630,34	53,52	415,23	58.85
February	3	..	1,133,25	15,00	1,148,24	40,02	640,34	52,65	415,23	59.25
„	10	..	1,145,26	11,45	1,156,71	40,02	650,34	51,12	415,23	59.68
„	17	..	1,144,53	12,20	1,156,73	40,02	650,34	51,10	415,27	59.68
„	24	..	1,142,45	14,59	1,157,03	40,02	650,34	51,40	415,27	59.67
March	3	..	1,153,97	12,58	1,166,55	40,02	650,34	50,92	425,27	59.18
„	10	..	1,167,14	13,83	1,180,97	40,02	650,34	50,33	440,27	58.46
„	17	..	1,161,19	20,10	1,181,29	40,02	650,34	50,66	440,27	58.44
„	24	..	1,159,27	22,27	1,181,54	40,02	650,34	50,91	440,27	58.43
„	31	..	1,163,52	18,22	1,181,74	40,02	650,34	51,10	440,27	58.42

‡These include the balance of India notes retired from Pakistan and awaiting cancellation. § Include one rupee notes.
* Valued at the statutory rate of Rs. 21-3-10 per tola.

STATEMENT 37

RESERVE BANK OF INDIA : ISSUE DEPARTMENT SINCE 1935-36

(Reference paragraph 34)

(In lakhs of rupees)

Average of Friday figures	LIABILITIES: Notes in Circulation	LIABILITIES: Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED) or Assets	ASSETS: Gold Coin and Bullion†	ASSETS: Foreign Securities	ASSETS: Rupee Coin**	ASSETS: Rupee Securities	4+5 as percentage of (3)
	1	2	3	4	5	6	7	8
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	93.85
1947-48 ..	1,227,82	47,12	1,274,95	44,42	1,135 32	32,36	62,84	92.55
1948-49 ..	1,231,84	22,02	1,253,86	42,49	907,47	42,96	265,62	75.43
..	(5,58)	(—)	(5,58)			(90)		
1949-50 ..	1,128,94	24,00	1,152,94	40,02	647,04	50,53	415,36	59.59
1948-49								
April ..	1,312,03	11,59	1,323,62	44,42	1,135,32	37,88	110,64	88.59
	(8,11)	(1)	(8,11)			(3,47)		
May ..	1,310,46	14,51	1,324,96	44,42	1,135,32	38,69	126,84	87.45
	(24,14)	(—)	(24,15)			(3,84)		
June ..	1,292,18	19,96	1,312,15	44,42	1,135,32	39,25	127,84	87.36
	(38,27)	(—)	(38,27)			(3,59)		
July ..	1,254,03	38,26	1,292,30	42,72	1,092,80	42,63	114,15	87.37
August ..	1,229,36	40,17	1,269,53	42,72	938,72	44,35	243,73	77.31
September ..	1,212,19	32,86	1,245,05	42,72	796,64	45,37	360,31	67.42
October ..	1,214,29	25,68	1,239,97	42,72	796,64	46,29	354,31	67.69
November ..	1,205,74	18,89	1,224,63	42,21	786,24	46,01	350,17	67.65
December ..	1,192,52	15,74	1,208,25	41,67	775,20	45,62	345,77	67.61
January ..	1,194,38	15,32	1,209,70	41,15	764,77	44,64	359,13	66.62
February ..	1,178,88	15,62	1,194,50	40,36	748,55	42,90	362,70	66.04
March ..	1,174,70	14,87	1,189,57	40,02	741,62	41,73	366,20	65.71
1949-50								
April ..	1,184,69	14,44	1,199,12	40,02	720,34	46,04	392,72	63.42
May ..	1,189,16	19,30	1,208,45	40,02	712,84	46,87	408,72	62.36
June ..	1,171,56	35,48	1,207,04	40,02	706,59	46,71	413,72	61.85
July ..	1,133,54	35,82	1,169,36	40,02	663,34	48,28	417,72	60.15
August ..	1,101,30	34,48	1,135,78	40,02	626,59	50,42	418,76	58.63
September ..	1,082,38	32,44	1,114,82	40,02	604,34	52,39	418,07	57.80
October ..	1,078,87	29,79	1,108,67	40,02	600,34	53,04	415,27	57.76
November ..	1,079,02	30,09	1,109,11	40,02	600,34	53,50	415,25	57.78
December ..	1,097,68	13,38	1,111,07	40,02	602,34	53,48	415,23	57.81
January ..	1,123,00	13,74	1,136,74	40,02	627,84	53,65	415,23	58.76
February ..	1,141,37	13,31	1,154,68	40,02	647,84	51,57	415,25	59.53
March ..	1,161,02	17,40	1,178,42	40,02	650,34	50,78	437,27	58.53

Note,—(1) From 1938-39 to 1941-42 Burma notes are shown within brackets below totals for India and Burma. (2) Figures up to 1947-48 relate to undivided India. (3) For the three months April to June 1948 liabilities are shown net of India notes withdrawn from circulation in Pakistan ; data for inscribed Pakistan Notes and Pakistan Rupee Coin are shown within brackets below those for India Notes and Rupee Coin. From July 1948 monthly figures of assets and liabilities are net of adjustments made on account of (*i*) inscribed Pakistan Notes issued between April and June 1948 and (*ii*) India Notes returned from circulation in Pakistan under Section 4(2) of Part IV of the Pakistan (Monetary System and Reserve Bank) Order 1947 as amended. Annual averages since 1948-49 are calculated on the basis of the adjusted figures. Figures within brackets for 1948-49 are annual averages of weekly figures for the period April-June 1948 in respect of inscribed Pakistan Notes in column 1 and Rupee Coin in column 6.

** Include one rupee notes from July 1940. † Valued at the statutory rate of Rs. 21-3-10 per tola.

STATEMENT 38

Variations in Certain Items of Assets and Liabilities of the Reserve Bank of India

(Reference paragraph 34)

(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	March† 1949	March† 1950
Note Circulation :											
Increase over previous date ..	+60	+19	+152	+234	+239	+ 202	+ 134	+ 23	+ 62	−135	− 6
Progressive increase		+79	+231	+465	+704	+ 906	+1,040	+ 1,063	+ 1,125	+990	+984
Deposits :											
Increase over previous date ..	— 2	+23	..	+ 24	+ 79	+ 226	+ 251	− 81	− 105	−125	− 41
Progressive increase		+21	+ 21	+ 45	+124	+ 350	+ 601	+ 520	+ 415	+290	+249
Total Foreign Assets :											
Increase over previous date ..	+75	+ 3	+104	+261	+437	+ 417	+ 361	− 112	− 85	−584	− 85
Progressive increase		+78	+182	+443	+880	+ 1,297	+ 1,658	+ 1,546	+ 1,461	+877	+792
Total Rupee Coin :											
Increase over previous date ..	−20	−21	− 7	− 13	− 2	+ 2	+ 2	+ 5	+ 16	+ 12	+ 6
Progressive increase		−41	− 48	− 61	− 63	− 61	− 59	− 54	− 38	− 26	− 20
Total Rupee Securities :											
Increase over previous date ..	+ 2	+49	+ 53	+ 32	−113	+ 9	+ 12	+ 36	+ 51	+318	+ 23
Progressive increase		+51	+104	+136	+ 23	+ 32	+ 44	+ 80	+ 131	+449	+472

*Change as compared with August 1939. †The figures in these columns have to be interpreted with caution because (i) upto March 1948, data are for undivided India and (ii) the final figures in respect of assets that are to be transferred to the State Bank of Pakistan are not yet available pending the final settlement in respect of India notes retired from Pakistan in terms of the Pakistan (Monetary System and Reserve Bank) Order 1947, as amended in 1948.

INDIA'S PUBLIC REVENUE,

(*Reference*

	1938-39	1939-40	1940-41	1941-42	1942-43
I. CENTRAL GOVERNMENT BUDGET					
A. (1) Revenue	**84·47**	**94·57**	**107·65**	**134·56**	**177·09**
(2) Tax Revenue	73·90	80·67	77·14	97·92	124·89
(3) *(2) as percentage of (1)*	*87·5*	*85·3*	*71·7*	*72·8*	*70·5*
(4) Non-Tax Revenue	10·57	13·90	30·51	36·65	52·20
B. (1) Expenditure	**85·11**	**94·57**	**114·18**	**147·26**	**288·87**
(2) Defence, on Revenue Account (Net)	46·18	49·54	73·61	103·93	214·62
(3) *(2) as percentage of (1)*	*54·3*	*52·4*	*64·5*	*70·6*	*74·3*
(4) Civil Expenditure	38·93	45·03	40·57	43·33	74·25
C. Surplus (+) or Deficit (−)	**− 0·64**	**—**	**− 6·53**	**− 12·70**	**−111·78**
II. CAPITAL ACCOUNT					
A. Receipts					
Permanent Debt (Net)	—	—	28·56	—	16·04
Other Debt (Net)	17·83	19·25	13·95	70·38	199·20
Repayment of Loans and advances granted by Central Government (Net)	2·53	2·15	1·81	3·16	7·06
B. Disbursements					
Recoverable War Expenditure	—	4·00	53·00	194·00	325·48
Capital outlay outside the Revenue Account	9·07	4·62	6·93	0·99	78·12
Redemption of Permanent Debt (Net)	3·24	13·56	—	97·99	—
Repayment of other debt (Net)	—	—	—	—	—
Loans and Advances by Central Government (Net)	—	—	—	—	—
C. Surplus (+) or Deficit (−)on Capital Account	**+ 8·05**	**+ 3·22**	**+ 37·39**	**− 25·44**	**+144·18**
III. MISCELLANEOUS‡ (Net)	− 5·58	+ 0·26	− 32·80	+ 39·40	− 30·10
IV. OVERALL SURPLUS (+) OR DEFICIT (−)	**+ 2·33**	**+ 3·48**	**− 1·94**	**+ 1·29**	**+ 2·29**
V. CASH BALANCE					
Opening	11·31	13·14	16·62	14·68	15·94
Closing	13·14	16·62	14·68	15·94	18·23
VI. CENTRAL GOVERNMENT DEBT AT THE END OF THE YEAR¶					
(1) Sterling Debt§	464·94	439·10	341·11	206·93	50·56
(2) Rupee Loans	437·87	450·23	574·55	611·85	748·74
(3) Small Savings ‖	141·45	135·35	108·79	95·56	92·77
(4) Treasury Bills, Ways and Means Advances and TDRs.	46·30	54·70	84·90	136·98	264·70
(5) Total Interest-Bearing Obligations (including unfunded debt and deposits)	1,205·76	1,203·86	1,247·67	1,209·21	1,353·13
VII. PART A STATES					
(1) Revenue	84·74	90·83	97·48	107·41	124·31
(2) Expenditure	85·76	89·22	95·18	103·48	118·18
(3) Surplus (+) or Deficit (−)	− 1·02	+ 1·61	+ 2·30	+ 3·93	+ 6·13
(4) Debt Position (Gross Total Debt)**	163·20	167·61	169·91	169·15	170·26

**Includes (1) Permanent debt, (2) Floating debt, (3) Loans from Central Government, and (4) Unfunded debt.

‖ 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.

¶Items (1) and (5) : Capital portion of Railway Annuities is excluded from 1942-43.

‡Includes Miscellaneous Deposits, Advances, Remittances and others.

§Excludes unfunded debt.

MENT 39

EXPENDITURE AND DEBT

paragraphs 37 & 53)

(In crores of rupees)

1943-44	1944-45	1945-46	1946-47 Revised	1947-48* Revised	1948-49 @	1949-50 Revised	1950-51§§ Budget
249·96	**335·70**	**361·19**	**336·18**	**178·77**	**371·70**	**332·37**	**338·59**
171·15	253·90	282·14	269·11	162·05	319·94	296·78	302·26
68·5	*75·6*	*78·1*	*80·0*	*90·7*	*86·1*	*89·3*	*89·3*
78·80	81·81	79·05	67·08	16·72	51·76	35·59	36·33
439·86	**496·25**	**484·61**	**381·48**	**185·29**	**320·86**	**336·10**	**337·88**
358·40	395·49	360·23	238·11	86·63	146·05	170·06	168·01
81·5	*79·7*	*74·3*	*62·4*	*46·8*	*45·5*	*50·6*	*49·7*
81·46	100·76	124·38	143·37	98·66	174·81	166·04	169·87
—189·90	**—160·55**	**—123·43**	**— 45·29**	**— 6·52**	**+ 50·84**	**— 3·74**	**+ 0·71**
240·01	203·11	275·94	35·95	—	—	—	37·75
9·12	293·74	169·81	119·95	—	317·71	102·75	27·86
14·92	22·38	16·82	—	—	—	—	—
377·87	410·84	374·54	51·62	—	—	—	—
64·51	81·73	57·46	204·67	56·89	408·99	153·76	61·30
—	—	—	—	18·62	47·54	11·26	—
—	—	—	—	37·51	—	—	—
—	—	—	12·75	20·39	28·66	58·03	28·25
+199·54	**+437·51**	**+405·11**	**— 61·52**	**—133·41**	**—167·48**	**—120·30**	**— 23·94**
+ 55·78	— 94·35	— 18·43	+ 5·54	+ 29·25	+ 34·97	+ 27·19	+ 5·62
+ 65·43	**+182·62**	**+253·25**	**—101·26**	**— 110·68**	**— 81·67**	**— 95·85**	**— 17·60**
18·23	83·66	266·28	529·53	270·30	273·90	192·22	95·38
83·66	266·28	529·53	428·27	159·62	192·23	95·38	77·78
34·70	34·19	33·84	32·84	26·42	24·01	23·35	21·96
1,006·55	1,212·14	1,492·20	1,529·73	1,517·09	1,478·39	1,452·15	1,485·32
118·47	159·18	221·52	273·20	233·10	271·73	293·80	321·65
110·61	86·70	83·33	79·20	86·84	373·33	361·48	362·23
1,532·47	1,860·44	2,282·38	2,359·36	2,162·34	2,440·27	2,499·64	2,550·09
163·31	208·18	229·33	238·80††	202·77†	258·21	295·06	282·56
153·85	204·28	218·14	230·09††	194·19†	250·82	292·59	284·29
+ 9·46	+ 3·90	+ 11·19	+ 8·71††	+ 8·58†	+ 7·39	+ 2·47	— 1·73
196·28	174·35	162·97	157·79	118·14	145·38	193·29	..

*From 15th August, 1947 to 31st March, 1948.

†† Accounts except for the Punjab. † Accounts.

§§ As passed by Parliament. @ Accounts of the Central Government not finalised.

STATEMENT 40

Important Heads of Revenue and Expenditure of the Government of India

(Reference paragraph 40)

(In crores of rupees)

	1938-39	1947-48* Revised	1948-49	1949-50 Budget	1949-50 Revised	1950-51 Budget As presented to Parliament: On the basis of existing taxation	1950-51 Budget As presented to Parliament: Including effects of new taxation	1950-51 Budget As passed by Parliament
Heads of Revenue								
Customs ..	40.51	54.50	126.16	111.47	120.43	106.54	106.54	106.54
Central Excise Duties ..	8.66	20.72	50.63	69.27	69.19	71.55	71.55	71.50
Corporation Tax ..	2.04	40.43	62.26	41.81	40.60	38.72	38.10	38.10
(Excess Profits Tax) ..	—	(26.15)	(14.38)	(7.75)	(6.05)	(5.52)	(5.52)	(5.52)
Taxes on Income other than Corporation Tax†	15.24	74.57	119.50	106.69	108.40	143.90	129.53	128.68
(Excess Profits Tax) ..	—	(4.90)	(8.11)	(3.47)	(3.00)	(4.04)	(4.04)	(4.04)
Currency and Mint ..	0.58	1.25	12.63	9.70	9.99	9.52	9.52	9.52
(Profits of the Reserve Bank) ..	(0.20)	—	..	(7.15)	(7.61)	(7.50)	(7.50)	(7.50)
Net Contributions to General Revenues :—								
Railways ..	1.37	—	7.34	4.72	7.00	6.37	6.37	6.37
Posts and Telegraphs ..	0.19	2.14	2.36	4.47	3.77	4.48	4.04	4.04
Total Tax Revenue† ..	75.40	191.79	361.73	332.14	342.52	365.93	350.94	350.04
Percentage of Taxes on Income‡ to total Tax Revenue ..	*22.9*	*60.0*	*50.2*	*44.7*	*43.5*	*49.9*	*47.8*	*47.7*
Total Revenue ..	**84.47**	**178.77**	**371.70**	**323.02**	**332.36**	**347.50**	**339.19**	**338.59**
Heads of Expenditure								
Direct Demands on Revenue	4.24	5.45	8.62	10.06	13.69	13.81		13.81
Irrigation ..	0.10	0.08	0.06	0.12	0.10	0.23		0.23
Debt Services ** ..	14.12	19.24	42.53	39.29	38.81	36.50		36.50
Civil Administration ..	10.90	23.75	35.56	40.50	40.89	50·06		50.06
Currency and Mint ..	0.36	1.14	2.13	2.23	2.43	1.76		1.76
Civil Works, etc. ..	2.52	6.28	6.61	7.31	8.13	9.97		9.97
Miscellaneous ..	3.63	38.98	56.89	50.62	50.72	38.70		38.70
Defence Services (Net) ..	46.18	86.63	146.05	157.37	170.06	168.01		168.01
Contributions and Miscellaneous Adjustments between Union and State Governments ..	3.06	1.85	2.96	2.96	2.96	15.41		15.41
Extraordinary Items ..	0.01	1.89	19.45	12.06	8.30	3.44		3.44
Total Expenditure met from Revenue ..	**85.11**	**185.29**	**320.86**	**322.53**	**336.10**	**337.88**	**337.88**	**337.88**
Surplus (+) Deficit (−) ..	*−0.64*	*−6.52*	*+50.84*	*+0.49*	*−3.74*	*+9.62*	*+1.31*	*+0.71*

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

*From 15th August, 1947 to 31st March, 1948.

† Including States' share; Estimated income tax yield in 1949-50 includes Rs. 12.5 crores for advance payments under Section 18A of the Indian Income Tax Act. These advance payments do not form part of the divisible pool until the assessments are completed and the revenue taken to final heads.

‡ Including corporation tax. ** Include appropriation for reduction or avoidance of debt.

STATEMENT 41

Capital Budget of the Government of India

(Reference paragraph 41)

(In crores of rupees)

	1947-48† Revised	1948-49 Accounts**	1949-50 Budget	1949-50 Revised	1950-51 Budget
Receipts					
New Loans ..	40.95	55.04	85.00	57.22	85.36
Treasury Bills* ..	10.00	251.78	—	—1.38	—
Treasury Deposit Receipts*	—	3.88	5.00	8.50	0.75
Other Floating loans* ..	—	—	—	79.02	—
Small Savings* ..	9.11	29.91	37.56	25.94	27.85
Other Unfunded Debt* ..	—0.20	1.28	1.79	3.77	6.72
Railway Depreciation and Revenue Reserve Funds*	—7.03	5.81	—17.66	—4.15	2.38
Railway Development Fund*	—2.57	—1.05	1.61	0.74	4.53
Other Reserve Funds* ..	—0.01	0.37	0.32	1.10	—0.07
Appropriation for Reduction or Avoidance of Debt* ..	5.00	5.00	5.00	5.00	5.00
E.P.T. and Income Tax Deposits* ..	—61.68	—13.95	—35.09	—25.99	—41.56
Repayment of Loans by States ..	4.39	5.37	4.92	14.66	13.85
Other Items ..	9.87	34.69	18.33	10.50	22.96
**Total Receipts .. **	**7.83**	**378.13**	**106.78**	**174.93**	**127.77**
Deficit on Capital Account ..	133.41	167.48	134.10	120.30	23.94
**Grand Total .. **	**141.24**	**545.61**	**240.88**	**295.23**	**151.71**
Disbursements					
Capital outlays:					
Railways ..	16.79	34.40	28.49	20.83	19.49
Industrial Development ..	6.13	7.33	13.15	9.55	9.63
Currency and Mint .	0.79	6.49	0.92	79.77	0.51
Defence Capital Outlay ..	—	132.69	3.20	2.49	2.15
Grants to States for Development ..	20.39	14.75	26.81	24.12	9.59
Sterling Pensions ..	—	214.55	—7.42	—7.42	—7.37
Other Heads ..	12.79	—1.22	29.47	24.81	28.00
Discharge of Permanent Debt..	59.57	102.59	71.64	68.47	47.61
Advances to States ..	22.45	31.37	58.25	52.55	34.81
Other Loans and Advances* ..	2.33	2.66	16.37	20.15	7.29
**Total Disbursements .. **	**141.24**	**545.61**	**240.88**	**295.23**	**151.71**
**Grand Total .. **	**141.24**	**545.61**	**240.88**	**295.23**	**151.71**

† From 15th August, 1947 to 31st March, 1948. *Figures are net. ** Provisional.

STATEMENT 42

Budgetary Position of Part A States

(Reference paragraph 48)

(In lakhs of rupees)

States	REVENUE							EXPENDITURE							Debt outstanding on 31st March
	Customs and Income Tax	Land Revenue	Sales Tax	Excise	Stamps	Total Tax Revenue	**Total Revenue**	Direct Demands on Revenue	Irrigation	Debt Services*	Security Services‡	Social Services ‡‡	**Total Expenditure**	Surplus (+) or Deficit (−)	
Madras															
1938-39 (Accounts)	.. 23	5,13	—	3,72	1,72	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	6,96	14,68	4,38	41,15	**57,00**	3,72	1,86	5	13,20	11,70	**56,99**	+ 1	25,15
1947-48 (Accounts)	.. 5,35	5,30	8,31	10,69	3,36	39,29	**50,71**	4,28	2,07	78	13,70	14,38	**50,69**	+ 2	30,35
1948-49 (Accounts)	.. 8,42	4,98	13,03	3,67	4,06	40,88	**53,33**	4,80	2,52	— 4	16,10	15,96	**53,33**	− 6	33,42
1949-50 (Revised)	.. 8,20	5,10	15,52	46	4,26	41,71	**56,91**	5,11	3,21	— 27	17,17	18,54	**56,38**	+ 53	33,30
1950-51 (Budget)	.. 8,20	5,73	15,00	32	4,27	41,90	**55,21**	5,22	2,68	— 76	17,22	19,00	**55,57**	− 36	..
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	1,00	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 (Accounts)	.. 6,25	3,66	4,66	8,54	3,46	34,46	**43,73**	3,95	75	3,55	10,84	12,17	**41,33**	+ 2,40	30,86
1948-49 (Accounts)	.. 9,98	3,73	6,76	6,17	3,43	39,17	**49,91**	4,32	1,26	3,49	14,08	15,63	**47,06**	+ 2,85	15,93
1949-50 (Revised)	.. 9,56	5,41	13,94	4,97	3,73	49,53	**62,62**	6,16	1,17	1,15	21,21	22,87	**62,73**	− 11	24,53
1950-51 (Budget)	.. 9,84	6,06	10,46	1,13	4,18	44,17	**61,39**	5,72	1,44	1,22	18,43	21,86	**61,37**	+ 2	..
West Bengal††															
1938-39 (Accounts)	.. 2,51	3,24	—	1,59	2,58	11,00	**12,77**	98	39	16	5,25	3,03	**12,77**	—	4,34
1946-47 (Accounts)	.. 9,26	4,04	3,60	6,42	4,45	32 61	**39,66**	2,18	1,27	38	10,62	10,43	**42,41**	— 2,75	18,06
1947-48 (Accounts)	.. 4,90	1,40	2,11	3,55	1,39	16,42	**18,73**	68	32	3	3,79	2,97	**13,28**	+ 5,45	3,49
1948-49 (Accounts)	.. 6,41	1,92	4,32	6,22	2,40	26,22	**31,77**	1,43	77	23	7,74	5,75	**29,10**	+ 2,67	12,35
1949-50 (Revised)	.. 7,41	1,77	4,30	6,16	2,55	27,38	**34,73**	1,67	95	15	8,77	10,45	**33,26**	+ 1,47	18,22
1950-51 (Budget)	.. 7,97	2,06	4,00	5,88	2,43	27,52	**33,90**	1,71	1,05	6	9,37	10,69	**35,23**	— 1,33	..
Uttar Pradesh															
1938-39 (Accounts)	.. 23	5,82	—	1,33	1,28	9,70	**12,80**	1,54	1,13	61	4,09	3,54	**12,30**	—	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 (Accounts)	.. 5,65	6,91	—	7,06	2,18	26,66	**38,74**	3,26	1,98	83	11,52	9,37	**38,73**	+ 1	36,72
1948-49 (Accounts)	.. 8,84	6,76	4,27	6,53	2,34	35,65	**49,20**	3,98	2,31	86	15,14	14,42	**49,18**	+ 2	39,42
1949-50 (Revised)	.. 9,65	6,82	6,00	5,76	2,25	37,93	**56,26**	5,07	3,12	69	18,12	17,61	**56,23**	+ 3	48,29
1950-51 (Budget)	.. 9,71	7,31	5,35	5,81	2,31	38,18	**52,26**	4,98	2,73	76	17,18	16,99	**52,21**	+ 5	..
Punjab††															
1938-39 (Accounts)	.. 12	2,64	—	1,02	78	5,02	**11,36**	86	1,50	— 21	3,31	3,22	**11,61**	— 25	34,52
1946-47 (Revised)†	2,39	3,73	12	3,32	1,49	13,51	**29,36**	2,37	2,20	— 73	8,11	6,77	**25,51**	+ 3,85	35,77
1947-48 (Accounts)	.. 1,49	79	21	1,02	22	4,12	**7,45**	52	49	— 55	2,51	1,72	**9,31**	— 1,86	4,76
1948-49 (Accounts)	.. 2,09	1,37	27	2,38	52	7,67	**18,08**	1,14	68	— 64	5,01	3,68	**16,39**	+ 1,18	20,67
1949-50 (Revised)	.. 2,29	1,79	1,20	2,21	45	9,06	**18,25**	1,15	89	23	5,20	3,91	**16,84**	+ 1,41	31,63
1950-51 (Budget)	.. 2,60	1,61	1,45	2,20	48	9,68	**16,64**	1,39	1,07	28	5,00	3,89	**16,16**	+ 48	..

BIHAR															
1938-39 (Accounts)	32	1,32	—	1,20	1,05	4,10	**5,24**	38	15	6	2,05	1,36	**4,93**	+ 31	**1,66**
1946-47 (Accounts)	3,39	1,39	78	5,15	1,85	13,41	**16,27**	78	43	6	5,24	3,27	**14,39**	+ 1,88	**2,20**
1947-48 (Accounts)	4,43	1,39	1,06	4,66	2,06	14,60	**18,50**	87	29	6	5,64	3,82	**16,80**	+ 1,70	**2,21**
1948-49 (Accounts)	6,74	1,40	2,33	4,85	2,21	18,87	**23,10**	1,18	1,22	5	6,86	4,44	**21,76**	+ 1,34	**2,79**
1949-50 (Revised)	6,42	1,38	3,74	4,90	2,42	20,72	**27,42**	1,69	1,91	2	7,66	7,33	**26,54**	+ 88	**4,77**
1950-51 (Budget)	6,30	1,40	1,99	4,94	2,42	18,94	**25,90**	1,27	2,04	10	7,35	7,78	**26,27**	— 37	..
MADHYA PRADESH															
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 (Accounts)	1,78	2,35	62	1,99	71	9,80	**12,25**	1,39	19	33	3,78	2,98	**11,36**	+ 89	**7,17**
1948-49 (Accounts)	2,81	3,43	1,43	2,19	82	13,93	**17,38**	1,63	18	2	4,59	3,96	**16,60**	+ 78	**13,74**
1949-50 (Revised)	2,73	3,69	1,87	2,16	84	14,86	**18,82**	2,04	21	15	4,94	5,42	**18,53**	+ 29	**22,21**
1950-51 (Budget	2,81	3,72	1,89	2,27	85	14,98	**17,58**	1,88	24	35	4,40	5,02	**16,17**	+ 1,41	..
ASSAM															
1938-39 (Accounts)	15	1,13	—	35	18	2,03	**2,58**	36	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 (Accounts)	1,73	1,76	—	82	18	5,49	**6,62**	69	9	10	1,52	1,49	**6,85**	— 23	**1,67**
1948-49 (Accounts)	2,32	1,68	24	95	18	6,39	**9,24**	72	10	10	1,89	1,68	**9,56**	— 32	**4,62**
1949-50 (Revised)	2,27	1,62	38	68	15	5,94	**9,07**	87	15	17	1,71	2,55	**9,66**	— 59	**3,69**
1950-51 (Budget)	2,32	1,61	40	68	16	6,00	**9,02**	85	9	16	1,77	2,82	**9,89**	— 87	..
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 (Accounts)	95	50	6	1,35	28	3,46	**6,04**	41	51	19	1,49	1,88	**5,84**	+ 20	**91**
1948-49 (Accounts)	1,45	51	30	1,36	35	4,30	**6,20**	48	64	15	1,84	2,55	**7,34**	— 1,14	**2,44**
1949-50 (Revised)	1,50	1,07	75	1,65	48	6,51	**10,98**	83	95	6	3,28	3,67	**12,42**	— 1,44	**6,67**
1950-51 (Budget)	1,60	1,14	75	1,69	46	6,78	**10,66**	85	68	15	3,19	3,67	**11,42**	— 76	..
TOTAL															
1938-39 (Accounts)**	**3,98**	**25,41**	—	**13,08**	**9,59**	**59,02**	**79,42**	**8,79**	**5,35**	**1,78**	**26,63**	**20,89**	**80,52**	— **1,10**	**132,90**
1946-47 (Accounts)**	**33,32**	**30,00**	**12,46**	**50,22**	**18,78**	**173,40**	**238,80**	**17,03**	**8,77**	**4,69**	**61,86**	**54,36**	**230,09**	+ **8,71**	**157,79**
1947-48 (Accounts)	**32,53**	**24,06**	**17,03**	**39,68**	**13,84**	**154,30**	**202,77**	**16,05**	**6,69**	**5,32**	**54,79**	**50,78**	**194,19**	+ **8,58**	**118,14**
1948-49 (Accounts)	**49,06**	**25,78**	**32,95**	**34.32**	**16,31**	**193,08**	**258,21**	**19,68**	**9,68**	**4,22**	**73,25**	**68,07**	**250,82**	+ **7,39**	**145,38**
1949-50 (Revised)	**50,03**	**28,65**	**47,70**	**28,95**	**17,13**	**213,64**	**295,06**	**24,59**	**12,56**	**2,40**	**88,06**	**92,35**	**292,59**	+ **2,47**	**193,29**
1950-51 (Budget)	**51,35**	**30,64**	**41,29**	**24,92**	**17,56**	**208,05**	**282,56**	**23,87**	**12,02**	**2,32**	**83,91**	**91,72**	**284,29**	— **1,73**	..

* Include appropriation for reduction or avoidance of debt.

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

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

† Accounts not available.

†† Figures for 1938-39 and 1946-47 relate to the pre-partition Provinces ; those for 1947-48 cover the period 15th August, 1947 to 31st March, 1948.

** Include figures for the pre-partition Provinces of Bengal and the Punjab.

STATE

BUDGETARY POSITION OF

(Reference

States	REVENUE					
	Customs	Taxes on Income	Land Revenue	Sales Tax	Excise	Stamps
Hyderabad‡						
1949-50 (Revised) (6 months)	1,61,14	73,71	2,47,11	9,44	4,71,72	20,23
1949-50 (Revised)* (Annual rate)	3,22,28	1,47,42	4,94,22	18,88	9,43,44	40,46
1950-51 (Budget)	2,14,29	12,00	4,74,00	85,71	9,85,71	46,27
Mysore						
1949-50 (Revised) (9 months)	—	1,44,82	79,04	79,40	1,42,96	30,96
1949-50 (Revised)* (Annual rate)	—	1,93,09	1,05,39	1,05,87	1,90,61	41,28
1950-51 (Budget)	—	—	1,36,47	1,08,80	1,88,71	39,93
Travancore-Cochin						
1949-50 (Revised) (7⅓ months)	77,80	1,39,05	29,24	1,19,30	2,02,00	50,54
1949-50 (Revised)* (Annual rate)	1,24,48	2,22,48	46,78	1,90,88	3,23,20	80,86
1950-51 (Budget)	66,00	62,50	63,00	1,42,43	2,56,50	77,08
Saurashtra						
1949-50 (Revised)	3,03,39	70,00	2,30,24	—	27,93	16,41
1950-51 (Budget)†	—	—	2,28,29	15,00	3,60	16,40
Rajasthan						
1949-50 (Revised) (6 months)	1,88,65	2,50	1,86,58	—	1,23,45	18,00
1949-50 (Revised)* (Annual rate)	3,77,30	5,00	3,73,16	—	2,46,90	36,00
1950-51 (Budget)	3,77,30	22,00	3,86,00	—	2,72,00	45,92
Madhya Bharat						
1949-50 (Revised)	1,60,00	—	2,47,81	—	1,40,15	24,10
1950-51 (Budget)	1,00,00	35,00	2,69,40	1,00,00	1,40,23	21,44
Patiala and East Punjab States Union						
1949-50 (Revised)	—	60,50	90,66	5,00	1,75,00	12,80
1950-51 (Budget)	—	24,00	97,76	25,15	1,60,02	12,80
Total						
1949-50 (Revised)**	**12,87,45**	**6,98,49**	**15,88,26**	**3,20,63**	**20,47,23**	**2,51,91**
1950-51 (Budget)	**7,57,59**	**1,55,50**	**16,54,92**	**4,77,09**	**20,06,77**	**2,59,84**

‡Figures in Indian rupees.

*Annual data computed from available revised estimates.

**Computed figures are taken into account.

MENT 43

PART B STATES

paragraph 50)

(In thousands of rupees)

Total Tax Revenue	**Total Revenue**	EXPENDITURE						Surplus (+) or Deficit (−)
		Direct Demands on Revenue	Irrigation	Debt Services	Security Services†	Social Services‡‡	**Total Expenditure**	
10,28,35	**14,00,23**	1,12,97	8,57	55,47	3,63,00	2,97,09	**13,16,51**	+83,72
20,56,70	**28,00,46**	2,25,94	**17,14**	1,10,94	7,26,00	5,94,18	**26,33,02**	+1,67,44
19,30,27	**25,62,03**	2,73,31	70,95	1,28,39	5,76,65	8,46,91	**25,72,66**	− 10,63
6,52,78	**9,20,05**	71,27	22,41	80,42	1,61,47	4,97,11	**9,21,10**	− 1,05
8,70,37	**12,26,73**	95,03	29,89	1,07,23	2,15,29	6,62,81	**12,28,13**	− 1,40
5,92,31	**11,69,88**	96,42	14,95	96,06	1,59,22	6,41,66	**11,66,82**	+ 3,06
7,18,52	**8,91,44**	89,13	8,66	74,66	1,25,02	2,84,98	**9,25,64**	− 34,21
11,49,63	**14,26,30**	1,42,61	13,86	1,19,46	2,00,03	4,55,97	**14,81,02**	− 54,72
8,25,07	**14,00,16**	1,37,08	3,45	1,42,93	1,73,56	5,29,81	**14,36,20**	− 36,04
7,36,18	**10,30,60**	59,49	23,53	6,17	3,57,55	2,33,85	**10,37,29**	− 6,69
3,60,04	**7,59,05**	49,19	13,69	6,91	2,61,58	2,64,09	**7,56,16**	+ 2,89
5,79,52	**8,36,95**	72,50	10,36	6,60	3,07,50	1,77,69	**8,09,79**	+ 27,16
11,59,04	**16,73,90**	1,45,00	20,72	13,20	6,15,00	3,55,38	**16,19,58**	+ 54,32
12,19,47	**16,09,00**	1,57,68	65,00	11,00	4,47,00	4,59,59	**16,09,00**	—
6,92,70	**10,15,38**	1,33,10	—	—	4,00,07	2,54,67	**10,11,76**	+ 3,62
7,65,17	**10,76,38**	1,24,93	—	1,09	3,60,05	3,56,60	**10,87,67**	− 11,29
3,90,03	**5,25,45**	45,81	17,93	1,78	2,60,20	97,07	**5,34,06**	− 8,61
3,49,28	**4,56,62**	46,76	25,64	1,40	1,56,56	1,29,65	**4,54,12**	+ 2,50
70,54,65	**96,98,82**	**8,46,98**	**1,23,07**	**3,58,78**	**27,74,14**	**26,53,93**	**95,44,86**	**+1,53,96**
60,41,61	**90,33,12**	**8,85,37**	**1,93,68**	**3,87,78**	**22,34,62**	**32,28,31**	**90,82,63**	**− 49,51**

† Include General Administration, Military, Courts, Jails and Convict Settlements, Police, Ports and Pilotage and Miscellaneous Departments.

‡‡ Include Scientific Departments, Education, Medical, Public Health, Agriculture, Veterinary, Co-operation, Industries, Grants for Public Improvements, Rural Development, Labour Welfare, Aviation and Broadcasting.

STATE MENT 44

RAILWAY FINANCES

(Reference paragraph 4

	1924-25	1929-30	1934-35	1938-39	1939-40	1940-41	1941-42	1942-43
Capital-at-charge	6,07,69	7,35,22	7,51,96	7,55,26	7,58,62	7,60,93	7,54,73	7,72,[illegible]
Gross Traffic Receipts	1,03,18	1,04,37	91,76	99,62	1,02,73	1,17,58	1,35,17	1,55,[illegible]
Operating Expenses	53,17	56,32	50,63	54,01	54,77	55,62	63,54	68,[illegible]
Contribution to Depreciation Fund ..	9,93	12,11	13,18	12,56	12,59	12,64	12,68	12,[illegible]
Payments to worked lines as share of earnings	3,64	3,24	2,62	2,61	2,57	3,03	3,33	2,71
Net Traffic Receipts	36,44	32,70	25,33	30,44	32,80	46,29	55,62	71,22
Net Miscellaneous Receipts	—73	12	37	23	64	85	90	1,88
Net Revenue	35,71	32,82	25,70	30,67	33,44	47,14	56,52	73,10
Interest charges	22,98	28,87	30,30	29,30	29,11	28,68	28,44	28,03
Surplus or Deficit—	*12,73*	*3,95*	*—4,60*	*1,37*	*4,33*	*18,46*	*28,08*	*45,07*
Contribution to General Revenues	*6,78‡*	*6,12‡*	—	*1,37*	*4,33*	*12,16*	*20,17*	*20,13*
Transfer to Revenue Reserve Fund* ..	6,38‡	—2,08‡	—	—	—	6,30	—	8,86
Transfer to Development Fund§ ..	—	—	—	—	—	—	—	
Repayment to Depreciation Reserve Fund	—	—	—	—	—	—	7,91	22,[illegible]
Ratio of Working Expenses to Gross earnings	65.6	69.2	73.0	69.4	67.6	60.5	58.1	53.3
Ratio of Net Profit to Capital-at-charge	2.1	0.5	—0.6	0.2	0.6	2.4	3.7	5.8
*Percentage of Net Traffic Receipts to Capital-at-charge	*6.0*	*4.5*	*3.4*	*4.0*	*4.3*	*6.1*	*7.4*	*[illegible]*

‡ Including Burma Railways.
* Known as Railway Reserve Fund till the end of 1949-50.
§ As from 1950-51, a Railway Development Fund has been set up, in which is merged the existing Betterment Fund.

* Include
** Amou
[illegible]ad h[illegible] on

STATEMENT 44

RAILWAY FINANCES

(*Reference paragraph* 43)

(In lakhs of rupees)

941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48†	1948-49	1949-50 Budget	1949-50 Revised	1950-51 Budget
7,54,73	7,72,52	7,80,73	7,87,00	7,96,85	8,07,76	6,67,43	7,01,89	7,23,07	7,23,80	8,06,43
1,35,17	1,55,48	1,85,43	2,16,38	2,25,74	2,03,35	1,01,00	2,13,10	2,10,00	2,25,15	2,32,50
63,54	68,98	90,10	1,23,34	1,45,09	1,56,67	84,79	1,60,41	1,59,03	1,73,00	1,66,59
12,68	12,57	16,87	17,01	17,05	13,21	6,81	11,29	11,47	11,58	15,00
3,33	2,71	1,87	1,93	2,36	1,82	63	1,62	1,62	2,02	33
55,62	71,22	76,59	74,10	61,24	31,65	8,76	39,78	37,88	38,55	50,58
90	1,88	2,78	3,24	4,14	3,39	1,77	2,56	—5,56	—4,38	—4,72
56,52	73,10	79,37	77,34	65,38	35,04	10,53	42,34	32,32	34,17	45,86
28,44	28,03	28,53	27,45	27,18	26,52	13,27	22,36	22,88	23,15	—
28,08	*45,07*	*50,84*	*49,89*	*38,20*	*8,52*	*—2,74*	*19,98*	*9,44*	*11,02*	*14,01*
20,17	*20,13*	*27,64*	*32,00*	*32,00*	*5,40*	—	*7,34*	*4,72*	*7,00*	*31,85*
—	8,86	13,20	17,89	6,20	12	—2,74	—	—	—	2,01
—	—	—	—	—	3,00	—	84	—	—	10,00
7,91	22,38*	—	—	—	—	—	11,80	4,72	4,02	2,00
58.1	53.3	59.0	66.0	71.8	83.5	89.2	79.8	82.2	82.8	78.7
3.7	5.8	6.5	6.3	4.8	1.1	—0.4	2.8	1.3	1.5	1.7
7.4	*9.2*	*9.8*	*9.4*	*7.7*	*3.9*	*1.3*	*5.7*	*5.2*	*6.3*	*6.3*

* Includes Rs. 6,30 lakhs transferred from Railway Reserve. † From 15th August, 1947 to 31st March, 1948.

** Amount paid as Dividend to General Revenues at 4 per cent on Capital-at-charge in lieu of interest charges and the *ad hoc* contribution to General Revenues.

Fund.

STATEMENT 45

RAILWAYS: RECEIPTS AND WORKING EXPENSES SINCE 1948-49

(Reference paragraph 43)

(In crores of rupees)

	1948-49		1949-50		1950-51
GROSS TRAFFIC RECEIPTS	Rvised	Accounts	Budget	Revised	Budget
Passenger earnings	85·40	84·00	85·09	84·50	89·57
Other coaching traffic earnings	17·73	18·66	18·12	16·00	15·19
Goods earnings	97·36	108·29	103·40	123·60	125·46
Other earnings	3·14	4·09	3·04	3·15	3·36
Suspense	0·87	—1·94	0·35	—2·10	—1·08
Total	**204·50**	**213·10**	**210·00**	**225·15**	**232·50**
WORKING EXPENSES					
Administration	19·32	19·37	22·21	21·82	22·77
Repairs and Maintenance	46·37	45·25	49·93	65·83	51·85
Operating Staff	25·45	25·07	33·64	31·33	35·53
Operations (Fuel)	24·03	24·55	24·29	26·41	28·32
Operations (other than staff & fuel)	7·75	8·78	8·65	10·45	9·97
Miscellaneous	33·26	35·76	20·54	18·67	17·02
Labour Welfare	—	—	—	—	3·13
Suspense	—0·32	1·63	—0·23	—1·51	—2·00
Depreciation	11·29	11·29	11·47	11·58	15·00
Payments to worked lines	1·56	1·62	1·62	2·02	0·33
Total	**168·71**	**173·32**	**172·12**	**186·60**	**181·92**
Net Miscellaneous Receipts	2·28	2·56	—5·56	—4·38	—4·72

STATEMENT 46

INCOME TAX AND OTHER PAYMENTS MADE BY THE CENTRE TO PART A STATES

(Reference paragraph 51)

(In lakhs of rupees)

	INCOME TAX				JUTE DUTY‡			GRANTS-IN-AID			
PAID TO	1938-39	1948-49	1949-50	1950-51	1938-39	1948-49	1949-50	1938-39	1948-49	1949-50	1950-51
Madras	22.50	7,52.22	8,23.32	8,21.98	—	—	—	—	—	—	—
Bombay	30.00	8,77.59	9,60.54	9,86.37	—	—	—	—	—	—	1,45.00
West Bengal*	30.00	5,01.48	5,48.88	6,34.10	2,21.27	54.69	82.44	—	50.00	50.00	1,17.00
Uttar Pradesh	22.50	7,94.01	8,69.06	8,45.46	—	—	—	25.00	—	—	—
Punjab*	12.00	2,08.95	2,28.70	2,58.34	—	—	—	—	1,75.00	1,75.00	75.00
Bihar	15.00	5,43.27	5,94.62	5,87.13	17.12	38.72	46.02	—	—	—	39.00
Madhya Pradesh	7.50	2,50.74	2,74.44	2,81.82	—	—	—	—	—	—	19.00
Assam	3.00	1,25.37	1,37.22	1,40.91	11.69	43.90	58.08	30.00	30.00	30.00	1,24.00
Orissa	3.00	1,25.37	1,37.22	1,40.91	0.92	5.72	7.13	43.00	40.00	40.00	61.00
Total	**145.50**	**41,79.00**	**45,74.00§**	**46,97.00**	**2,51.00**	**1,43.03**	**1,93.67**	**98.00**	**2,95.00**	**2,95.00**	**5,80.00†**

* Figure for 1938-39 relate to the undivided Provinces. ‡The amount payable for 1950-51 is included in grants-in-aid. †Adding an amount of Rs. 29 lakhs kept as reserve to meet the financial burden arising from the merger of the former Indian States, the figure works out to Rs. 6,09 lakhs. This comprises Rs. 1,85 lakhs under Article 273 of the Constitution, in lieu of the share in jute duty, Rs. 1,99 lakhs under Article 275 of the Constitution as grants-in-aid to Assam, Orissa and the Punjab and Rs. 2,25 lakhs as grants in respect of merger of States with the former Provinces. § Includes an additional sum of Rs. 5 crores on account of arrears relating to the year 1948-49.

STATEMENT 47

CONSOLIDATED DEBT POSITION OF PART A STATES

lakhs kept as reserve to meet the financial burden arising from the merger of the former Indian States, the figure works out to Rs. 6,00 lakhs. This comprises Rs. 1,[illegible] lakh under Article 275 of the Constitution [illegible] the areas jute duty, Rs. 1,[illegible] lakh under Article 275 of the Constitution as grant-in-aid to Assam, Orissa and the Punjab and Rs. 2,25 lakhs as grants in respect of merger of States with the former Provinces. § Includes an additional sum of Rs. 5 crores on account of arrears relating to the year 1948-49.

STATEMENT 47

Consolidated Debt Position of Part A States

(Reference paragraphs 53 & 67)

(In lakhs of rupees)

	AT THE END OF										
	1936-37	1939-40	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50
I. Public Debt—											
(*a*) Permanent Debt ..	8,72	19,60	23,04	31,07	39,63	50,87	59,28	63,57	44,17	45,93	50,41
(*b*) Floating Debt ..	—	1,80	1,00	82	29,40	30,03	20,51	10,84	2,56	10,83	11,65
(*c*) Loans from Central Government ..	1,43,80	1,21,77	1,18,49	1,11,11	98,66	63,67	52,21	52,57	49,98	63,00	104,77
II. Unfunded Debt ..	15,03	24,44	26,62	27,26	28,59	29,78	30,97	30,81	21,43	25,62	26,46
III. Gross Total Debt (Total of I and II) ..	**1,67,55**	**1,67,61**	**1,69,15**	**1,70,26**	**1,96,28**	**1,74,35**	**1,62,97**	**1,57,79**	**1,18,14**	**1,45,38**	**193,29**
IV. Appropriation for Reduction or Avoidance of Debt ..	1,28	87	1,80	1,98	2,05	4,57	4,94	4,51	4,99	4,23	2,86
V. Closing Cash Balance ..	10,70	8,83	11,50	20,47	22,63	21,86	32,31	16,73	7,26	18,09	23,25

Note.—Figures up to and including 1945-46 relate to Provinces in undivided India ; figures for 1946-47 include those for the undivided Provinces of the Punjab and Bengal.

STATEMENT 48

Government Balances in India with the Reserve Bank of India and at Government Treasuries

(Reference paragraphs 54 & 58)

(In lakhs of rupees)

RESERVE BANK OF INDIA						GOVERNMENT TREASURIES			
CENTRAL GOVERNMENT		STATE GOVERNMENTS		Last day of the month		CENTRAL GOVERNMENT		STATE GOVERNMENTS	
1948-49	1949-50	1948-49	1949-50			1948-49	1949-50	1948-49	1949-50
2,55,54	1,60,17	14,19	21,06	..	April ..	35	4	1,11	2,23
2,28,96	1,45,68	24,08	20,52	..	May ..	17	15	1,38	2,07
2,17,51	1,24,44	19,36	16,07	..	June ..	15	8	1,62	2,57
2,10,14	1,25,55	16,90	13,48	..	July ..	22	12	1,56	2,61
2,37,48	1,12,91	16,62	23,04	..	August ..	22	14	1,89	2,05
2,27,59	1,42,28	18,34	19,17	..	September ..	—15	1	2,02	2,24
2,42,17	1,46,22	17,25	26,98	..	October ..	10	43	1,49	2,03
2,18,73	1,34,88	12,65	25,19	..	November ..	17	34	1,95	2,34
2,25,55	1,52,20	15,56	22,96	..	December ..	4	40	2,00	2,56
2,23,95	1,59,35	11,69	22,10	..	January ..	9	52	2,12	2,20
2,15,65	1,58,02	13,63	29,03	..	February ..	—	19	2,18	1,58
1,84,33	1,40,42	28,18	45,63	..	March ..	— 4	— 20	1,32	1,83

STATEMENT 49

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

(Reference paragraph 55)

(In thousands of rupees)

Year	Amount offered for tender	Amount tendered	Amount sold	Amount of intermediates sold	Total amount sold	*Average yield per cent per annum*	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	1 0,95,00	76,14,25	35,98,75	112,13,00	*1.62*	59,23,70
1934-35	61,50,00	10 ,65,25	59,47,50	29,35,00	88,82,50	*1.58*	54,34,25
1935-36	58,00,00	113 51,50	57,76,75	12,73,75	70,50,50	*1.21*	32,18,00
1936-37	83,00,00	125,99,00	80,98 50		80,98,50	*0.78*	28,53,75
1937-38	72,00,00	117,86,00	71,99 25		71,99,25	*0.97*	38,00,50
1938-39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	*1.63*	46,30,00
1939-40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	*1.87*	54,70,50
1940-41	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	*0.89*	68,90,25
1941-42	81,00,50	140,27,00	81,00,50	37,59,50	118,60,00	*0.72*	136,97,75
1942-43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	*0.87*	264,69,50
1943-44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	*0.90*	110,61,25
1944-45	252,00,00	551,48,50	229,27,75		229,27,75	*0.49*	86,70,50
1945-46	160,00,00	204,77,75	117,90,75		117,90,75	*0.40*	83,33,00
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
1948-49	63,00,00	75,71,25	46,00,50		46,00,50	*0.49*	350,46,50
1949-50	44,00,00	61,39,25	38,75,50		38,75,50	*0.51*	341,86,25

* Includes amount outstanding on account of the Reserve Bank of India (up to 1934-35 on account of the Currency Reserve), States and others.

STATEMENT 50

GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS (WEEKLY), 1949-50

(Reference paragraph 55)

(In thousands of rupees)

1949-50 Week ended			SALES TO PUBLIC					*Average rate of discount of accepted tenders*	Amount sold in favour of the Reserve Bank of India	Total amount outstanding including amount outstanding on account of the Reserve Bank of India, States and others
			Amount offered for tender	Amount tendered	Amount sold	Amount discharged	Amount outstanding			
			Rs.	Rs.	Rs.	Rs.	Rs.	*a. p.*	Rs.	Rs.
April	1	..	—	—	—	—	—	—	2,42,00	350,46,50
,,	8	..	—	—	—	—	—	—	9,00	349,48,00
,,	15	..	—	—	—	—	—	—	47,25	347,75,25
,,	22	..	—	—	—	—	—	—	5,04,25	351,27,50
,,	29	..	—	—	—	—	—	—	93,50	352,00,50
May	6	..	—	—	—	—	—	—	49,00	351,50,50
,,	13	..	—	—	—	—	—	—	288,76,50	346,17,00
,,	20	..	—	—	—	—	—	—	4,09,75	349,29,25
,,	27	..	—	—	—	—	—	—	2,46,50	348,19,75
June	3	..	—	—	—	—	—	—	2,58,75	346,24,00
,,	10	..	—	—	—	—	—	—	11,78,00	341,53,25
,,	17	..	—	—	—	—	—	—	2,90,50	338,22,25
,,	24	..	—	—	—	—	—	—	4,36,50	334,86,75
July	1	..	—	—	—	—	—	—	10,36,75	334,36,25
,,	8	..	—	—	—	—	—	—	2,77,75	337,05,00
,,	15	..	—	—	—	—	—	—	1,10,25	337,68,00
,,	22	..	—	—	—	—	—	—	2,55,00	335,18,75
,,	29	..	2,00,00	5,20,50	2,00,00	—	2,00,00	8 0	60,75	336,86,00
August	5	..	2,00,00	5,20,00	2,00,00	—	4,00,00	8 0	6,58,50	344,95,50
,,	12	..	4,00,00	7,37,00	4,00,00	—	8,00,00	8 0	283,48,75	343,67,75
,,	19	..	4,00,00	7,31,00	4,00,00	—	12,00,00	8 0	5,82,00	349,40,00
,,	26	..	4,00,00	7,68,75	4,00,00	—	16,00,00	8 0	1,90,00	352,83,50
September	2	..	5,00,00	8,00,00	5,00,00	—	21,00,00	8 0	5,11,75	360,36,50
,,	9	..	5,00,00	6,00,50	5,00,00	—	26,00,00	8 0	9,03,25	366,32,75
,,	16	..	5,00,00	6,09,00	5,00,00	—	31,00,00	8 9	13,98,75	379,87,50
,,	23	..	—	—	—	—	31,00,00	—	3,93,50	378,51,00
,,	30	..	5,00,00	5,71,50	5,00,00	—	36,00,00	8 11	10,32,25	378,48,50
October	7	..	5,00,00	50	—	—	36,00,00	—	1,33,75	378,33,75
,,	14	..	—	—	—	—	36,00,00	—	7,00,50	385,03,75
,,	21	..	—	—	—	—	36,00,00	—	8,54,75	390,81,00
,,	28	..	—	—	—	—	36,00,00	—	1,30,00	390,93,50
November	4	..	—	—	—	2,00,00	34,00,00	—	5,89,75	388,19,00
,,	11	..	—	—	—	2,00,00	32,00,00	—	2,25.00	385.72,00
,,	18	..	—	—	—	4,00,00	28,00,00	—	282,49,75	382,13,00
,,	25	..	—	—	—	4,00,00	24,00,00	—	3,06,75	378,29,75
December	2	..	—	—	—	8,37,00	15,63,00	—	5,22,50	370,03,50
,,	9	..	1,00,00	1,00,00	1,00,00	5,63,00	11,00,00	8 0	7,31,25	363,68,50
,,	16	..	1,00,00	1,00,00	1,00,00	5,00,00	7,00,00	8 0	13,74,50	359,44,25
,,	23	..	1,00,00	80,50	75,50	—	7,75,50	8 0	5,51,00	361,64,25
,,	30	..	—	—	—	5,00,00	2,75,50	—	10,47,25	356,92,25
January	6	..	—	—	—	—	2,75,50	—	48,50	356,07,00
,,	13	..	—	—	—	—	2,75,50	—	7,53,75	356,60,25
,,	20	..	—	—	—	—	2,75,50	—	1,59,00	349,64,50
,,	27	..	—	—	—	—	2,75,50	—	3,12,00	351,50,50
February	3	..	—	—	—	—	2,75,50	—	5,00,00	350,72,00
,,	10	..	—	—	—	—	2,75,50	—	2,00,00	350,31,75
,,	17	..	—	—	—	—	2,75,50	—	279,47,00	348,68,50
,,	24	..	—	—	—	—	2,75,50	—	3,64,75	348,45,75
March	3	..	—	—	—	—	2,75,50	—	7,16,50	347,94,00
,,	10	..	—	—	—	1,00,00	1,75,00	—	5,65,25	342,98,75
,,	17	..	—	—	—	1,00,00	75,50	—	14,13,25	345,21,25
,,	24	..	—	—	—	75,50	—	—	5,39,00	342,16,25
,,	31	..	—	—	—	—	—	—	10,17,25	341,86,25
Total		..	**44,00,00**	**61,39,25**	**38,75,50**	**38,75,50**	—	*8 3*	**13,81,11,75**	**341,86,25**

* Includes amount outstanding on account of the Reserve Bank of India (up to 1948-49 and 1949-50).

STATEMENT 51

GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS (MONTHLY)

(Reference paragraphs 55 & 56)

(In thousands of rupees)

1948-49							1949-50					
PUBLIC				Amount sold in favour of the Reserve Bank of India	Total amount outstanding including amount outstanding on account of the Reserve Bank of India, States and others	Month	PUBLIC				Amount sold in favour of the Reserve Bank of India	Total amount outstanding including amount outstanding on account of the Reserve Bank of India, States and others
Sales	*Average Yield*	Discharges	Outstandings				Sales	*Average Yield*	Discharges	Outstandings		
3,94,25	*0.49*	5,65,75	14,81,50	4,89,50	**87,50,25**	April	—	—	—	—	6,61,00	**352,00,50**
3,00,50	*0.50*	7,52,00	10,30,00	19,66,50	**73,99,75**	May	—	—	—	—	298,33,50	**346,81,00**
3,19,00	*0.49*	3,35,25	10,13,75	41,12,75	**75,82,50**	June	—	—	—	—	29,41,75	**334,36,25**
10,00,00	*0.45*	3,94,25	16,19,50	12,88,75	**89,87,50**	July	2,00,00	*0.50*	—	2,00,00	7,10,75	**336,86,00**
18,50,00	*0.49*	3,00,50	31,69,00	306,94,75	**392,(5,25**	August	14,00,00	*0.50*	—	16,00,00	302,09,00	**354,61,50**
3,73,00	*0.53*	3,19,00	32,23,00	32,45,75	**380,52,25**	September	20,00,00	*0.53*	—	36,00,00	38,02,75	**378,43,50**
3,63,75	*0.56*	10,00,00	25,86,75	4,32,75	**365,50,00**	October	—	—	2,00,00	34,00,00	18,32,25	**388,94,00**
—	—	18,50,00	7,36,75	313,36,25	**357,51,50**	November	—	—	14,00,00	20,00,00	297,35,50	**373,70,50**
—	—	4,43,00	2,93,75	31,71,50	**352,07,25**	December	2,75,50	*0.50*	20,00,00	2,75,50	38,49,00	**356,92,25**
—	—	2,93,75	—	5,07,00	**350,14,75**	January	—	—	—	2,75,50	12,76,00	**351,36,00**
—	—	—	—	303,53,00	**340,31,50**	February	—	—	—	2,75,50	294,86,50	**348,87,00**
—	—	—	—	41,86,50	**350,46,50**	March	—	—	2,75,50	—	37,73,75	**341,86,25**
46,00,50	**0.49**	**62,53,50**	—	**1,117,85,00**	**350,46,50**	**Total**	**38,75,50**	**0.51**	**38,75,50**	—	**1,381,11,75**	**341,86,25**

STATEMENT 52

GOVERNMENT OF INDIA TREASURY DEPOSIT RECEIPT

(In thousands of rupees)

STATEMENT 52

GOVERNMENT OF INDIA TREASURY DEPOSIT RECEIPTS†

(Reference paragraph 57)

(In thousands of rupees)

	Six Months			Nine Months			One Year			TOTAL		
	Issued	Discharged	Outstanding*	Issued	Discharged	Outstanding*	Issued	Discharged	Outstanding*	Issued	Discharged	Outstanding*
1948-49												
October	50	—	50	25	—	25	2,00	—	2,00	2,75	—	2,75
November	10,00	—	10,50	—	—	25	22,00	—	24,00	32,00	—	34,75
December	75,50	—	86,00	—	—	25	58,00	—	82,00	1,33,50	—	1,68,25
January	75,50	—	1,61,50	2,00	—	2,25	55,00	—	1,37,00	1,32,50	—	3,00,75
February	22,00	—	1,83,50	1,00	—	3,25	—	—	1,37,00	23,00	—	3,23,75
March	65,00	—	2,48,50	—	—	3,25	—	—	1,37,00	65,00	—	3,88,75
Total ..	**2,48,50**	—	**2,48,50**	**3,25**	—	**3,25**	**1,37,00**	—	**1,37,00**	3,88,75	—	3,88,75
1949-50												
April	28,50	50	2,76,50	—	—	3,25	—	—	1,37,00	28,50	50	4,16,75
May	35,25	20,00	2,91,75	—	—	3,25	1,25	—	1,38,25	36,50	20,00	4,33,25
June	—	75,50	2,16,25	—	—	3,25	4,00	—	1,42,25	4,00	75,50	3,61,75
July	62,00	65,50	2,12,75	—	25	3,00	—	—	1,42,25	62,00	65,75	3,58,00
August	—	22,00	1,90,75	—	—	3,00	—	—	1,42,25	—	22,00	3,36,00
September	3,00	65,00	1,28,75	—	—	3,00	—	—	1,42,25	3,00	65,00	2,74,00
October	22,50	28,50	1,22,75	—	2,00	1,00	—	2,00	1,40,25	22,50	32,50	2,64,00
November	3,10,00	35,25	3,97,50	—	1,00	—	—	22,00	1,18,25	3,10,00	58,25	5,15,75
December	95,00	—	4,92,50	—	—	—	10,50	58,00	70,75	1,05,50	58,00	5,63,25
January	6,90,00	62,00	11,20,50	2,00	—	2,00	38,00	55,00	53,75	7,30,00	1,17,00	11,76,25
February	1,00,00	—	12,20,50	2,00	—	4,00	6,00	—	59,75	1,08,00	—	12,84,25
March	1,02,00	3,00	13,19,50	1,00	—	5,00	—	—	59,75	1,03,00	3,00	13,84,25
Total ..	**14,48,25**	**3,77,25**	**13,19,50**	**5,00**	**3,25**	**5,00**	**59,75**	**1,37,00**	**59,75**	15,13,00	5,17,50	13,84,25

† On tap from 15th October, 1948. The rates of discount are 1 per cent, 1¼ per cent and 1½ per cent per annum, respectively, for six months, nine months and one year. * At the end of the period.

STATEMENT 53

(A) Treasury Bills of Part A States since 1938-39

(Reference paragraph 59)

(In thousands of rupees)

State and Particulars	1938-39	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50
MADRAS											
Amount offered for tender ..	1,90,00	3,75,00	1,00,00	1,50,00	1,00,00	1,00,00	1,50,00	—	—	1,00,00	8,00,00§
Amount tendered	2,42,75	7,34,25	3,06,50	4,56,00	1,65,00	3,10,00	3,33,00	—	—	1,00,00	8,00,00
Amount sold	1,90,00	3,75,00	1,00,00	1,50,00	50,00	1,00,00	1,00,00	—	—	1,00,00	8,00,00
Average rate of discount per cent per annum .. .. Rs...	*1 8 8*	*0 12 9*	*0 12 0*	*0 11 11*	*0 13 7*	*0 9 0*	*0 5 4*	—	—	*0 10 0*	*0 9 7*
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	—	—	—	—	—	—
WEST BENGAL*											
Amount offered for tender ..	—	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	—	1,82,50	13,52,50	1,34,50	37,66,50	55,48,00	27,75,00	17,20,50	4,00,00	—	—
Amount sold	—	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 0 3*	*0 14 0*	*0 10 9*	*0 15 2*	*0 8 11*	*0 7 3*	*0 7 10*	*0 8 0*	—	—
Amount outstanding	—	—	1,00,00	—	12,50,00	5,00,00	7,50,00	8,00,00	—	—	—
UTTAR PRADESH											
Amount offered for tender ..	80,00	—	—	75,00	6,00,00	—	—	—	—	2,00,00	5,50,00
Amount tendered	85,00	—	—	97,00	11,58,00	—	—	—	—	54,00	7,50,00
Amount sold	80,00	—	—	75,00	6,00,00	—	—	—	—	54,00	5,50,00
Average rate of discount per cent per annum .. .. Rs...	*1 8 11*	—	—	*0 12 3*	*0 14 2*	—	—	—	—	*0 15 8*	*0 9 4*
Amount outstanding	—	—	—	—	1,00,00	—	—	—	—	—	—
PUNJAB*											
Amount offered for tender ..	—	—	—	—	—	—	—	—	—	—	—
Amount tendered	—	—	—	—	—	—	—	—	—	—	—
Amount sold	—	—	—	—	—	—	—	—	—	—	—
Average rate of discount per cent per annum .. .. Rs...	—	—	—	—	—	—	—	—	—	—	—
Amount outstanding	—	—	—	—	—	—	—	—	—	—	—
MADHYA PRADESH											
Amount offered for tender ..	2,25,00	1,25,00	40,00	50,00	80,00	—	—	—	—	—	—
Amount tendered	3,06,75	2,44,00	1,55,25	1,31,00	1,39,00	—	—	—	—	—	—
Amount sold	2,25,00	1,25,00	40,00	50,00	80,00	—	—	—	—	—	—
Average rate of discount per cent per annum .. .. Rs...	*1 15 6*	*0 14 10*	*0 11 3*	*0 10 0*	*0 10 5*	—	—	—	—	—	—
Amount outstanding	1,10,00	50,00	—	—	80,00	—	—	—	—	—	—
ASSAM											
Amount offered for tender ..	75,00	25,00	—	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	—	—	—
Amount tendered	82,5	1,25		1,40,00	3,20,00	27,[illegible]1,00	27,[illegible]1,00	8,[illegible]00	—	—	—
Amount sold	75,00	25,00	—	1,10,00	3,75,00	16,50,00	18,00,00	4,00,00	—	—	—
Average rate of discount per cent											

Amount offered for tender ..	2,25,00	1,25,00	[illegible]	1,31,00	1,39,00	—	—	—	—	—	—
Amount tendered ..	3,06 75	2,44,00	1,55,25	[illegible],00	[illegible]8[illegible]0	—	—	—	—	—	—
Amount sold ..	2,2[illegible] 0	[illegible],25,[illegible]	[illegible]0,00	[illegible],00	8[illegible]0	—	—	—	—	—	—
Average rate of discount per cent per annum .. *Rs...*	*1 15 6*	*0 14 10*	*0 11 3*	*0 10 0*	*0 10 5*	—	—	—	—	—	—
Amount outstanding	1,10,00	50,00	—	—	80,00	—	—	—	—	—	—

ASSAM

Amount offered for tender ..	75,00	25,00	—	1,10,00	8,75,00	16,50,00	18,00,00	4,00,00	—	—	—
Amount tendered	82,50	67,25	—	1,49,00	12,20,00	27,61,00	27,44,00	8,46,00	—	—	—
Amount sold	75,00	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*	*1 15 0*	—	*1 2 0*	*0 14 4*	*0 9 0*	*0 6 10*	*0 7 11*	—	—	—
Amount outstanding	40,00	—	—	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**	**6,90,00**	**8,15,00**	**4,35,00**	**46,05,00**	**53,50,00**	**36,00,00**	**16,50,00**	**6,00,00**	**3,00,00**	**13,50,00**
Amount tendered	**7,17,00**	**12,28,00**	**18,14,25**	**9,67,50**	**65,63,50**	**89,65,00**	**58,52,00**	**25,66,50**	**4,00,00**	**1,54,00**	**15,50,00**
Amount sold	**5,70,00**	**6,90,00**	**8,15,00**	**4,35,00**	**45,65,00**	**53,50,00**	**35,50,00**	**16,50,00**	**4,00,00**	**1,54,00**	**13,50,00**
Average rate of discount per cent per annum .. .. *Rs...*	*1 13 0*	*0 14 8*	*0 13 8*	*0 13 1*	*0 14 9*	*0 8 11*	*0 7 0*	*0 7 10*	*0 8 0*	*0 12 0*	*0 9 6*
Amount outstanding	**1,50,00**	**50,00**	**1,00,00**	**80,00**	**17,30,00**	**10,00,00**	**11,00,00**	**9,00,00**	—	—	—

§ Excluding 2 crores offered for tender on 23rd September, 1949 but cancelled.

* Figures for the years 1938-39 to 1947-48 relate to the pre-partition provinces of Bengal and the Punjab.

(B) Three Months Treasury Bills of Part A States, 1949-50

(Reference paragraph 59)

(In thousands of rupees)

1949-50 Week ended	Issuing Government	Amount offered for tender	Amount tendered	Amount sold	*Average rate of discount per cent per annum* Rs. as. p.
19th August 1949 ..	Madras	1,50,00	1,50,00	1,50,00	*0 9 0*
2nd September ,, ..	,, ...	1,50,00	1,50,00	1,50,00	*0 9 0*
23rd September ,, ..	,, ...	2,00,00*	—	—	—
30th September ,, ..	,, ...	2,00,00	2,00,00	2,00,00	*0 10 0*
2nd December ,, ..	,, ...	3,00,00	3,00,00	3,00,00	*0 10 0*
26th August ,, ..	Uttar Pradesh	2,00,00	4,00,00	2,00,00	*0 9 0*
16th September ,, ..	,, ...	1,50,00	1,50,00	1,50,00	*0 9 0*
25th November ,, ..	,, ...	2,00,00	2,00,00	2,00,00	*0 10 0*

* Cancelled

STATEMENT 54

CENTRAL AND STATE GOVERNMENT LOANS OUTSTANDING

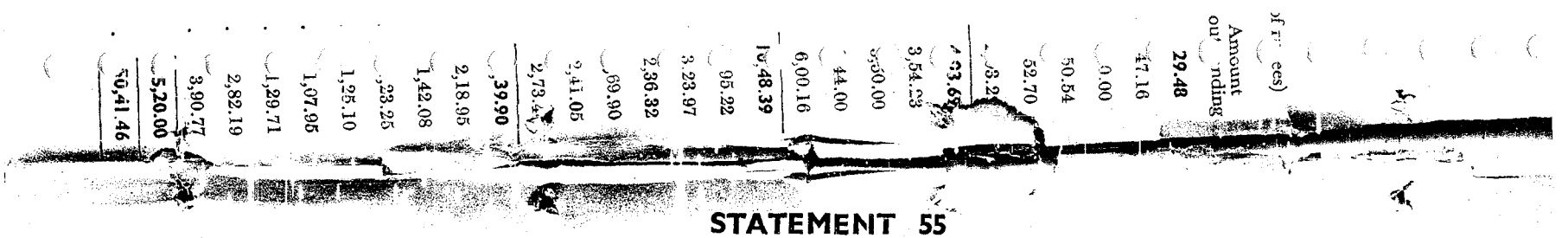
(As on 31st March, 1950)

(Reference paragraph 67)

(In lakhs of rupees)

Central Government Loans	Amount outstanding
2½% Bonds 1950	35,09.47
4½% Loan 1950-55	6,73.88
3 % „ 1951-54	86,72.72
3 % „ 1953-55	114,60.58
2¼% „ 1954	35,06.06
3½% „ 1954-59	12,85.62
2½% „ 1955	60,45.01
4½% „ 1955-60	9,05.64
3 % Victory Loan 1957	114,06.89
4½% Loan 1958-68	5,85.20
3 % Second Victory Loan 1959-61	113,65.64
2¾% Loan 1960	45,63.07
4 % „ 1960-70	63,30.26
2½% „ 1961	57,00.69
2¾% „ 1962	75,86.72
3 % „ 1963-65	116,17.46
3 % Funding Loan 1966-68	110,11.78
3 % First Development Loan 1970-75	115,05.83
2¾% Loan 1976	14,77.48
3 % Loan 1986 or Later (Conversion Loan of 1946)	248,92.83
3 % Non-terminable Loan	8,93.36
	1,449,96.19
Loans not bearing interest	738.96
Total	**1,457,35.16**

State Government Loans	Amount outstanding
3 % Assam Loan 1952	**29.48**
3 % Madhya Pradesh 1952	47.16
3 % Do. 1955	50.00
3 % Do. 1956	50.54
3 % Do. 1958	52.70
3 % Do. 1964	2,03.21
	4,03.61
3 % Bombay Loan 1955	3,54.23
3 % Do. 1956	3,50.00
3 % Do. 1958	3,44.00
3 % Do. 1962	6,00.16
	16,48.39
3 % U.P. Loan 1952	1,95.22
3 % Do. 1958	3,23.97
3 % Do. 1960	2,36.52
3 % Do. 1961-66	1,69.90
2¾% Do. 1961	2,41.05
3¼% U.P.E.E. Act Bonds	2,73.44
	14,39.90
3 % Madras Loan 1952	2,18.95
3 % Do. 1953	1,42.08
3 % Do. 1955	1,23.25
3 % Do. 1956	1,25.10
3 % Do. 1958	1,07.95
3 % Do. 1959	1,29.71
3 % Do. 1960	2,82.19
2¾% Do. 1961	3,90.77
	15,20.00
Total	**50,41.46**



STATEMENT 55

RUPEE DEBT OF INDIA SINCE 1913-14

(Reference paragraphs 53 & 62)

(In crores of rupees)

End of March	Un-dated	*Percentage of Total*	Over 0 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	Treasury Bills	*Percentage of Total*	Small Savings	*Percentage of Total*	Other obligations*	*Percentage of Total*	**Total**	*Percentage increase (+) or decrease(—)*
1914	144.52	*80.4*	1.00	*0.6*	—	—	—	—	—	—	23.17	*12.9*	11.08	*6.1*	**179.77**	—
1919	143.20	*39.9*	26.42	*7.4*	29.44	*8.2*	59.43	*16.5*	49.24	*13.7*	27.03	*7.5*	24.02	*6.6*	**358.78**	*+99.5*
1924	137.25	*28.4*	29.29	*6.1*	96.93	*20.1*	94.45	*19.6*	51.77	*10.7*	33.21	*6.9*	39.62	*8.2*	**482.52**	*+35.5*
1929	137.41	*24.9*	121.03	*21.9*	50.25	*9.2*	81.54	*14.8*	43.15	*7.8*	56.79	*10.3*	61.04	*11.1*	**551.21**	*+14.2*
1934	126.69	*18.3*	160.73	*23.2*	67.93	*9.8*	79.22	*11.4*	59.24	*8.5*	115.94	*16.7*	83.34	*12.1*	**693.09**	*+25.7*
1939	128.46	*18.1*	113.80	*16.0*	124.71	*17.6*	70.89	*9.9*	46.30	*6.5*	141.46	*19.8*	84.34	*11.8*	**709.96**	*+ 2.4*
1940	139.93	*19.2*	147.24	*20.2*	113.75	*15.6*	49.35	*6.8*	54.71	*7.5*	135.35	*18.6*	87.48	*12.1*	**727.79**	*+ 2.6*
1941	148.52	*17.3*	182.98	*21.2*	150.31	*17.5*	95.07	*11.0*	68.90	*8.0*	108.80	*12.6*	106.59	*12.4*	**861.17**	*+18.3*
1942	164.18	*17.4*	261.77	*27.8*	68.75	*7.3*	117.16	*12.5*	136.98	*14.6*	95.55	*10.2*	96.61	*10.3*	**941.00**	*+ 9.3*
1943	245.50	*20.3*	238.68	*19.8*	91.75	*7.6*	172.80	*14.3*	264.70	*21.9*	92.77	*7.7*	99.08	*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*	240.50	*15.9*	86.71	*5.5*	150.18	*10.1*	113.39	*7.2*	**1,571.42**	*+17.0*
1946	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 (Preliminary)..	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	*31.9*	285.62	*13.3*	287.23	*13.4*	98.68	*4.6*	283.90‡	*13.3*	244.42	*11.4*	**2,140.01**	*— 0.1*
1949 („)..	257.85	*10.5*	711.59	*28.9*	196.90	*8.0*	309.30	*12.6*	354.36**	*14.4*	313.27‡	*12.7*	317.91	*12.9*	**2,461.68**	*+15.0*
1950 („)..	257.86	*10.6*	597.93	*24.7*	303.08	*12.5*	249.25	*10.3*	355.70**	*14.7*	338.09‡	*13.9*	323.41	*13.3*	**2,425.32**	*— 1.5*

* Include (1) unclaimed balances of old loans which have ceased to bear interest from the date of discharge, (2) balance of special loans, (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 Pakistan's share of the liabilities as on 14th August, 1947. **Including Treasury Deposit Receipts.

Interest-bearing Obligations and Interest-yielding

(*Reference*

	1938-39	1939-40	1940-41	1941-42	1942-43
Interest-Bearing Obligations					
In India					
Loans	437,87	450,23	574,55	611,85	748,74
Treasury Bills, Ways and Means Advances and Treasury Deposit Receipts	46,30	54,70	84,50	136,98	264,70
Small Savings	141,45	135,35	108,79	95,55	92,77
Depreciation and Reserve Funds	27,34	33,47	44,38	60,54	94,72
Others	83,68	86,89	90,12	93,59	97,94
**Total Obligations in India .. ..

MENT 56

ASSETS OF THE GOVERNMENT OF INDIA SINCE 1938-39

paragraphs 53 & 62)

(In lakhs of rupees)

1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50 Revised	1950-51 Budget
1,006,55	1,212,14	1,492,22	1,529,75	1,517,09	1,478,39	1,452,15	1,485,32
110,61	86,70	83,33	79,20	86,84	373,33	361,48	362,23
118,47	159,18	221,52	273,20	233,10	271,73	293,80	321,65
118,33	144,28	150,93	143,97	112,15	116,77	126,15	141,95
140,15	220,35	297,10	297,03	183,41	172,74	222,75	187,56
1,494,11	**1,822,65**	**2,245,10**	**2,323,15**	**2,132,59**	**2,412,96**	**2,456,33**	**2,498,71**
14,08	13,57	13,22	12,22	5,80	3,39	2,73	1,34
57,07	53,67	50,16	46,52	43,60	39,45	37,10	34,71
71,15	**67,24**	**63,38**	**58,74**	**49,40**	**42,84**	**39,83**	**36,05**
—	—	—	—	—	—	16,77	26,29
1,565,26	**1,889,89**	**2,308,48**	**2,381,89**	**2,181,99**	**2,455,80**	**2,512,93**	**2,561,05**
767,00	784,88	794,74	808,16	675,87	692,47	723,80	806,43
37,19	40,44	42,73	48,63	43,86	48,85	68,97	87,59
114,95	90,29	61,03	73,78	73,15	110,44	158,92	187,17
48,15	48,15	48,15	48,15	348,15	348,15	348,15	348,15
32,79	29,45	26,01	22,44	19,65	231,21	221,55	211,85
1,000,08	**993,21**	**972,66**	**1,001,16**	**1,160,68**	**1,431,12**	**1,521,39**	**1,641,19**
159,62	305,79	586,65	513,76	246,12	235,81	172,99	154,30*
405,56	590,89	749,17	866,97	775,19	788,87	818,55	765,56

* Excluding effects of budget proposals.

STATEMENT 57

Amount of Sterling Debt Repatriated since 1937-38

(Reference paragraph 63)

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
1947-48	4.65	5.12	6.83	0.45
1948-49	0.18	0.19	0.25	0.02
Total ..	**328.71**	**327.32**	**437.42**	**274.05**
1949-50				
(1) First compulsory scheme of 8th February, 1941 (including special arrangements) ..	0.062	0.064	0.086	—
(2) Second compulsory scheme of 24th December, 1941 (including special arrangements)	0.008	0.007	0.010	—
(3) Redemption of 3½ per cent Sterling Stock, 1931 or after	0.012	0.012	0.016	—
(4) Repatriation of Railway Debenture Stocks	0.001		0.001	—
Total ..	**0.083**	**0.083**	**0.113**	—
Grand Total ..	**328.79**	**327.40**	**437.53**	**274.05**

STATEMENT 58*

(A) Post Office Cash Certificates †

(Reference paragraph 65)

(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				
1st April to 14th August	1,00	2,59	—1,58	37,69
15th August to 31st March ..	—	3,07	—3,07	—3,07
1948-49	—	4,42	—4,42	—7,49
1949-50 (Preliminary)	1	3,85	—3,84	—11,33

† 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				
1st April to 14th August	—	39	— 39	4,79
15th August to 31st March ..	—1	39	— 40	— 40
1948-49	—	35	— 35	— 75
1949-50 (Preliminary)	—	27	— 27	— 102

† 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				
1st April to 14th August	7,18	2,82	4,36	74,98
15th August to 31st March ..	13,22	4,01	9,21	9,21
1948-49	22,70	6,85	15,85	25,07
1949-50 (Preliminary)	23,78	8,35	15,43	40,50

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

* Figures from 15th August, 1947 relate to the Indian Union only ; outstandings since 31st March, 1948 do not include the Indian Union's share of the pre-partition liabilities.

STATEMENT 59*

(A) POST OFFICE SAVINGS BANK

(Reference paragraph 65)

(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	1,19	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	89,45	2,23	64,37	27,31	1,42,35
1947-48					
1st April to 14th August ..	37,68	1,00	34,21	4,47	1,46,82
15th August to 31st March	45,79	1,22	36,89	10,12	10,12
1948-49	83,26	2,41	65,88	19,79	29,91
1949-50 (Preliminary)	84,00	2,90	73,60	14,20	44,11

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

(B) POST OFFICE DEFENCE SAVINGS BANK §

	Deposits‡	Withdrawals	Net increase in Deposits	Amount outstanding
1941-42	11	—	11	11
1942-43	30	—	30	41
1943-44	3,62	1	3,62	4,02
1944-45	4,53	2	4,51	8,53
1945-46	1,99	2	1,97	10,50
1946-47	49	6	43	10,93
1947-48				
1st April to 14th August ..	—	4,91	—4,91	6,02
15th August to 31st March ..	—	3,16	—3,16	—3,16
1948-49	—	91	— 91	—4,07
1949-50 (Preliminary)	—	39	— 39	—4,46

§Closed for further deposits from 1st July, 1946. ‡Including interest.

*Figures from 15th August, 1947 relate to the Indian Union; outstandings since 31st March, 1948 do not include the Indian Union's share of the pre-partition liabilities.

STATEMENT 6

PRINCIPAL ITEMS OF SMALL SAVINGS (MONTHLY)

(Reference paragraph 65)

(In lakhs of rupees)

	Post Office Cash Certificates		Defence Savings Certificates		National Savings Certificates								Post Office Savings Bank Deposits		Defence Savings Bank Deposits			
					12 years		7 years*		5 years*		Total							
	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Total Receipts	Month-end outstandings	Receipts	Month-end outstandings	Receipts	Month-end outstandings	Total Receipts	Total Month-end outstandings
1948-49																		
April ..	—	— 3,50	—	— 44	2,21	10,51					**2,21**	**10,51**	7,12	11,95	—	—3,32	**9,33**	**15,20**
May ..	—	— 3,97	—	— 48	3,16	12,95					**3,16**	**12,95**	7,25	13,42	—	—3,44	**10,41**	**18,48**
June ..	1	— 4,33	—	— 51	1,58	13,91	3	3	4	4	**1,65**	**13,98**	9,26	17,42	—	—3,53	**10,92**	**23,03**
July ..	—	— 4,71	—	— 53	1,35	14,71	5	8	4	7	**1,44**	**14,86**	7,39	19,77	—	—3,60	**8,83**	**25,79**
August ..	—1	— 5,04	—	— 56	1,38	15,59	3	11	6	13	**1,47**	**15,83**	6,39	21,42	—	—3,67	**7,85**	**27,98**
September ..	—	— 5,41	—	— 59	1,56	16,62	1	12	12	25	**1,69**	**16,99**	7,31	23,50	—	—3,74	**9,00**	**30,75**
October ..	—	— 5,76	—	— 62	1,65	17,86	6	18	5	30	**1,76**	**18,34**	6,05	24,22	—	—3,81	**7,81**	**32,37**
November ..	—	— 6,11	—	— 64	1,50	18,93	12	30	15	44	**1,77**	**19,67**	6,11	25,09	—	—3,86	**,88**	**34,15**
December ..	—	— 6,49	—	— 67	1,71	20,17	6	35	22	65	**1,99**	**21,17**	6,66	25,77	—	—3,93	**8,65**	**35,85**
January ..	—	— 6,83	—	— 71	1,49	21,16	10	45	25	90	**1,84**	**22,51**	6,38	26,44	—	—3,97	**8,22**	**37,44**
February ..	—	— 7,14	—	— 73	1,30	21,90	11	56	22	1,10	**1,63**	**23,56**	6,72	27,53	—	—4,02	**8,35**	**39,20**
March ..	—	— 7,49	—	— 75	1,51	22,86	19	74	39	1,47	**2,09**	**25,07**	9,03	29,93	—	—4,07	**11,12**	**42,69**
Total ..	—	— 7,49	—	— 75	**20,40**	**22,86**	**76**	**74**	**1,54**	**1,47**	**22,70**	**25,07**	**85,67**	**29,91†**	—	**—4,07**	**1,08,37**	**42,67†**
1949-50																		
April ..	—	— 7,80	—	— 77	1,60	23,97	7	81	19	1,64	**1,86**	**26,42**	7,49	31,74	—	—4,11	**9,35**	**45,48**
May ..	—	— 8,15	—	— 80	1,51	24,98	10	90	20	1,82	**1,81**	**27,70**	8,29	33,36	—	—4,15	**10,10**	**47,96**
June ..	—	— 8,49	—	— 82	1,54	26,06	10	99	19	1,99	**1,83**	**29,04**	7,89	35,11	—	—4,19	**9,72**	**50,65**
July ..	—	— 8,78	—	— 84	1,65	27,26	6	1,04	19	2,14	**1,90**	**30,44**	7,68	37,46	—	—4,23	**9,58**	**54,05**
August ..	—	— 9,14	—	— 87	1,58	28,39	14	1,17	28	2,21	**2,00**	**31,77**	7,52	39,32	—	—4,27	**9,52**	**56,81**
September ..	—	— 9,44	—	— 89	1,31	29,28	9	1,23	23	2,10	**1,63**	**32,61**	4,40	37,65	—	—4,30	**6,03**	**55,63**
October ..	—	— 9,77	—	— 91	1,46	30,29	10	1,29	23	1,79	**1,79**	**33,37**	6,08	37,73	—	—4,33	**7,87**	**56,09**
November ..	—	—10,10	—	— 93	1,50	31,34	10	1,35	19	1,49	**1,79**	**34,18**	6,52	38,13	—	—4,36	**8,31**	**56,92**
December ..	—	—10,43	—	— 95	1,52	32,37	8	1,41	22	1,30	**1,82**	**35,08**	7,09	38,71	—	—4,39	**8,91**	**58,02**
January ..	—	—10,74	—	— 97	1,58	33,49	8	1,47	75	1,87	**2,41**	**36,83**	6,52	39,23	—	—4,42	**8,93**	**59,93**
February ..	—	—11,01	—	— 99	1,20	34,20	9	1,55	95	2,68	**2,24**	**38,43**	7,34	40,30	—	—4,45	**9,58**	**62,28**
March ..	1	—11,33	—	—1,02	1,55	35,22	18	1,72	97	3,56	**2,70**	**40,50**	10,98	44,11	—	—4,46	**13,69**	**67,80**
Total ..	**1**	**—11,33**	—	**—1,02**	**18,00**	**35,22**	**1,19**	**1,72**	**4,59**	**3,56**	**23,78**	**40,50**	**87,80**	**44,11**	—	**—4,46**	**1,11,59**	**67,80**

Note.—Figures relate to the Indian Union ; the outstandings do not include the Indian Union's share of the pre-partition liabilities.

* Issued from 1st June, 1948. †Adjusted.

STATEMENT 61

India's Balance of Payments

(January 1948—December 1949)

(A) CURRENT ACCOUNT (*a*)

(*Reference paragraph* 68)

(In crores of rupees)

	January-June 1948			July-December 1948			January-June 1949			July-December 1949		
	Receipts	Pay-ments	Net	Receipts	Pay-ments	Net	Receipts	Pay-ments	Net	Receipts	Pay-ments	Net
1 Merchandise (*b*) (Exports F.O.B. Imports C.I.F.) ..	242.1	229.8	+ *12.3*	184.9	263.7	— *78.8*	184.4	363.1	—*178.7*	234.7	239.2	— *4.5*
2 Non-monetary Gold Movement ..	—	0.1	— *0.1*	—	—	—	—	—	—	—	—	—
3 Foreign travel	..	2.2	— *2.2*	..	1.8	— *1.8*	..	2.4	— *2.4*	..	1.8	— *1.8*
4 Transportation (*c*)	11.7	4.7	+ *7.0*	9.7	4.3	+ *5.4*	11.4	4.1	+ *7.3*	13.4	3.4	+ *10.0*
5 Insurance	1.9	1.7	+ *0.2*	1.9	1.6	+ *0.3*	2.3	1.4	+ *0.9*	2.3	1.0	+ *1.3*
6 Investmet Income (*d*)	6.2	14.9	— *8.7*	6.0	15.1	— *9.1*	5.3	15.0	— *9.7*	5.7	12.2	— *6.6*
7 Government not included elsewhere (*e*)	14.6	13.1	+ *1.5*	11.2	75.2	—*64.1*	19.1(*f*)	29.3	—*10.2*	14.7(*f*)	19.8	— *5.2*
8 Miscellaneous (*g*)	10.3	4.3	+ *6.0*	12.3	9.4	+ *2.9*	17.7	10.4	+ *7.3*	16.0	9.8	+ *6.2*
9 Donations (*h*)	9·0	3.0	+ *6.0*	6.7	2.8	+ *3·9*	8.0	2.7	+ *5.3*	8.5	2.4	+ *6.0*
9.1 Unclassified	15.6	4.9	+ *10.7*	11.3	2.5	+ *8.8*	8.2	4.7	+ *3.5*	13.6	1.4	+ *12.2*
**10 Total Current Transactions	**311.4**	**278.8**	+ *32.7*	**244.1**	**376.5**	—*132.5*	**256.3**	**433.1**	—*176.8*	**308.9**	**291.0**	+ *17.9*
Errors and Omissions			— *22.9*			— *20.3*			+ *21.0*			— *20.6*

(*a*) Excludes transactions with Pakistan and Afghanistan. (*b*) Excludes transactions under Government barter deals. (*c*) Covers on the receipts side, estimated amount, for reimbursement of freight paid in advance by exporters and disbursements of foreign ships in Indian ports, etc., and on the payments side, operating expenses abroad of Indian Steamship Companies and some freight payments. (*d*) Receipts include interest on the investments of the Reserve Bank of India. The payments figures are provisional estimates to be verified from the results of the census of Foreign Investments. (*e*) The payments figures represent disbursements of the Government such as those for the upkeep of its organisations abroad and contributions to international organisations. The figures for the second half of 1948 and the first half of 1949, however, also include the "extraordinary" payments to the United Kingdom of Rs. 60 crores and Rs. 11.9 crores, respectively, for the purchase of defence stores under the Financial Agreement of July 1948. These payments were made through India's blocked sterling balances held as No. 2 Account and not with "Current" Sterling in No. 1 Account at the Bank of England. (*f*) Includes Rs. 4.0 crores in the first half of 1949 and Rs. 1.0 crore in the second half received from the SCAP in Japan in part settlement of the amounts due to India under the barter agreement of 1947. (*g*) Covers mainly receipts and payments for services such as those for education, film rentals, agency services and maintenance of estates. (*h*) Comprises unilateral transfers like maintenance allowance and receipts of missionaries. In respect of receipts a rough estimate has been made which needs to be verified later by a closer analysis of the available data.

(B) CAPITAL ACCOUNT (*i*)

Net Movement Increasing (+) or Decreasing (—)

respectively, for the purchase of defence stores under the Financial Agreement of July 1948. These payments were made through India's blocked sterling balances [illegible] (f) Includes Rs. 4.0 crores in the first half of 1949 and Rs. 1.0 crore in the second half received from the SCAP in Japan in part settlement of the amounts due to India under the bar[illegible] agreement of [illegible]. (g) Covers only receipts and payments for services such as those for education, film rentals, agency services and maintenance of estates. (h) Comprises unilateral transfers like maintenance allowance and receipts of missionaries. In respect of receipts a rough estimate has been made which needs to be verified later by a closer analysis of the available data.

(B) CAPITAL ACCOUNT (k)

Net Movement Increasing (+) or Decreasing (−)

Movement of Capital and Monetary Gold	January-June 1948			July-December 1948			January-June 1949			July-December 1949		
	Assets	Liabilities	*Net Assets*	Assets	Liabilities	*Net Assets*	Assets	Liabilities	*Net Assets*	Assets	Liabilities	*Net Assets*
Private (excluding banking institutions):												
11.0 Long-term Capital (*l*)	— 4.9	—16.6	+*11.7*	— 4.9	— 9.5	+ *4.6*	— 1.9	—14.3	+ *12.4*	— 2.2	— 9.9	+ *7.7*
12.0 Short-term Capital	..	..	..	..	..	..	..	..	..	..	..	..
Official and banking institutions:												
13.0 Long-term Capital—												
13.1 Official Loans	..	..	..	— 0.2(*m*)	..	— *0.2*	— 4.6(*m*)	..	— *4.6*	..	+ 7.0(*r*)	— *7.0*
13.2 Bank Loans	..	..	..	..	..	..	..	..	..	..	..	..
13.3 Portfolio Securities (*n*)	..	— 3.1	+ *3.1*	..	+11.1	— *11.1*	..	—14.1	+ *14.1*	— 5.0	+ 7.6	—*12.6*
13.4 Amortization	..	— 1.9	+ *1.9*	+217.4(*o*)	— 2.1	+*219.5*	— 3.7	— 1.1	— *2.6*	— 3.7	— 1.1	— *2.6*
13.5 Other contractual payments	..	..	..	..	..	..	..	..	..	..	..	..
13.6 Other	..	..	..	..	..	..	..	..	..	..	..	..
14.0 Short term Capital—												
14.1 Payments and Clearing Agreements	..	..	..	..	..	..	..	..	..	..	..	..
14.2 Liabilities to IMF and IBRD	..	+14.7	—*14.7*	..	+ 8.1	— *8.1*	..	+10.5	— *10.5*	..	..	..
14.3 Other Liabilities to official and banking institutions (*p*)	..	+11..	—*11.1*	..	+ 0.9	— *0.9*	..	+ 5.6	— *5.6*	..	— 8.0	+ *8.0*
14.4 Other (*q*)	+18.9	—	+*18.9*	—356.7	..	—*356.7*	—161.4	— 2.5	—*158.9*	+ 5.2	+ 1.4	+ *3.8*
15.0 Monetary Gold	..	..	..	..	..	..	..	..	..	..	..	..
16.0 Total Movement of Capital and Monetary Gold	**+14.0**	**+ 4.2**	+ *9.8*	**—144.3**	**+ 8.5**	—*152.8*	**—171.7**	**—15.9**	—*155.8*	**— 5.7**	**— 3.1**	+ *2.7*

(*k*) The capital account as shown here excludes entries in respect of the additional payments in rupees made to the IMF and IBRD after the devaluation of the rupee in order to maintain the gold value of the rupee holdings of these institutions.

(*l*) The capital receipts and capital payments in each of the half years have been estimated as follows:

	Jan.-June 1948	July-Dec. 1948	Jan.-June 1949	July-Dec. 1949		Jan.-June 1948	July-Dec. 1948	Jan.-June 1949	July-Dec. 1949
Capital Receipts	9.0	9.0	4.5	6.7	Assets	—4.9	—4.9	—1.9	—2.2
Capital Payments	20.7	13.6	16.9	14.4	Liabilities	—20.7+4.1	—13.6+4.1	—16.9+2.6	—14.4+4.5
						=—16.6	=— 9.5	=—14.3	=—9.9

It has been assumed (*a*) that, in each half year, a part of the receipts, in particular from the U.K., Australia and New Zealand, resulted in an increase in liabilities and the rest a decrease in assets and (*b*) that payments resulted only in a decrease in liabilities and no increase in assets.

(*m*) Repayment of loan by Siam. (*n*) Includes repatriation of sterling stock and movement in rupee securities held on account of foreigners. (*o*) The purchase of pensions annuities according to the terms of the Indo-U.K. Financial Agreement of July, 1948. (*p*) Movement in rupee balances held by non-resident banks and official institutions. (*q*) Includes the change in the sterling assets of the Reserve Bank of India, but, of this, the amount transferred to Pakistan is excluded. (*r*) Drawings on IBRD Loan.

STATEMENT 62

INDIA'S BALANCE OF PAYMENTS

(January 1948-December 1949)

CURRENT ACCOUNT—REGION-WISE

(Reference paragraph 68)

(In crores of rupees)

	January-June 1948			July-December 1948			January-June 1949			July-December 1949		
	Receipts	Payments	*Net*	Receipts	Payments	*Net*	Receipts	Payments	*Net*	Receipts	Payments	*Net*
A. Sterling Area—												
1. Merchandise												
(*a*) Private	116·8	64·8	*+52·0*	96·2	93·0	*+ 3·2*	98·5	129·6	*—31·1*	129·7	94·0	*+35·7*
(*b*) Govt. food and other stores	—	46·5	*—46·5*	—	89·0*	*—89·0*	—	55·3†	*—55·3*	0·2	39·2	*—39·0*
2. Gold (Non-monetary) ..	—	—	—	—	—	—	—	—	—	—	—	—
3. Services												
(*a*) Foreign travel, transportation & insurance	8·7	6·9	*+ 1·8*	7·8	6·3	*+ 1·5*	9·3	6·2	*+ 3·1*	11·2	5·2	*+ 6·0*
(*b*) Investment Income ..	6·2	12·8	*— 6·6*	6·0	12·8	*— 6·8*	5·3	12·0	*— 6·7*	5·7	8·8	*— 3·1*
(*c*) Govt. transactions (not included elsewhere) ..	12·7	11·7	*+ 1·0*	10·7	13·6	*— 2·9*	15·1	15·9	*— 0·8*	13·4	17·4	*— 4·1*
(*d*) Miscellaneous	9·8	0·4	*+ 9·4*	12·1	2·8	*+ 9·3*	15·2	3·7	*+11·5*	13·4	2·7	*+10·6*
4. Donations	7·7	2·5	*+ 5·2*	5·5	2·5	*+ 3·0*	6·5	2·4	*+ 4·1*	6·4	2·1	*+ 4·3*
5. Unclassified	12·7	3·2	*+ 9·5*	9·1	1·5	*+ 7·6*	6·8	3·4	*+ 3·4*	10·5	0·7	*+ 9·8*
Total	**174·6**	**148·8**	**+25·8**	**147·5**	**221·5**	**—74·0**	**156·7**	**228·4**	**—71·7**	**190·3**	**170·2**	**+20·1**
B. Hard Currency Areas—**												
1. Merchandise												
(*a*) Private	79·0	66·3	*+12·7*	55·8	50·5	*+ 5·3*	49·8	64·8	*—15·0*	70·0	43·6	*+26·4*
(*b*) Govt. food and other stores	2·0	25·1	*—23·1*	—	35·3	*—35·3*	0·4	35·8	*—35·5*	—	17·2	*—17·2*
2. Gold (Non-monetary) ..	—	0·1	*— 0·1*	—	—	—	—	—	—	—	—	—

stores	2·0	25·1	—23·1	—	35·3	—35·3	0·4	35·8	—35·5	—	17·2	—17·2
2. Gold (Non-monetary) ..	—	0·1	— 0·1	—	—	—	—	—	—	—	—	—
3. Services												
(a) Foreign travel, transportation & insurance	2·4	1·6	+ 0·8	2·0	1·4	+ 0·6	2·1	1·7	+ 0·4	2·4	1·0	+ 1·4
(b) Investment Income ..	—	2·1	— 2·1	—	2·3	— 2·3	—	3·1	— 3·1	—	3·3	— 3·3
(c) Govt transactions (not included elsewhere) ..	1·9	1·3	+ 0·6	0·5	1·5	— 1·0	4·0@	1·0	+ 3·0	1·3@	2·1	— 0·8
(d) Miscellaneous	0·4	1·0	— 0·6	0·1	1·0	— 0·9	2·0	1·5	+ 0·5	2·4	1·8	+ 0·5
4. Donations	1·2	0·4	+ 0·8	1·2	0·3	+ 0·9	1·4	0·2	+ 1·2	2·0	0·3	+ 1·8
5. Unclassified	1·7	1·1	+ 0·6	1·4	1·0	+ 0·4	0·1	1·3	— 1·2	0·6	0·7	— 0·1
Total	**88·7**	**99·1**	**—10·4**	**61·0**	**93·3**	**—32·3**	**59·8**	**109·5**	**—49·7**	**78·7**	**70·0**	**+ 8·6**
C. Other Areas—												
1. Merchandise												
(a) Private	44·3	27·1	+17·2	32·8	54·3	—21·5	35·7	61·3	—25·6	34·9	37·8	— 3·0
(b) Govt food and other stores	—	0·1	— 0·1	—	1·5	—1·5	—	28·3	—28·3	—	7·4	— 7·4
2. Gold (Non-monetary)	—	—	—	—	—	—	—	—	—	—	—	—
3. Services												
(a) Foreign travel, transportation & insurance	2·5	0·1	+ 2·4	1·9	—	+ 1·9	2·2	—	+ 2·2	2·1	—	+ 2·1
(b) Investment Income ..	—	—	—	—	—	—	—	—	—	—	—	—
(c) Govt. transactions (not included elsewhere) ..	—	0·1	— 0·1	..	0·1	— 0·1	..	0·5	— 0·5	..	0·3	— 0·3
(d) Miscellaneous ..	0·1	2·8	— 2·7	0·1	5·6	— 5·5	0·4	5·2	— 4·8	0·3	5·2	— 4·8
4. Donations	—	—	—	—	—	—	0·1	—	+ 0·1	0·1	—	+ 0·1
5. Unclassified	1·2	0·6	+ 0·6	0·9	0·1	+ 0·8	1·3	—	+ 1·3	2·5	—	+ 2·5
Total	**48·1**	**30·9**	**+17·3**	**35·6**	**61·7**	**—26·2**	**39·6**	**95·4**	**—55·8**	**39·9**	**50·7**	**—10·8**

*Includes payment of Rs. 60 crores to U. K. for military stores. † Includes payment of Rs. 11·9 crores to U. K. for military stores. **Comprise, for the first half of 1948, the United States, other American Account countries, Canada, Belgium, Sweden, Switzerland, Portugal and its possessions (excluding those in India), Germany and Japan. For the second half of 1948 and the whole of 1949 Argentina and Paraguay are also included and Sweden is excluded. For the second half of 1948 and the first half of 1949 Switzerland is excluded but again included in the second half of 1949. @Includes receipt from the SCAP in Japan in part settlement of the amounts due to India under the barter agreement of 1947.

STATEMENT 63

INDIA'S BALANCE OF PAYMENTS

(July-December 1949)

(Reference paragraph 68)

(In crores of rupees)

	July-September			October-December		
	Receipts	Payments	*Net*	Receipts	Payments	*Net*
1. Sterling Area						
(1) Merchandise—						
(*a*) Private ..	57.5	49.9	*+ 7.7*	72.2	44.1	*+28.1*
(*b*) Government ..	0.1	22.3	*—22.2*	0.1	16.9	*—16.8*
(2) Others ..	31.8	18.9	*+12.8*	28.6	18.1	*+10.6*
Total ..	**89.4**	**91.1**	*— 1.7*	**100.9**	**79.1**	*+21.8*
2. Hard Currency Area—						
(1) Merchandise—						
(*a*) Private ..	26.7	25.0	*+ 1.7*	43.3	18.6	*+24.7*
(*b*) Government ..	—	9.2	*— 9.2*	—	8.0	*— 8.0*
(2) Others ..	3.6	5.3	*— 1.8*	5.2	3.9	*+ 1.3*
Total ..	**30.2**	**39.5**	*— 9.4*	**48.5**	**30.5**	*+18.0*
3. Other Areas—						
(1) Merchandise—						
(*a*) Private ..	16.7	24.3	*— 7.6*	18.2	13.5	*+ 4.7*
(*b*) Government ..	—	4.3	*— 4.3*	—	3.1	*— 3.1*
(2) Others ..	2.6	3.5	*— 0.9*	2.4	2.0	*+ 0.4*
Total ..	**19.3**	**32.1**	*—12.8*	**20.6**	**18.6**	*+ 2.0*
4. All Areas—						
(1) Merchandise—						
(*a*) Private ..	100.8	99.2	*+ 1.6*	133.7	76.2	*+57.5*
(*b*) Government ..	0.1	35.8	*—35.7*	0.1	28.0	*—27.9*
(2) Others ..	38.0	27.8	*+10.2*	36.2	24.0	*+12.2*
Total Current Transactions	**138.9**	**162.8**	*—23.9*	**170.0**	**128.2**	*+41.8*
Errors and Omissions ..			*—8.1*			*—12.4*
	Assets	Liabilities	*Net Assets increasing (+) or decreasing (—)*	Assets	Liabilities	*Net Assets increasing (+) or decreasing (—)*
Total movement of capital and monetary gold ..	**—34.7**	**—2.7**	*—32.0*	**+29.0**	**—0.4**	*+29.4*

STATEMENT 64

India's Balance of Trade for the years 1948 and 1949 and the First Quarter 1950*

(Reference paragraphs 68 & 69)

(In crores of rupees)

Period		Sterling Area			Hard Currency Area			Other Areas			TOTAL		
		Receipts	Payments	*Net*	Receipts	Payments	*Net*	Receipts	Payments	*Net*	Receipts	Payments	*Net*
Jan. to Mar. 1948	P.	60.1	33.1	+27.0	35 6	30.7	+ 4.9	17.6	13.1	+ 4.5	113.3	76.9	+ 36.4
	G.	..	18.7	−18.7	2.0	16.1	−14.1	..	..	..	2.0	34.8	− 32.8
	T.	**60.1**	**51.8**	+ 8.3	**37.6**	**46.8**	− 9.2	**17.6**	**13.1**	+ 4.5	**115.3**	**111.7**	+ 3.5
April to June 1948	P.	56.7	31.7	+25.0	43.5	35.6	+ 7.9	26.7	14.0	+12.7	126.8	81.3	+ 45.6
	G.	..	27.8	−27.8	..	9.0	− 9.0	..	0.1	− 0.1	..	36.9	− 36.9
	T.	**56.7**	**59.5**	− 2.8	**43.5**	**44.6**	− 1.1	**26.7**	**14.1**	+12.6	**126.8**	**118.2**	+ 8.7
July to Sept. 1948	P.	43.6	40.9	+ 2.6	28.5	28.2	+ 0.3	16.1	24.7	− 8.6	88.2	93.8	− 5.7
	G.	..	15.2	−15.2	..	14.0	−14.0	..	0.3	− 0.3	..	29.5	− 29.5
	T.	**43.6**	**56.1**	−12.6	**28.5**	**42.2**	−13.7	**16.1**	**25.0**	− 8.9	**88.2**	**123.3**	− 35.2
Oct. to Dec. 1948	P.	52.7	52.1	+ 0.6	27.3	22.3	+ 4.9	16.7	29.6	−13.0	96.6	104.0	− 7.6
	G.	..	13.8	−13.8	..	21.3	−21.3	..	1.2	− 1.2	..	36.3	− 36.3
	T.	**52.7**	**65.9**	−13.2	**27.3**	**43.6**	−16.4	**16.7**	**30.8**	−14.2	**96.6**	**140.3**	− 43.8
Jan. to Dec. 1948	P.	213.1	157.8	+55.2	134.9	116.8	+17.9	77.1	81.4	− 4.4	424.9	356.0	+ 68.7
	G.	..	75.5	−75.5	2.0	60.4	−58.4	..	1.6	− 1.6	2.0	137.5	−135.5
	T.	**213.1**	**233.3**	−20.3	**136.9**	**177.2**	−40.5	**77.1**	**83.0**	− 6.0	**426.9**	**493.5**	− 66.8
Jan. to Mar. 1949	P.	47.0	68.0	−20.9	26.4	32.1	− 5.7	16.7	33.2	−16.6	90.2	133.2	− 42.9
	G.	..	23.9	−23.9	0.4	21.5	−21.0	..	9.3	− 9.3	0.4	54.7	− 54.3
	T.	**47.0**	**91.9**	−44.8	**26.8**	**53.6**	−26.7	**16.7**	**42.5**	−25.9	**90.5**	**187.9**	− 97.2
April to June 1949	P.	51.5	61.6	−10.1	23.4	32.7	− 9.3	19.0	28.1	− 9.2	94.0	122.4	− 28.3
	G.	..	19.5	−19.5	..	14.3	−14.3	..	19.0	−19.0	..	52.8	− 52.8
	T.	**51.5**	**81.1**	−29.6	**23.4**	**47.0**	−23.6	**19.0**	**47.1**	−28.2	**94.1**	**175.2**	− 81.1
July to Sept. 1949	P.	57.5	49.9	+ 7.7	26.7	25.0	+ 1.7	16.7	24.3	− 7.6	100.8	99.2	+ 1.6
	G.	0.1	22.3	−22.2	..	9.2	− 9.2	..	4.3	− 4.3	0.1	35.8	− 35.7
	T.	**57.5**	**72.2**	−14.5	**26.7**	**34.2**	− 7.5	**16.7**	**28.6**	−11.9	**100.9**	**135.0**	− 34.1
Oct. to Dec. 1949	P.	72.2	44.1	+28.1	43.3	18.6	+24.7	18.2	13.5	+ 4.7	133.7	76.2	+ 57.5
	G.	0.1	16.9	−16.8	..	8.0	− 8.0	..	3.1	− 3.1	0.1	28.0	− 27.9
	T.	**72.2**	**61.0**	+11.3	**43.3**	**26.6**	+16.7	**18.2**	**16.6**	+ 1.6	**133.8**	**104.2**	+ 29.6
Jan. to Dec. 1949	P.	228.2	223.6	+ 4.6	119.8	108.4	+11.4	70.6	99.1	−28.7	418.7	431.0	− 12.1
	G.	0.2	82.6	−82.4	0.4	53.0	−52.5	..	35.7	−35.7	0.6	171.3	−170.7
	T.	**228.4**	**306.2**	−77.8	**120.2**	**161.4**	−41.1	**70.6**	**134.8**	−64.4	**419.3**	**602.3**	−182.8
Jan. to Mar. 1950	P.	65.7	35.9	+29.7	45.3	29.1	+16.2	18.0	17.1	+ 0.8	129.0	82.1	+ 46.8
	G.	..	18.3	−18.3	..	10.7	−10.7	..	4 5	− 4.5	..	33.5	− 33.5
	T.	**65.7**	**54.2**	+11.4	**45.3**	**39.8**	+ 5.5	**18.0**	**21.7**	− 3.8	**129.0**	**115.7**	+ 13.3

P.—Private. G.—Government. T.—Total.

* The data presented here exclude the extraordinary payments for the purchase of defence stores from the U.K.

Source : Exchange Control Department, Reserve Bank of India.

STATEMENT 65

Important Imports from the United States

(Reference paragraphs 68 & 69)

(In lakhs of rupees)

Commodities	January-March 1949	April-June 1949	July-September 1949	October-December 1949	January-March 1950	Jan.-Dec. 1949	Apr. 1949-Mar. 1950
Tobacco	51	55	27	51	62	1,84	1,95
Provisions and oilman's stores	28	24	14	4	1	70	43
Manures	5	24	12	19	..	60	55
Metals and Ores	2,62	2,74	2,67	2,57	1,97	10,60	9,95
Mineral Oils	2,85	1,89	1,48	1,30	1,35	7,52	6,02
Chemicals Drugs and Medicines ..	82	60	25	22	18	1,89	1,25
Dyes (obtained from coal tar)	70	52	52	42	27	2,16	1,73
Electrical Goods and Apparatus ..	37	39	27	41	19	1,44	1,26
Hardware	35	36	31	36	15	1,38	1,18
Printing and Lithographic machines and materials	26	24	16	27	7	93	74
Machinery of all kinds ..	5,21	5,89	6,31	8,04	4,76	25,45	25,00
Vehicles (Motor cars and Ominbuses) ..	1,50	1,68	86	58	15	4,62	3,27
Total (all commodities)	**29,65**	**27,62**	**22,70**	**22,25**	**15,35**	**102,22**	**87,92**

STATEMENT 66

Important Exports to the United States

(Reference paragraphs 68 & 69)

(In lakhs of rupees)

Commodities	January-March 1949	April-June 1949	July-September 1949	October-December 1949	January March 1950	Jan.-Dec. 1949	Apr. 1949-Mar. 1950
Tea ..	1,23	70	1,51	2,44	2,16	5,88	6,81
Spices ..	48	96	73	2,41	3,05	4,58	7,15
Cashew Kernels ..	67	1,27	85	1,93	56	4,72	4,61
Mica ..	93	70	54	1,86	1,90	4,03	5,00
Manganese Ore ..	17	86	58	70	1,97	2,31	4,11
Lac ..	84	53	50	83	1,03	2,70	2,89
Hides and Skins, Raw ..	43	51	38	70	1,01	2,02	2,60
Jute, Raw ..	1,24	10	1	1,00	23	2,35	1,34
Cotton, Raw ..	11	9	28	81	97	1,29	2,15
Jute Manufactures : Gunny Cloth ..	8,51	5,46	6,98	9,09	9,59	30,04	31,12
Gunny Bags ..	8	11	2	1	—	22	14
Hides and Skins (tanned) ..	1	1	—	7	46	9	54
Total (of important commodities) ..	**14,70**	**11,30**	**12,38**	**21,85**	**22,93**	**60,23**	**68,46**
Total (all commodities)	**16,33**	**12,96**	**13,92**	**25,35**	**26,65**	**68,56**	**78,88**

Chemicals, Drugs and Medicines	7,35	6,41	4,11	3,38	2,23	21,25	16,13
Cutlery and Hardware ..	6,02	5,41	4,74	3,29	2,45	19,39	15,82
Dyes and Colours ..	3,45	3,10	3,27	2,60	2,14	12,42	11,11
Electrical Goods ..	4,10	4,24	3,56	3,18	2,04	15,08	13,02
Machinery of all kinds ..	24,34	26,44	27,73	29,15	22,20	107,66	105,52
Metals—Iron and Steel ..	3,67	3,51	3,96	2,93	30	14,07	10,70
Metals—Other than Iron and Steel	6,78	4,90	4,89	4,85	3,52	21,42	18,16
Paper, Pasteboard and Stationery	6,37	3,73	2,99	1,63	1,36	14,72	9,71
Vehicles	9,15	9,81	6,06	4,30	3,29	29,32	23,46
Cotton Yarns and Manufactures	7,57	10,58	5,12	1,94	77	25,21	18,41
Woollen Yarns and Manufactures	1,57	2,15	2,48	1,23	12	7,43	5,98
Other Textiles	5,65	9,47	4,40	1,67	51	21,19	16,05
Miscellaneous	5,65	6,05	4,49	3,04	1,99	19,23	15,57
**Total for the Group .. .. ..

Metallic Ores ..							
Oils — Vegetable, Mineral and Animal	2,12	2,36	1,18	2,03	3,23	7,69	
Seeds	1,75	3,05	1,95	2,30	7,49	9,05	14,7[illegible]
Cotton, Raw and Waste ..	4,26	4,93	2,25	4,44	7,72	15,8[illegible]	19,34
Jute, Raw and Waste ..	6,14	4,45	3,35	7,27	69	21,21	15,76
Wool, Raw and Waste ..	23	62	43	1,26	1,40	2,54	3,71
Other Textile Materials ..	1,76	87	30	18	30	3,11	1,65
Miscellaneous	85	93	99	84	1,10	3,61	3,86
Total for the Group	**23,92**	**24,70**	**16,93**	**27,74**	**34,09**	**93,29**	**103,46**
Class III							
Cotton Yarns and Manufactures	6,91	7,82	10,10	21,54	33,13	46,37	72,59
Jute Yarns and Manufactures	33,99	25,64	32,42	33,79	32,90	125,84	124,75
Woollen Yarns and Manufactures	71	1,05	74	92	93	3,42	3,64
Miscellaneous	1,79	2,30	2,20	3,26	3,16	9,55	10,92
Total for the Group ..	**47,24**	**44,04**	**50,41**	**67,74**	**78,00**	**209,43**	**240,19**
Total for all groups	**94,58**	**84,17**	**93,17**	**133,77**	**140,40**	**405,69**	**451,51**

Note.—Wherever possible exports to Pakistan have been excluded. As in some cases no adjustments could be made owing to non-availability of separate figures, the total of the differerent groups would not add up to the grand total.

STATEMENT 69

EXPORTS OF GUNNY CLOTH AND GUNNY BAGS TO PRINCIPAL COUNTRIES

(Reference paragraphs 68 & 69)

(In lakhs of rupees)

Principal Countries	January-March 1949	April-June 1949	July-September 1949	October-December 1949	January-March 1950	January-December 1949	April 1949-March 1950
(A) EXPORTS OF GUNNY CLOTH							
Principal Sterling Area Countries—							
U. K. ..	2,60	3,14	1,40	1,85	1,02	8,99	7,41
Australia ..	40	48	54	33	45	1,75	1,80
Other Soft Currency Countries—							
Egypt ..	8	—	7	16	10	31	33
Uruguay ..	35	13	58	4	8	1,10	83
Hard Currency Countries—							
U.S.A. ..	8,51	5,46	6,98	9,09	9,59	30,04	31,12
Canada ..	91	56	71	1,15	1,20	3,33	3,62
Philippines ..	31	12	24	29	15	96	80
Argentina ..	4,92	61	22	2.61	3,80	8,36	7,24
Total (all Countries excluding Pakistan)	**18,78**	**11,41**	**13,00**	**16,10**	**16,56**	**59,29**	**57,07**
(B) EXPORTS OF GUNNY BAGS							
Principal Sterling Area Countries—							
U.K. ..	45	73	56	37	41	2,11	2,07
Australia ..	3,10	2,62	3,55	3,14	3,36	12,41	12.67
Burma ..	25	77	1,57	63	50	3,22	3,47
Nigeria ..	43	45	60	12	1	1,60	1,18
Kenya Colony ..	17	38	41	5	43	1,01	1,28
Other Soft Currency Countries—							
Egypt ..	65	7	1,04	1,82	1,50	3,58	4,43
Chile ..	43	33	61	5	36	1,42	1,35
China ..	10	18	13	72	44	1,13	1,47
Hard Currency Countries—							
U.S.A. ..	8	11	2	1	—	22	14
Cuba ..	11	32	1,02	2,94	1,35	4,39	5,63
Total (all Countries excluding Pakistan)	**11,33**	**12,99**	**17,73**	**16,02**	**14,86**	**58,07**	**61,60**

STATEMENT 70

EXPORTS OF TEA TO PRINCIPAL COUNTRIES

(Reference paragraphs 68 & 69)

(In lakhs of rupees)

Principal Countries	January-March 1949	April-June 1949	July-September 1949	October-December 1949	January-March 1950	January-December 1949	April 1949-March 1950
Principal Sterling Area Countries—							
U. K. ..	14,45	5,65	13,23	15,98	7,40	49,31	42,26
Irish Republic ..	1,54	51	65	70	83	3,40	2,69
Australia ..	29	32	70	1,23	57	2,54	2,82
Other Soft Currency Countries—							
U.S.S.R. ..	1,23	—	71	53	47	2,47	1,71
Iran ..	81	53	78	1,50	48	3,62	3,29
Arabia ..	35	43	23	27	18	1,28	1,11
Principal Dollar Countries—							
U.S.A. ..	1,23	70	1,51	2,44	2,16	5,88	6,81
Canada ..	73	53	85	1,80	1,52	3,91	4,70
Total (all Countries excluding Pakistan) ..	**21,39**	**9,57**	**19,77**	**27,19**	**15,70**	**77,92**	**72,23**

STATEMENT 71

EXPORTS OF COTTON PIECEGOODS TO PRINCIPAL COUNTRIES

(Reference paragraphs 68 & 69)

(In lakhs of rupees)

Principal Countries	January-March 1949	April-June 1949	July-September 1949	October-December 1949	January-March 1950	January-December 1949	April 1949-March 1950
Principal Sterling Area Countries—							
Malaya ..	52	66	1,43	2,96	6,30	5,57	11,35
Aden ..	30	39	46	1,17	2,40	2,32	4,42
Ceylon ..	1,13	1,06	1,09	1,65	1,57	4,93	5,37
Nigeria ..	42	61	66	72	96	2,41	2,95
Tanganyika ..	27	56	46	30	27	1,59	1,59
Kenya ..	67	88	70	1,08	81	3,33	3,47
Australia ..	63	61	98	1,02	97	3,24	3,58
Other Soft Currency Countries—							
A.E. Sudan ..	17	37	62	90	1,13	2,06	3,02
Arabia ..	35	32	33	76	89	1,76	2,30
Total (all Countries excluding Pakistan) ..	**6,21**	**6,82**	**8,90**	**16,02**	**25,60**	**37,95**	**57,34**

STATEMENT 72

BALANCE OF TRADE IN MERCHANDISE

(Private and Government)

(Reference paragraph 68).

(In lakhs of rupees)

1948-49						1949-50					
Imports	Exports	Re-exports	Total Exports	Balance of Trade	Month	Imports	Exports	Re-exports	Total Exports	Balance of Trade
29,79	36,76	1,80	38,56	+ 8,77	.. April ..	55,52 (372)	36,23 (407)	2,30	38,53 (407)	— 16,99 (+ 35)
43,36	30,85	68	31,53	— 11,83	.. May ..	67,07 (295)	31,84 (385)	1,87	33,71 (385)	— 33,36 (+ 90)
35,84	36,01	82	36,83	+ 1,00	.. June ..	62,93 (300)	30,74 (224)	1,14	31,88 (224)	— 31,05 (— 76)
40,76	38,30	51	38,82	— 1,94	.. July ..	59,44 (252)	31,60 (230)	1,81	33,41 (230)	— 26,03 (— 22)
44,58	33,25	60	33,84	— 10,74	.. August ..	55,43 (443)	37,35 (345)	95	38,30 (345)	— 17,13 (— 98)
39,83	34,67	36	35,23	— 4,60	.. September ..	46,72 (869)	37,13 (309)	76	37,89 (309)	— 8,83 (— 500)
36,74	32,26	26	32,52	— 4,22	.. October ..	62,18 (364)	36,10 (121)	1,07	37,17 (121)	— 25,01 (— 243)
45,26	36,59	60	37,19	— 8,07	.. November ..	43,54 (37)	54,24 (265)	55	54,79 (265)	+ 11,25 (+ 228)
48,96	34,80	42	35,22	— 13,74	.. December ..	35,93 (15)	52,96 (195)	86	53,82 (195)	+ 17,89 (+ 180)
54,93	34,66	51	35,16	— 19,77	.. January ..	38,47 (7)	47,03 (22)	68	47,71 (22)	+ 9,24 (+ 15)
52,11	35,36	43	35,79	— 16,32	.. February ..	30,03 (149)	44,86 (29)	58	45,44 (29)	+ 15,41 (— 120)
55,09	32,32	30	32,63	— 22,46	.. March ..	34,24 (104)	55,82 (52)	59	56,41 (52)	+ 22,17 (— 52)
527,23 (85,00)	416,03 (30,39)	7,29 (—)	423,32 (30,39)	— 103,91 (—54,61)	.. Total ..	591,50 (31,47)	495,90 (25,84)	13,16 (—)	509,06 (25,84)	— 82,44 (— 563)

Note.— Figures for 1948-49 relate to sea-borne trade only ; figures for land frontier trade of the Indian Union with Pakistan, which are available only on an annual basis, have been shown within brackets. For 1949-50, the figures (monthly and annual) include those for land frontier trade, which have also been shown separately within brackets.

Foreign sea-borne trade of Kutch included from 1st June, 1948 and maritime trade of Travancore, Saurashtra and Baroda from 1st April, 1949.

STATEMENT 73

INDO-PAKISTAN BALANCE OF PAYMENTS

(July 1948—June 1949)

(A) CURRENT ACCOUNT

(Reference paragraph 70)

(In crores of rupees)

RECEIPTS		PAYMENTS	
A. Commodities	**83·09**	**A. Commodities**	**117·15**
(i) Cotton Manufactures	17·45	(i) Raw Jute	80·22
(ii) Jute Manufactures	6·85	(ii) Raw Cotton	17·33
(iii) Coal	6·53	(iii) Others (mainly hides and skins beelnuts, cottonseed, fruits, vegetables, cement and salt)	19·60
(iv) Mustard Oil	6·85		
(v) Tobacco	4·86		
(vi) Artificial Silk	4·74		
(vii) Others (mainly chemicals, drugs, medicines, fruits, vegetables, hardware, iron and steel, leather, rubber, glassware, tea, spices salt and re-exports)	35·81		
B. Services	**0·48**	**B. Interest, Dividend and Profits**	**0·26**
(i) Receipts on account of Mineral Oil	0·10		
(ii) Receipts on account of water supplied to West Punjab	0·31		
(iii) Interest, Dividend and Profits	0·07		
C. Total Current Transactions (A+B)	**83·57**		
D. Net disinvestment (*vide* **Statement on Capital Account**)	**6·08**		
E. Errors and Omissions and transactions financed by India notes	**27·76**		
Total	**117·41**	**Total**	**117·41**

(B) KNOWN CAPITAL TRANSACTIONS BETWEEN INDIA AND PAKISTAN

(Decrease in foreign assets and increase in foreign liabilities reflecting an inflow of capital are indicated by a (+) sign. Increase in foreign assets and decrease in foreign liabilities reflecting an outflow of capital are indicated by a (−) sign)

(In crores of rupees)

1. Transfer of Gold (at book value) and sterling assets under the Pakistan (Monetary System and Reserve Bank) Order, and the Payments Agreement	+2,04·42
2. Repatriation of the Reserve Bank's liabilities to Pakistan in respect of its Banking Department, India notes and Inscribed Pakistan notes (offset to sterling transfer under the Pakistan (Monetary System and Reserve Bank) Order)*	−2,26·44
3. Changes in rupee liabilities of the Reserve Bank of India	+ 12·83
4. Changes in Pakistan rupee assets of the Reserve Bank of India	− 0·68
5. Changes in liabilities of the commercial banks	− 8·05
6. Changes in assets of the commercial banks	− 6·47
7. Known transactions in Indian and Pakistani securities, shares etc., canalised through :	
(*a*) Reserve Bank of India	+ 33·98
(*b*) Commercial banks	+ 1·25
(*c*) Others	− 8·17
8. Others	+ 3·41
Net disinvestment (or Inflow of capital)	**+ 6.08**

*Transfers of rupee coin for obvious technical difficulties have been ignored for this item.

STATEMENT 74

INDO-PAKISTAN BALANCE OF PAYMENTS

(July 1949—December 1949)

(A) CURRENT ACCOUNT

(Reference paragraph 70)

(In crores of rupees)

RECEIPTS				PAYMENTS			
A. Commodities	Quarter ended Sept. 1949	Quarter ended Dec. 1949	**Half year ended Dec. 1949**	**Commodities**	Quarter ended Sept. 1949	Quarter ended Dec. 1949	**Half year ended Dec. 1949**
(i) Cotton Manufactures	1·36	1·28	**2.64**	(i) Raw Jute	26·17	..	**26.17**
Jute Manufactures ..	0·97	0·66	**1.63**	(ii) Raw Cotton	1·90	0·35	**2.25**
Coal	1·78	2·25	**4.03**	(iii) Fruit and Vegetables ..	0·73	0·20	**0.93**
Mustard Oil	1·56	0·45	**2.01**	(iv) Others (mainly hides and skins, fish, betelnuts, cottonseed and cement).	4·55	1·01	5.56
Tobacco	1·80	1·55	**3.35**				
Silk Manufactures (including artificial silk)	0·52	0·04	**0.56**				
Fruits and vegetables ..	0·43	0·55	**0.98**				
(ii) Others (mainly chemicals, drugs, medicines, hardware, iron and steel, leather, tea, glassware, soap, salt, spices and re-exports) ..	6·51	4·70	**11.21**				
B. Total Current Transactions	14·93	11·48	**26.41**				
C. Disinvestment (see (B) below)	..	..	**3.50**				
D. Errors and omissions ..	..	..	**5.00**				
Total ..	..	..	**34.91**	**Total** ..	**33.35**	**1.56**	**34.91**

Note.—The figures are primarily based on Customs data. On the payments side the recorded data have been adjusted to exclude imports in transit to Pakistan. Further, it is assumed that all payments for raw jute were made before 18th September, 1949. The total quantity of raw jute paid for by India (including that which remained undelivered on 18th September, 1949) is placed at 14·3 lakhs bales. Of this, 9·3 lakhs bales are estimated to have arrived in India. The cost per bale of raw jute (including baling charges and export duty for the quantity reported to have arrived in India) is calculated at Rs. 190. On the receipts side, the recorded figures have been adjusted upwards by about 5 per cent for under-valuation. Moreover, the values of coal exports have been estimated, being based on information given out by the Commerce Minister.

(B) KNOWN CAPITAL TRANSACTIONS BETWEEN INDIA AND PAKISTAN

(Decrease in foreign assets and increase in foreign liabilities reflecting an inflow of capital are indicated by a (+) sign. Increase in foreign assets and decrease in foreign liabilities reflecting an outflow of capital are indicated by a (—) sign).

(In crores of rupees)

1. Changes in rupee liabilities of the Reserve Bank of India	+8·65
2. Changes in Pakistan rupee assets of the Reserve Bank of India	+0·67
3. Changes in liabilities of commercial banks	—0·74
4. Changes in assets of the commercial banks	—5·10
5. Known transactions in Indian and Pakistani Securities	+0·02
Net Disinvestment (or Inflow of Capital)	**+3.50**

STATEMENT 75

INDIA'S TRADE AGREEMENTS 1949-50

(Reference paragraph 72)

Country	Date of the Agreement	Duration	Important Imports into India	Important Exports from India
(1) Hungary	.. 8th April, 1949	.. One year (till 14th July, 1950)	Transformers and switchgears, Diesel engines, spare parts and complete steam engines, Pipes and Fittings, Lithopone, Refrigeration plants and ammonia compressors, Lorries and trucks and Concrete and asphalt mixing machines.	Raw Jute, Kyanite, Cotton waste, Linseed Oil and Pepper.
(2) Poland	.. 22nd April, 1949	.. One year (till June 1950)	Lithopone, Coal tar dyes, Cement, Machine tools, Centrifugal and Worthington pumps, Transformers, Raw film, Newsprint, Steel Constructions, Pipes and Fittings, Cables, etc.	Groundnuts, Groundnut Oil, Raw Jute, Raw Cotton, Shellac, Tea, Pepper, Raw Cow hides, Mica, Myrobalam extracts, Canes and rattans.
(3) Finland	.. 9th May, 1949	.. One year (till 31st May, 1950)	Newsprint, Railway sleepers, Wood pulp, Paper and Pulp making machinery, wood working and plywood making machinery, Electrical equipment, etc.	Tobacco, Jute goods, Spices, Groundnut Oil, Linseed Oil, Chemicals and Drugs, Shellac etc.
(4) Egypt	.. 10th May, 1949	.. One year	Rice, Raw Cotton, Rock phosphates, Gypsum, Cotton yarn and Flax.	Tobacco, Jute goods, Tea, Cotton Piecegoods, Manufactures of Iron and Steel, Rubber tyres and tubes, Oils and Oil Seeds, Coffee, Tanned hides, Cutlery, Electrical goods, etc.
(5) Western Germany (Anglo-French American Zone).	23rd June, 1949	.. One year (till June 1950)	Chemicals, Machinery and Metal Products, Non-ferrous metals, Instruments and Apparatus, Iron and Steel Products.	Chemicals, Textiles, Fibres and bristles, Manganese, Mica, Hides and Skins, Food and Agricultural Products, etc.
(6) Pakistan	.. 24th June, 1949	.. One year (till June 1950)	Raw Jute, Raw Cotton, Hides and Skins, Rock Salt, Rape and Mustard seed.	Cotton Textiles, Cotton yarn, Jute Manufactures, Mustard Oil, Sea Salt, Tobacco, Coal, Railway Stores, Chemicals, Soap, etc.

(7) Japan	.. 22nd November, 1949	One year (1st July, 1949-June 1950)	Raw Silk, Electrical equipment and appliances, Industrial machinery and parts, Non-ferrous metals and Cast Iron, Pipes and pipe fittings, Woollen yarn, Dyes, Staple fibre, etc.	Raw Cotton, Jute, Iron Ore, Oilseeds, Hides and Skins, Manganese Ore, Tanning materials Salt, Mica, etc.
(8) Austria	.. 28th September, 1949	(Till 30th June, 1950)	Chemicals, Machinery and Metal Products, Cotton Piecegoods, Paper, Iron and Steel, Instruments and Apparatus, etc.	Raw Jute, Raw Wool, Manganese Ore, Hides and Skins, Short staple Cotton, Myrobalam extracts, Tea, Tobacco, etc.
(9) Ceylon	.. 25th October, 1949	One year (1st January, 1950-December, 1950)	Copra and Coconut Oil, Rubber (Sheet and Crepe), Betelnuts, Citronella oil, Unmanufactured tobacco, Graphite, Cinnamum leaf oil, etc.	Coal, Cotton yarn, Jute goods, Onions, Chillies, Cotton Piecegoods, Fire bricks, Oils, etc.
(10) Czechoslovakia	.. 29th March, 1949 (Revised on 2nd August, 1949)	(Till 31st March, 1950)	Coal tar dyes, Accessories for textile industry, Printing paper, Boilers, Prime movers, Diesel engines and compressors, Tractors and implements, Agricultural Machinery, Machine Tools, etc.	Pepper, Palmyra fibre, Sodium bicromate, Raw Jute, Groundnut, Manganese, Tea, Shellac, etc.
BARTER DEALS				
(11) Russia	.. April, 1949	..	200,000 tons of Wheat and 20,000 tons of Maize.	20,000 tons of Raw Jute and 7,000 tons of Tea.
(12) Argentina	.. 30th December, 1949	31st August, 1950	390,000 tons of Wheat	50,000 tons of Hessian Jute goods.

STATEMENT 76

STERLING TRANSACTIONS OF THE RESERVE BANK OF INDIA*

(Reference paragraph 74)

	Purchases†		Sales‡		Net Purchases (+) Sales (−)	
	£ thousands	Rs. lakhs	£ thousands	Rs. lakhs	£ thousands	Rs. lakhs
1947-48	150,456	2,00,61	58,980	78,71	+ 91,476	+1,21,90
1948-49	30,030	40,04	82,688	1,10,35	— 52,658	— 70,31
1949-50	200,268	2,67,02	60,720	81,04	+139,548	+1,85,98
1948-49						
April	5,175	6,90	480	64	+ 4,695	+ 6,26
May	4,345	5,79	795	1,06	+ 3,550	+ 4,73
June	2,225	2,97	8,245	11,00	— 6,020	— 8,04
July	2,650	3,53	12,242	16,34	— 9,592	— 12,80
August	4,430	5,91	10,175	13,58	— 5,745	— 7,67
September	1,375	1,83	7,530	10,05	— 6,155	— 8,22
October	2,250	3,00	4,605	6,15	— 2,355	— 3,15
November	3,100	4,13	7,855	10,48	— 4,755	— 6,35
December	1,075	1,43	7,022	9,37	— 5,947	— 7,94
January	550	73	9,599	12,81	— 9,049	— 12,08
February	1,305	1,74	9,540	12,73	— 8,235	— 10,99
March	1,550	2,07	4,600	6,14	— 3,050	— 4,07
1949-50						
April	350	47	9,160	12,22	— 8,810	— 11,76
May	300	40	14,022	18,71	— 13,722	— 18,31
June	605	81	14,567	19,44	— 13,962	— 18,64
July ..	730	97	10,945	14,61	— 10,215	— 13,64
August ..	2,905	3,87	1,580	2,11	+ 1,325	+ 1,76
September ..	40,415	53,89	3,431	4,58	+ 36,984	+ 49,31
October	48,215	64,29	30	4	+ 48,185	+ 64,25
November ..	32,990	43,99	605	81	+ 32,385	+ 43,18
December	33,215	44,29	150	20	+ 33,065	+ 44,09
January	18,185	24,25	1,045	1,39	+ 17,140	+ 22,85
February	15,018	20,02	1,690	2,26	+ 13,328	+ 17,77
March	7,340	9,79	3,495	4,66	+ 3,845	+ 5,12

Note.—Annual figures for 1947-48 relate to undivided India, while those for 1948-49 and 1949-50 (both annual a monthly) are for the Indian Union.

*Excluding Government transactions.

†Ready and forward purchases, and cancellations of forward sale contracts. Average rate of purchases : 1*s.* 6*d*

‡Ready and forward sales, and cancellations of forward purchase contracts. Average rate of sales : 1*s.* 5-63/64 (except during September 1949 and November 1949 when the rate averaged 1*s.* 5-31/32*d.*)

STATEMENT 77

PRICES (MONTHLY) OF BAR GOLD AND SOVEREIGNS IN BOMBAY 1949-5

(Reference paragraph 80)

STATEMENT 77

PRICES (MONTHLY) OF BAR GOLD AND SOVEREIGNS IN BOMBAY, 1949-50

(Reference paragraph 85)

1949-50	Gold (per fine tola) — Spot — Highest	Spot — Lowest	Spot — Average†	Settlement ** — Highest	Settlement ** — Lowest	Settlement ** — Average†	Sovereigns — Highest	Sovereigns — Lowest	Sovereigns — Average†	Average estimated stocks of gold in Bombay‡
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	(tolas)
April	115 9 0 (30)	108 8 0 (2 & 5)	112 3 7	114 5 0 (30)	106 6 0 (5)	110 7 8	74 10 0 (29)	71 8 0 (2)	73 6 9	47,000
May	119 6 0 (18)	114 4 0 (3)	117 0 8	117 15 0 (27 & 31)	113 4 0 (3)	115 15 6	75 14 0 (19)	73 12 0 (4 & 5)	74 13 3	52,500
June	119 10 0 (2 & 3)	114 13 0 (27)	117 7 9	118 14 0 (6)	113 13 0 (27)	116 7 0	76 2 0 (6)	75 0 0 (10, 13, 27 & 28)	75 6 6	42,500
July	116 0 0 (1)	107 2 0 (6)	113 1 8	115 2 0 (1)	106 6 0 (6)	110 13 0	75 0 0 (1 & 4)	72 0 0 (5 & 6)	73 10 4	29,400
August	116 8 0 (12)	113 0 0 (29 & 30)	114 6 11	111 12 0 (21)	108 10 0 (29)	110 3 5	74 12 0 (23)	73 12 0 (2)	74 5 1	32,500
September	119 4 0 (28)	112 0 0 (3 & 16)	114 8 7	116 14 0 (28)	107 4 0 (16)	111 5 7	77 4 0 (29 & 30)	74 4 0 (2 & 3)	75 2 3	29,000
October	118 8 0 (3)	110 8 0 (8)	115 4 3	116 15 0 (3)	107 4 0 (8)	112 15 5	78 12 0 (21)	75 0 0 (8 & 10)	76 12 6	36,250
November	116 0 0 (15)	113 8 0 (21 & 22)	114 9 1	114 9 0 (18)	112 4 0 (21)	113 8 2	76 10 0 (17)	76 0 0 (1-5 & 7)	76 4 5	29,250
December	114 8 0 (19)	113 4 0 (1 & 29-31)	113 14 9	113 14 0 (21)	111 4 0 (1)	112 15 4	76 4 0 (1-3, 6-8 & 12)	75 8 0 (31)	75 15 4	41,000
January	115 6 0 (12 & 13)	112 12 0 (5)	114 3 10	115 3 0 (13)	112 0 0 (5)	113 15 3	75 6 0 (2 & 13)	74 8 0 (5)	75 1 11	55,000
February	118 0 0 (9)	113 15 0 (1)	116 3 2	118 0 0 (9)	113 15 0 (1 & 2)	116 2 7	75 12 0 (9-11, 13 & 14)	75 4 0 (1, 2 & 17)	75 8 9	83,750
March	117 0 0 (7)	115 1 0 (16)	116 1 4	117 0 0 (1 & 7)	114 14 0 (16 & 17)	115 15 3	76 0 0 (30)	75 4 0 (2)	75 9 5	52,000

The United States Treasury's price of gold : $35 per fine ounce from 1st February, 1934.

The United Kingdom Treasury's buying price of gold : £8-12-3 per fine ounce from 9th June, 1945 and £ 12-8-0 from 19th September, 1949.

Note.—Figures within brackets refer to dates of quotations. **Forward business officially commenced from 2nd April, 1949 ; monthly settlements ; market for forward business officially closed from 11th July to 20th August, 1949. In arriving at the highest, lowest and average prices, all settlement rates have been taken into account. †Average of closing quotations for working days. ‡Average of week-end stocks.

STATEMENT 78

PRICES* (WEEKLY) OF GOLD AND SILVER AND ESTIMATED STOCKS IN BOMBAY, 1949-50

(Reference paragraph 85)

Friday 1949-50		Silver				Gold			
		Spot (Per 100 tolas gross)	Settlement § (Per 100 tolas gross)	Premium (+) or Discount (−) of spot over settlement	Estimated Stocks (In bars of 2,800 tolas)	Spot (Per fine tola)	Settlement § (Per fine tola)	Premium (+) or Discount (−) of spot over settlement	Estimated Stocks (tolas)
		Rs. a.	Rs. a.	Rs. a.		Rs. a.	Rs. a.	Rs. a.	
April	1	176 12	174 5‡	+2 7	3,000	109 10	106 15‡	+2 11	60,000
„	8	173 11	171 11	+2 0	4,000	109 12	107 5	+2 7	60,000
„	15**	175 8	173 14	+1 10	5,000	112 1	109 15	+2 2	55,000
„	22	180 12	179 12	+1 0	5,000	113 6	111 10	+1 12	35,000
„	29	182 6	181 14 (179 10)	+0 8 +2 12	5,000	115 0	113 12	+1 4	25,000
May	6	183 3	182 15 (178 14)	+0 4 +4 5	7,000	115 14	114 14	+1 0	50,000
„	13	181 0	180 8 (179 14)	+0 8 +1 2	5,000	116 3	115 7 (114 11)	+0 12 +1 8	50,000
„	20	184 14	184 4	+0 10	5,000	117 2	116 10	+0 8	50,000
„	27	185 9	185 5 (183 5)	+0 4 +2 4	5,000	117 13	117 3	+0 10	60,000
June	3	189 14	189 8 (188 13)	+0 6 +1 1	3,000	119 9	118 11	+0 14	55,000
„	10	190 2	189 12 (186 2)	+0 6 +4 0	3,000	116 15	116 7 (115 7)	+0 8 +1 8	30,000
„	17	184 15	182 15	+2 0	4,000	117 15	116 7	+1 8	40,000
„	24	181 1	180 8	+0 9	5,000	116 4	115 2	+1 2	45,000
July	1	183 5	182 13	+0 8	5,000	115 2	114 4	+0 14	35,000
„	8	162 8	162 0 (161 8)	+0 8 +1 0	5,000	113 0	111 12 (109 8)	+1 4 +3 8	10,000
„	15	160 8			5,000	112 0			40,000
„	22	163 0			2,000	113 4			35,000
„	29	162 4			1,500	112 12			27,000
August	5	162 4			1,000	114 4			25,000
„	12	165 8			1,000	116 0			40,000
„	19	161 10			1,000	114 10			30,000
„	26	163 0	158 0	+5 0	1,000	113 12	109 12	+4 0	35,000
September	2	160 0	154 11	+5 5	1,000	112 10	109 13	+2 13	35,000
„	9	159 4	155 5	+3 15	1,500	113 0	110 9	+2 7	30,000
„	16	159 8	157 6	+2 2	2,000	113 4	109 9	+3 11	25,000
„	23	159 12	159 0	+0 12	2,500	115 0	109 0	+6 0	25,000
„	30	169 6	169 6 (169 6)	—	5,500	117 0	114 11	+2 5	30,000
October	7	170 4	170 0 (170 0)	+0 4	2,000				

September	2	..	..	.60	15' 11	+5 5	1,000	112 10	110 9	+2	25,000
	9	..	..	159 4	15 5	3	7 00	113 0	10 9	+3 11	2)00
	16	..	..	159 8	157 6	+2 2	2,000	13	10 0	+6	
	23	..	..	159 12	159 0	+0 12	2,500	115 0	114 11	+2 5	30,000
	30	..	..	169 6	169 6	—	5,500	117 0			
					(169 6)	—					
October	7	..	..	170	170 0	+0 4	2,000	113 8	113 4	+0 4	30,000
					(170 0)	+0 4			(109 10)	+3 14	
„	14	..	..	168 12	168 12	—	1,500	116 4	112 0	+4 4	25,000
„	21	..	..	167 15	168 0	−0 1	5,000	115 6	112 15	+2 7	45,000
„	28	..	..	168 15	168 14	+0 1	5,000	115 6	114 5	+1 1	45,000
					(169 12)	−0 13			(113 9)	+1 13	
November	4	..	..	165 11	165 8	+0 3	3,000	114 4	113 15	+0 5	35,000
					(166 1)	−0 6			(112 14)	+1 6	
„	11	..	..	166 5	166 5	—	3,000	115 0	114 1	+0 15	25,000
„	18	..	..	170 0	169 11	+0 5	4,000	114 10	113 15	+0 11	27,000
„	25	..	..	173 10	173 8	+0 2	6,000	114 4	113 8	+0 12	30,000
					(174 0)	−0 6					
December	2	..	..	172 6	172 2	+0 4	5,000	113 14	113 4	+0 10	35,000
					(172 11)	−0 5			(112 0)	+1 14	
„	9	..	..	172 2	172 2	—	4,500	113 12	112 9	+1 3	35,000
„	16	..	..	172 6	172 6	—	5,000	113 14	112 15	+0 15	45,000
„	23	..	..	171 4	171 0	+0 4	3,000	114 2	113 9	+0 9	40,000
					(171 11)	−0 7					
„	30	..	..	171 10	171 4	+0 6	2,000	113 4	113 2	+0 2	50,000
					(171 14)	−0 4			(112 11)	+0 9	
January	6	..	..	174 15	173 14	+1 1	5,000	112 14	112 12	+0 2	70,000
					(174 11)	+0 4					
„	13	..	..	178 5	178 1	+0 4	4,000	115 0	114 12½	+0 3½	60,000
„	20	..	..	181 4	181 2	+0 2	3,500	114 14	114 12	+0 2	50,000
„	27**	..	..	184 11	184 3	+0 8	3,500	114 10	114 10	--	40,000
					(184 7)	+0 4			(114 12)	−0 2	
February	3	..	..	182 11	182 3	+0 8	4,000	116 1	116 0	+0 1	70,000
					(182 14)	−0 3					
„	10	..	..	188 1	187 5	+0 12	3,000	117 5	117 8	−0 3	1,50,000
„	17	..	..	181 14	181 6	+0 8	3,700	115 8	115 8	—	65,000
„	24	..	..	182 11	181 15	+0 12	4,000	116 8	116 8	—	50,000
					(182 8)	+0 3					
March	3	..	..	183 4	182 8	+0 12	4,000	115 15	115 14	+0 1	50,000
					(183 4)	—			(116 4)	−0 5	
„	10	..	..	184 10	183 14	+0 12	4,000	116 8	116 8	—	45,000
„	17	..	..	184 6	183 6	+1 0	2,500	115 11	115 6	+0 5	50,000
„	24	..	..	186 14	186 4	+0 10	3,000	115 13	115 10	+0 3	65,000
					(185 5)	+1 9			(115 10)	+0 3	
„	31**	..	..	187 3	186 13	+0 6	2,000	115 9	115 5	+0 4	50,000
					(184 15)	+2 4			(115 6)	+0 3	

*Closing quotations. §Forward business officially commenced from 2nd April, 1949 ; monthly settlements ; market for forward business officially closed from 11th July to 20th August, 1949. When two settlements run during one week, the quotation for the new settlement is shown in brackets. ‡ As on 2nd April, 1949. **Market closed ; preceding working day's quotations given.

STATEMENT 79

Spot Prices (Annual) of Gold and Silver in Bombay and Import Duties

(Reference paragraph 85)

Year	Gold (per fine tola)									Silver (per 100 tolas gross)								
	Highest			Lowest			Average‡			*Import duty*			Highest			Lowest			Average‡			*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				72	0	0	55	8	0	63	1	5			
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	59	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	[illegible]	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*	195	0	0	127	0	0(c)	162	4	10	*18*	*12*	*0*
										12	*8*	*0(b)*										*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*
1948-49	121	0	0	103	0	0	114	9	10	*12*	*8*	*0*	190	8	0	166	8	0	177	9	0	*9*	*6*	*0*
1949-50	119	10	0	107	2	0	114	14	11	*12*	*8*	*0*	192	12	0	158	14	0	174	11	10	*9*	*6*	*0*

‡Average of closing quotations for working days. *Including surcharge of 20 per cent.

(*a*) Effective from 1st March, 1946. (*b*) Effective from 12th August, 1946. (*c*) Unofficial.

STATEMENT 80

†Average of closing quotations for working days. *Including surcharge of 20 per cent.

(a) Effective from 1st March, 19.. (b) Effective from 12th August 194 (c) Unofficial.

STATEMENT 80

PRICE OF SILVER (MONTHLY) IN LONDON, NEW YORK AND BOMBAY, 1949-50

(Reference paragraph 87)

1949-50	Price in London* (Per fine ounce)			Market Price in New York** (Per fine ounce)			Market Price in Bombay (Per 100 tolas gross)						Average estimated stocks in Bombay† (in bars of 2,800 tolas)
	Spot and Forward			Spot			Spot			Settlement‡			
	Highest	Lowest	Average††	Highest	Lowest	Average††	Highest	Lowest	Average††	Highest	Lowest	Average††	
	d.	d.	d.	Cents	Cents	Cents	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
April ..	43⅛	43⅛	43⅛	71½	71½	71½	184 0 0 (26)	172 13 0 (9)	178 9 5	183 8 0 (26)	170 9 0 (9)	177 5 4	4,400
May ..	43⅛	43⅛	43⅛	71½	71½	71½	187 4 0 (26)	178 14 0 (3)	183 10 9	186 14 0 (26)	176 2 0 (3)	182 3 11	5,000
June ..	43⅛	43⅛	43⅛	71½	71½	71½	192 12 0 (13)	178 9 0 (24)	186 10 3	192 12 0 (13)	178 0 0 (24)	185 15 8	3,750
July ..	43⅛	43⅛	43⅛	71½	71½	71½	183 13 0 (1)	159 8 0 (16)	165 9 4	183 5 0 (1)	159 2 0 (8)	169 5 4	3,700
August ..	44⅛	43⅛	43-23/32	73	71½	71-29/32	165 8 0 (12 & 13)	159 12 0 (1)	162 5 8	159 4 0 (25)	154 14 0 (30)	156 12 6	1,000
September ..	64	44⅛	52-5/16	73¼	73	73-7/32	172 4 0 (28)	158 14 0 (16)	162 3 2	172 2 0 (28)	153 12 0 (2)	160 12 7	2,500
October ..	64	63¼	63⅞	73¼	73¼	73¼	171 4 0 (7)	163 13 0 (5)	167 11 11	171 0 0 (7)	163 12 0 (5)	167 15 2	3,375
November ..	64	64	64	73¼	73¼	73¼	174 15 0 (28)	164 13 0 (5)	168 14 5	175 5 0 (28)	164 10 0 (5)	169 3 5	4,000
December ..	64	64	64	73¼	73¼	73¼	173 13 0 (15)	169 13 0 (22)	172 0 1	174 0 0 (5)	169 11 0 (22)	171 14 3	3,900
January ..	64	64	64	73¼	73¼	73¼	184 14 0 (25)	171 14 0 (2)	178 5 2	184 10 0 (25)	171 3 0 (5)	178 0 2	4,000
February ..	64	64	64	73¼	73¼	73¼	189 4 0 (11)	176 4 0 (20)	183 9 2	188 8 0 (11)	175 12 0 (20)	182 14 2	3,675
March ..	64	63	63-31/32	73¼	71¾	73-3/32	188 5 0 (29)	182 6 0 (14)	185 3 0	187 15 0 (29)	181 10 0 (14)	184 8 0	3,100

Note.—Figures within brackets refer to dates of quotations. *United Kingdom Treasury's price of silver for essential purposes: spot and forward rates remained identical throughout 1949-50. **Price of foreign silver in New York. ‡Forward business officially commenced from 2nd April, 1949; monthly settlements; market for forward business officially closed from 11th July to 20th August, 1949. In arriving at the highest, lowest and average prices, all settlement rates have been taken into account. ††Average of closing quotations for working days. †Average of week-end stocks.

STATE

QUANTITY AND VALUE OF IMPORTS§ AND EXPORTS OF GOLD

(*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 ..	..	**5,72,18,318**	..	**9,34,97,221**	**2,496,571**	**15,07,15,539**
Average for 1905-06 to 1909-10	..	**9,65,95,452**	..	**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**	**21,66,31,3**
Average for 1930-31 to 1934-35	**324,421**	**2,03,42,694**	**308,976**	**1,80,20,625**	**633,397**	**3,83,63,3**
1935-36	56,200	50,72,099	47,261	44,23,311	103,461	94,95,4
1936-37	61,086	57,09,880	111,695	1,03,78,239	172,781	1,60,88,1
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	41,408	23,71,537	41,956	24,39,139
1943-44	18,908	35,84,367	3	625	18,911	35,84,992
1944-45	92,749	1,65,82,145	—	—	92,749	1,65,82,145
1945-46	10,994	22,02,853	—	—	10,994	22,02,853
1946-47	388,415	9,45,90,230	157	40,335	388,572	9,46,30,565
1947-48	350,465	9,82,24,007	5	121	350,470	9,82,24,128
Total for 35 years from 1900-01 to 1934-35 ..	..	**4,41,22,83,959**	..	**2,79,21,75,551**	**117,239,692**	**7,20,44,59,510**
Total for 13 years from 1935-36 to 1947-48 ..	**1,097,239**	**23,70,99,723**	**411,775**	**3,72,89,634**	**1,509,014**	**27,43,89,357**
1948-49	344	1,20,664	1	328	345	1,20,992
1949-50	704	2,15,244	12	2,976	716	2,18,220

Note.—Upto and including 1941-42, figures relate to India and Burma. Figures upto the end of February 1948 are on a pre-partition basis (*i.e.*, for undivided India), but those relating to the ports of Karachi and Chittagong have been excluded from 1st and 15th August, 1947 respectively. Since March 1948, the data have been worked out on a post-partition basis (*i.e.*, the figures include the sea-borne trade of the Indian Union with Pakistan). Foreign sea-borne trade of Kutch has been included from 1st June, 1948 and of Travancore, Saurashtra and Baroda from 1st April, 1949. §The figures for the year 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.

STATE
MENT 81

OF GOLD

(*Reference*

COIN AND BULLION (PRIVATE AND GOVERNMENT) SINCE 1900-01

paragraph 89)

EXPORTS						NET IMPOTRS (+) 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
..	4,85,71,823	..	3,97,99,942	1,520,365	8,83,71,765	+ 976,206	+ 6,23,43,774
..	3,34,76,990	..	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
5,663,258	46,35,03,533	196,272	1,55,29,436	5,859,530	47,90,32,969	– 5,226,133¶	– 44,06,69,650¶
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	– 183,117	– 2,11,52,716
1,837	2,76,232	28,472	45,18,718	30,309	47,94,950	+ 11,647	– 23,55,811
2,684	5,52,111	8,215	16,98,280	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	+ 88,709	+ 1,57,60,632
1,824	3,80,431	19,239	46,14,214	21,063	49,94,645	– 10,069	– 27,91,792
3,[illegible]9	9,25,227	99,628	1,42,99,481	103,018	1,52,24,708	+ 285,554	+ 7,94,05,857
639	1,83,606	2	722	641	1,84,328	+ 349,829	+ 9,80,39,800
..	3,48,05,37,328	..	57,72,40,719	56,368,424	4,05,77,78,047	+ 60,871,268	+ 3,14,66,81,463
14,284,605	1,41,91,97,671	1,209,259	12,69,68,767	15,493,864	1,54,61,66,438	– 15,804,217‡	– 1,45,44,85,457‡
405	1,27,676	—	—	405	1,27,676	– 60	– 6,684
§§	90	—	—	§§	90	+ 716	+ 2,18,130

¶During 1930-31, there was a net import of 2,242,653 ounces valued at Rs. 12,75,18,115, while during the next four years, 1931-32 to 1934-35, the net total exports amounted to 28,373,324 ounces valued at Rs. 2,33,08,66,366.

* Including 1,030,420 ounces of gold valued at Rs. 10,19 lakhs earmarked on account of purchasers abroad. †Including 88,947 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 during 1938-39 and 1939-40.

§§During the year, only 0.3 of an ounce valued at Rs. 90 was exported.

STATEMENT 82

Quantity and Value of Imports and Exports of Silver (Private and Government) since 1900-01*

(Reference paragraph 89)

	IMPORTS		EXPORTS		NET IMPORTS (+) OR EXPORTS (—)	
	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	81,897,274	14,64,66,929	24,847,996	4,53,25,015	+ 57,049,278	+ 10,11,41,9
Average for 1905-06 to 1909-10	96,327,973	17,76,32,259	9,290,601	2,30,88,229	+ 87,037,372	+ 15,45,44,0
Average for 1910-11 to 1914-15	78,167,324	14,13,58,602	17,156,023	3,52,17,279	+ 61,011,301	+ 10,61,41,3
Average for 1915-16 to 1919-20	117,681,324	30,70,50,465	10,955,709	2,74,11,840	+ 106,725,615	+ 27,96,38,6
Average for 1920-21 to 1924-25	88,745,101	19,19,90,085	15,136,478	3,45,76,258	+ 73,608,623	+ 15,74,13,8
Average for 1925-26 to 1929-30	110,236,394	17,49,50,243	22,882,522	3,65,09,196	+ 87,353,872	+ 13,84,41
Average for 1930-31 to 1934-35	37,309,897	4,95,80,893	46,660,021	5,78,19,136	— 9,351,124†	— 82,38,
1935-36	49,836,880	6,45,74,760	48,320,802	7,03,09,479	+ 1,516,078	— 57,34,
1936-37	112,255,948	13,87,64,460	2,144,483	28,47,436	+ 110,111,465	+ 13,59,17,0
1937-38	19,565,063	2,50,39,330	7,619,840	99,56,495	+ 11,945,223	+ 1,50,82,
1938-39	11,441,073	1,49,01,895	7,404,495	91,10,289	+ 4,036,578	+ 57,91,6
1939-40	31,041,720	4,10,47,739	17,219,624	2,62,03,452	+ 13,822,096	+ 1,48,44,2
1940-41	8,643,502	1,41,61,597	20,954,329	3,42,31,547	— 12,310,827	— 2,00,69,9
1941-42	21,583,401	3,76,53,395	50,165,195	9,21,35,832	— 28,581,794	— 5,44,82,4
1942-43	1,558,903	28,72,603	35,871,861	8,57,89,032	— 34,312,953	— 8,29,16,4
1943-44	26,412,675	3,93,16,615	5,829,363	1,72,94,464	+ 20,583,312	+ 2,20,22,1
1944-45	145,814,945	22,70,77,921	1,462,400	40,08,696	+ 144,352,545	+ 22,30,69,2
1945-46	56,282,151	8,06,97,566	546,484	15,95,565	+ 55,735,667	+ 7,91,02,0
1946-47	70,556,896	24,58,87,399	51,374	2,26,657	+ 70,505,522	+ 24,56,60,7
1947-48	26,204,748	11,50,45,235	1,501	6,737	+ 26,203,247	+ 11,60,38,4
Total for 35 years from 1900-01 to 1934-35 ..	3,051,821,433	5,94,51,47,382	734,646,750	1,29,97,34,763	+2,317,174,683	+4,64,54,12,6
Total for 13 years from 1935-36 to 1947-48 ..	581,197,910	1,04,80,40,545	197,591,751	35,37,15,681	+ 383,606,159	+ 69,43,24,8
1948-49	1,820,195	83,66,371	122	568	+ 1,820,073	+ 83,65,8
1949-50	149,021	5,75,011	79,370	3,58,206	+ 69,651	+ 2,16,8

Note.—Upto and including 1941-42, figures relate to India and Burma. Figures upto the end of February 1948 pre-p a pre-partition basis (*i.e.*, for undivided India), but those relating to the ports of Karachi and Chittagong have been exclude from 1st and 15th August, 1947 respectively. Since March 1948, the data have been worked out on a post-partition basis (*i.* (*i.e.*, figures include the sea-borne trade of the Indian Union with Pakistan). Foreign sea-borne trade of Kutch has been in inclu from 1st June, 1948 and of Travancore, Saurashtra and Baroda from 1st April, 1949. to 19

* Government of India rupees are shown at face value. † During 1930-31, there was a net import of 80,535,935 valued at Rs. 10,07,93,056, while during the next four years, *viz.*, 1931-32 to 1934-35, the net total exports amoun 127,291,557 ounces valued at Rs. 14,19,84,267.

STATEMENT 05

Imports and Exports of Gold and Silver, 1949-50

(Private and Government)

(Reference paragraph 89)

	GOLD COIN AND BULLION *						SILVER				NET IMPORTS (+) OR EXPORTS (−)	
	IMPORTS						IMPORTS		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	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
1949-50												
April ..	22	6,475	—	—	22	6,475	6,899	32,934	—	—	+6,899	+ 32,934
May ..	—	—	—	—	—	—	1,861	9,324	750	1,000	+ 1,111	+ 8,324
June ..	—	—	—	—	—	—	—	—	—	—	—	—
July ..	375	1,12,887	—	—	375	1,12,887	—	—	750	1,000	− 750	− 1,000
August ..	4	1,311	—	—	4	1,311	4,009	17,451	—	—	+ 4,009	+ 17,451
September ..	—	—	—	—	—	—	58,332	1,70,795	—	—	+58,332	+1,70,795
October ..	135	42,875	4	1,032	139	43,907	10,530	46,556	—	—	+10,530	+ 46,556
November ..	—	—	6	1,396	6	1,396	9,248	40,999	—	—	+ 9,248	+ 40,999
December ..	42	12,895	1	348	43	13,243	4,090	18,760	75,710	3,44,987	−71,620	−3,26,227
January ..	—	—	1	200	1	200	25,198	98,182	—	—	+25,198	+ 98,182
February ..	110	33,899	—	—	110	33,899	28,010	1,35,889	2,160	11,219	+25,850	+1,24,670
March ..	16	4,902	—	—	16	4,902	844	4,121	—	—	+ 844	+ 4,121
Total ..	**704**	**2,15,244**	**12**	**2,976**	**716**	**2,18,220**	**149,021**	**5,75,011**	**79,370**	**3,58,206**	**+69,651**	**+2,16,805**

Note.—Figures are on a post-partition basis (*i.e.*, the data include the sea-borne trade of the Indian Union with Pakistan). Foreign sea-borne trade of Kutch, Travancore, Saurashtra and Baroda has been included.

* There were no exports during 1949-50, except in May 1949, when 0.3 of an ounce of gold bullion valued at Rs. 90 was exported.

STATEMENT 84

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		**51,17**	**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	*+ 0*
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	+ 1,16	*+ 1*	186,88	163,16	+ 2,25	*+ 1*
1926-27		184,13	164,31	− 3,40	*− 2*	189,13	156,36	− 6,80	*− 4*
1927-28		184,87	174,53	+ 10,22	*+ 6*	180,16	162,62	+ 6,26	*+ 4*
1928-29		188,03	178,10	+ 3,57	*+ 2*	184,86	171,90	+ 9,28	*+ 6*
1929-30		177,23	159,30	− 18,80	*−11*	183,11	163,00	− 8,90	*− 5*
1930-31		160,84	147,93	− 11,37	*− 7*	165,49	151,13	− 11,87	*− 7*
1931-32		178,14	165,17	+ 17,24	*+12*	163,64	152,62	+ 1,49	*+ 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	3,96		
1938-39	I	196,47	178,36	+ 7	*—*	202,66	174,39	− 7,80	*− 4*
	B	10,76	10,74	+ 2,91	*+37*	7,98	7,97	+ 4,01	*+101*
1939-40	I	238,43	225,10	+ 46,74	*+26*	216,84	198,13	+ 23,74	*+ 14*
	B	13,78	13,45	+ 2,71	*+25*	11,17	11,09	+ 3,12	*+ 39*
1940-41	I	251,81	240,55	+ 15,45	*+ 7*	245,09	228,63	+ 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	*−*
1948-49	I*	1,191,11	1,169,35	− 7,84‡	..	1,253,86	1,231,84	+ 4,02	.
1949-50	I**	1,151,74	1,163,52	− 5,84‡	..	1,152,94	1,128,94	−102,90	.

I = India notes. B = Burma notes.

Note.—Since the Bank assumed the management of the currency, the variations in the figures of notes in circulat as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. No in circulation now include the amounts held in Government Treasuries as well as by the public, but exclude the holdi of the Banking Department of the Reserve Bank.

* The figures are net of adjustments made in respect of (*i*) Rs. 44.98 crores of India notes withdrawn from circulat in Pakistan during April to June 1948 and (*ii*) Rs. 82.20 crores of India notes returned from circulation in Pakist

** During 1949-50, no adjustments were made in respect of India notes retired from circulation in Pakistan. ‡ Rela to the Indian Union.

STATEMENT 85

Circulation of India Notes by Denominations since 1913-14†

(Reference paragraph 91)

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	1,82	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	1,82	13,11	2.5		—	9.3	40.5	—	1.5	37.7	.8	7.7
1926	72		2	15,66	76,88	2	2,23	60,22	1,19	13,20	.4		—	9.2	45.2	—	1.3	35.4	.7	7.8
1927	44		2	16,49	72,86	2	2,15	60,09	1,10	13,42	.3		—	9.9	43.7	—	1.3	36.1	.7	8.0
1928	39		1	18,91	76,27	2	2,09	63,07	1,05	14,90	.2		—	10.7	43.2	—	1.2	35.7	.6	8.4
1929	36		1	23,77	74,55	2	2,01	65,76	99	12,69	.2		—	13.2	41.4	—	1.1	36.5	.6	7.0
1930	35		1	20,97	69,08	2	1,60	58,88	84	10,78	.2		—	12.9	42.6	—	1.0	36.3	.3	6.7
1931	34		1	18,92	64,20	2	1,53	54,86	77	10,76	.2		—	12.5	42.4	—	1.0	36.3	.5	7.1
1932	34		1	22,31	69,55	2	1,51	63,07	79	11,67	.2		—	13.2	41.1	—	.9	37.3	.4	6.9
1933	33		1	19,95	61,83	2	1,28	57,65	68	11,63	.2		—	13.0	40.3	—	.8	37.6	.5	7.6
1934	33		1	21,53	67,41	2	1,33	64,90	60	11,31	.2		—	12.9	40.2	—	.8	38.8	.4	6.7
1935	32		1	23,11	67,83	2	1,26	60,94	56	17,72	.2		—	13.5	39.5	—	.7	35.5	.3	10.3
Year ended (31st Dec.)																				
1935	32		1	25,28	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	62,81	37	10,51	.2		—	18.1	41.7	—	.6	33.6	.2	5.6
1939*	32		1	45,63	98,29	1	92	75,57	34	13,79	.1		—	19.4	41.9	—	.4	32.1	.2	5.9
1940*	32		1	44,03	97,83	1	61	80,44	33	17,64	.1		—	18.3	40.6	—	.2	33.4	.1	7.3
1941*	32		1	62,23	134,89	1	51	113,13	36	28,20	.1		—	18.3	39.7	—	.2	33.3	.1	8.3
1942	32		1	106,74	218,21	1	46	202,82	52	54,07	—		—	18.3	37.4	—	.1	34.8	.1	9.3
1943	32	5,56	1	142,48	302,93	1	37	291,54	60	90,99	—	.7	—	17.1	36.3	—	—	34.9	.1	10.9
1944	32	9,73	1	148,80	363,38	1	30	382,51	32	100,93	—	1.0	—	14.8	36.1	—	—	38.0	—	10.1
1945	32	14,45	1	153,87	425,37	—	25	495,84	26	113,37	—	1.2	—	12.8	35.3	—	—	41.2	—	9.4
1946	32	25,42	1	197,09	545,40	—	19	488,71												
1947	32	33,09	1	195,10	557,70	—	16	540,11												
1948§	32	29,21	1	180,53	533,23	—	12	454,29												
1949§	32	26,62	1	179,91	486,42	—	10	425,91												

† Excluding (1) the Government of India one-rupee notes introduced in July 1940, which are treated for the purposes of the Reserve Bank of India Act 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. *Including Burma notes. §Net of adjustments made on account of India notes returned from circulation in Pakistan.

STATEMENT 86

Monthly Absorption of Currency in the Indian Union

(Reference paragraphs 93 & 94)

(In lakhs of rupees)

Month	1948-49				1949-50			
	Notes	Rupee Coin*	Small Coin	Total	Notes	Rupee Coin*	Small Coin	Total
April	+ 15,81	— 1,02	+ 28	+ 15,07	+ 12,03	— 42	+ 19	+ 11,79
May	— 1,47	+ 1,04	+ 26	— 17	— 2,51	+ 24	+ 15	— 2,12
June	— 4,86	— 35	+ 22	— 4,99	— 24,30	+ 22	— 10	— 24,27
July	— 34,88	— 1,03	— 8	— 36,89	— 45,48	— 2,26	— 31	— 48,05
August	— 18,30	— 2,16	— 4	— 21,00	— 23,60	— 1,69	— 30	— 25,59
September	— 10,42	— 1,31	— 19	— 11,92	— 5,50	— 1,01	— 17	— 6,68
October	+ 9,44	— 76	+ 11	+ 8,79	— 6,61	— 71	— 69	— 8,01
November	— 1,02	+ 46	— 15	— 71	+ 2,10	+ 32	— 17	+ 2,25
December	+ 16,52	— 28	— 12	+ 16,12	+ 31,07	+ 2,05	— 13	+ 32,99
January	+ 9,28	+ 20	— 12	+ 9,36	+ 19,67	+ 3,35	— 26	+ 22,76
February	+ 7,92	+ 2,34	— 3	+ 10,23	+ 16,31	+ 2,13	— 5	+ 18,39
March	+ 4,64	— 54	+ 10	+ 4,20	+ 21,07	+ 8	— 30	+ 20,85
Total	— 7,84	— 4,31	+ 24	— 11,91	— 5,84	+ 2,29	— 2,16	— 5,71

* Including Government of India one-rupee notes.

STATEMENT 87

Absorption of Small Coin (Annual) since 1909-10

(Reference paragraph 93)

(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	**—65,88**
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	25,43		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**
1948-49	18,94	6,71	—12,60	—13,55	9,24	15,45	—	—	**24,19**
1949-50	—67,01	—56,24	—47,47	—57,79	1,40	11,52	—	—	**—2,15,59**

Note. Inclusive of figures for Burma upto January 1942. Figures from 1948-49 relate to the Indian Union; earlier figures relate to undivided India. † Since the inauguration of the Reserve Bank in 1935, silver half rupees have been included in statistics relating to small coin ; include pure nickel half rupees introduced in May 1946. ‡ Include pure nickel four anna pieces introduced in May 1946. § Include nickel two anna pieces introduced in 1917-18. * Nickel half anna pieces introduced in January 1942. ** Include single pice pieces with a circular hole issued from February 1943.

STATEMENT 88

Absorption (metal-wise) of Small Coin

(Reference paragraph 93)

(In lakhs of rupees)

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50
I. Standard Silver											
8 annas	60	1,53	5	—16	— 5	— 2	— 1	— 2	—	—	— 1
4 annas	31	1,02	2	—10	— 5	— 2	— 1	— 1	—	— 1	— 3
Total Standard Silver Coin	**91**	**2,55**	**7**	**—26**	**—10**	**— 4**	**— 2**	**— 3**	**—**	**— 1**	**— 4**
II. Quaternary Silver											
8 annas			1,52	3,98	5,46	5,53	2,96	92	— 57	— 95	— 1,42
4 annas			1,27	3,07	5,23	5,44	3,03	81	— 57	— 88	— 1,24
Total Quaternary Silver Coin			**2,79**	**7,05**	**10,69**	**10,97**	**5,99**	**1,73**	**— 1,14**	**— 1,83**	**— 2,66**
III. Pure Nickel ..											
8 annas								1,18	2,34	1,14	77
4 annas								99	1,89	97	73
Total Pure Nickel Coin								**2,16**	**4,23**	**2,11**	**1,50**
IV. Nickel-Alloy*											
4 annas	8	—	— 2	—11	— 2	— 1	— 3	— 2	— 3	— 2	— 3
2 annas	48	72	88	2,22	3,34	3,07	1,36	69	28	— 13	— 47
1 anna	51	76	99	2,02	3,11	3,43	1,55	61	25	— 14	— 58
½ anna			4	57	1,14	1,30	61	39	17	9	1
Total Nickel-Alloy Coin	**1,07**	**1,48**	**1,89**	**4,70**	**7,57**	**7,79**	**3,49**	**1,67**	**67**	**— 20**	**— 1,06**
Total Nickel Coin (III+IV)	**1,07**	**1,48**	**1,89**	**4,70**	**7,57**	**7,79**	**3,49**	**3,83**	**4,90**	**1,91**	**44**
V. Copper											
Single Pice	21	23	29	13	29	49	51	38	24	15	12
Half Pice	1		1	—	—	—	—	—	—	—	—
Pie Pieces	1		1	1	—	—	—	—	—	—	—
Total Copper Coin ..	**23**	**25**	**31**	**14**	**29**	**49**	**51**	**38**	**24**	**15**	**12**
VI. Total Small Coin ..	**2,21**	**4,28**	**5,06**	**11,64**	**18,46**	**19,20**	**9,98**	**5,91**	**3,99**	**24**	**—2,16**

Note.—Inclusive of figures for Burma upto January 1942. Figures from 1948-49 relate to the Indian Union only, while earlier figures relate to undivided India.

*Cupro nickel and Nickel-brass coins.

STATEMENT 89

Absorption of Currency (Annual) since 1914-15

(Reference paragraph 94)

(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	— 10,46	— 4	**— 1,15**
1922-23	+ 3,87	— 9,56	+ 23	**— 5,46**
1923-24	+ 7,96	+ 7,62	+ 34	**+ 15,92**
1924-25	— 2,51	+ 3,65	+ 49	**+ 1,63**
1925-26	+ 1,16	— 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	**— 27,29**
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	+133,89	+ 18,35	+ 9,98	**+162,22**
1946-47	+ 23,26	+ 1,94	+ 5,91	**+ 31,11**
1947-48	+ 62,33	— 12,34	+ 3,98	**+ 53,97**
1948-49	— 7,84	— 4,31	+ 24	**— 11,91**
1949-50	— 5,84	+ 2,29	— 2,16	**— 5,71**

Note.—Including Burma notes upto 1942-43. Figures for 1948-49 and 1949-50 relate to the Indian Union ; earlier figures relate to undivided India. * Including Government of India one-rupee notes since July 1940.

STATEMENT 90

Absorption and Return of Notes and Rupee Coin by Periods

(Reference paragraph 95)

(In lakhs of rupees)

Periods of Absorption		ABSORPTION (+) RETURN (−) 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	+ 20,81		
		− 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		
Apr. 1948	..	+ 15,81	− 1,02	+ 14,79		
		− 70,43	− 4,71	− 75,14	..	May 1948 to Sept. 1948
Oct. 1948 to Apr. 1949	..	+ 58,81	+ 99	+ 59,80		
		−108,09	− 5,21	−113,30	..	May 1949 to Oct. 1949
Nov. 1949 to Mar. 1950	..	+ 90,22	+ 7,93	+ 98,15		

Note.—Including Burma notes upto April 1942. Figures from April 1948 relate to the Indian Union earlier figures relate to undivided India.

(A) Money Supply† in Undivided India

(Reference paragraph 96)

(In crores of rupees)

	March 1939	March 1940	March 1941	March 1942	March 1943	March 1944	March 1945	March 1946	March 1947	March 1948
I. Currency—										
1. India notes in circulation	178	225	241	382	644	882	1,085	1,219	1,242	1,304
2. *Variation/Circulation of rupee coin* ¶	*—13*	*+ 10*	*+33*	*+7*	*124***	*137*	*147*	*166*	*168*	*155*
3. Notes and coin with Treasuries††	2	2	2	2	1	2	3	7	2	1*
4. Cash on hand of scheduled, non-scheduled and co-operative banks‡‡	9	10	13	16	25	34	41	51	50	49
5. Currency with the public (excluding small coin) (1+2—3—4)	..	..	..	..	742	983	1,188	1,327	1,358	1,409
6. *Variation in currency with the public*		*+ 56*	*+ 46*	*+145*	*+299*	*+241*	*+205*	*+139*	*+ 31*	*+ 51*
II. Deposits—										
7. Demand liabilities of scheduled§, non-scheduled and co-operative banks ‡‡	168	137	215	276	435	596	682	807	793	849
8. Deposits with the Reserve Bank :										
(*a*) Deposits of the Central Government	9	8	5	7	19	76	254	521	432	320
(*b*) Deposits of banks	11	13	35	42	47	50	85	77	71	79
(*c*) Deposits of Other Governments	7	11	12	12	16	25	29	35	30	24
(*d*) Other deposits	1	1	6	2	5	15	23	10	16§§	21§§
9. Deposits with the Reserve Bank excluding those of the Central Government and banks	8	12	18	14	21	40	52	45	46	45
10. Deposit money with the public (7+9)	176	199	233	290	456	636	734	852	839	894
11. *Variation in deposit money with the public*		*+ 23*	*+ 34*	*+ 57*	*+166*	*+180*	*+ 98*	*+118*	*— 13*	*+ 55*
III. 12. Money Supply with the public (excluding small coin) (5+10)	..	..	..	..	1,198	1,619	1,922	2,179	2,197	2,303
13. *Variation in money supply with the public*		*+ 79*	*+ 80*	*+202*	*+465*	*+421*	*+303*	*+257*	*+ 18*	*+106*

Note.—Figures are as on last Friday. Figures for Burma are excluded. † Excluding small coin.

¶Rupee coin circulation is available from October 1943 onwards ; upto March 1942 the figures relate to absorption or return of rupee coin.

**October 1943. *Relates to the Indian Union only. ††As on last day of the month.

‡‡For some periods figures relating to non-scheduled banks are estimates, while figures for March 1948 are for the Indian Union only ; figures relating to co-operative banks are as at the end of June ; these data (on a pre-partition basis) are available upto June 1947 only and have been assumed to be constant thereafter.

§ Inclusive of inter-bank demand deposits of scheduled banks.

§§ Excluding balance held on IMF Account No. I.

STATEMENT 91—(*Continued*)

(B) Monthly Variations in Money Supply* in the Indian Union during 1949-50

(Reference paragraph 96)

(In crores of rupees)

	Apr. 1949	May 1949	June 1949	July 1949	Aug. 1949	Sept. 1949	Oct. 1949	Nov. 1949	Dec. 1949	Jan. 1950	Feb. 1950	Mar. 1950	1949-50	1948-49
I. Currency														
1. India notes in circulation ..	+12·0	− 2·5	−24·4	−45·5	−23·6	− 5·5	− 6·6	+ 2·1	+31·1	+19·7	+16·3	+21·1	− 5·8	− 7·8
2. Circulation of rupee coin ..	− 0·4	+ 0·2	+ 0·2	− 2·3	− 1·7	− 1·0	− 0·7	+ 0·3	+ 2·1	+ 3·4	+ 2·1	+ 0·1	+ 2·3	− 4·3
3. Notes and coin with Treasuries†	+ 1·0	− 0·1	+ 0·4	+ 0·1	− 0·5	+ 0·1	+ 0·2	+ 0·2	+ 0·3	− 0·2	− 1·0	− 0·1	+ 0·4	− 0·1
4. Cash on hand of scheduled, non-scheduled and co-operative banks‡	+ 0·3	+ 0·5	+ 1·3	− 3·0	− 1·7	− 1·0	+ 3·0	− 1·2	+ 5·0	− 5·6	+ 1·5	− 2·4	− 3·3	− 0·5
5. Currency with the public (Excl. small coin) (1+2−3−4)	+10·3	− 2·7	−25·9	−44·9	−23·1	− 5·6	−10·5	+ 3·4	+27·9	+28·9	+17·9	+23·7	− 0·6	−11·5
II. Deposits														
6. Demand liabilities of scheduled (including inter-bank demand deposits), non-scheduled and co-operative banks‡ ..	−10·9	−26·0	− 0·5	+ 1·6	+ 4·2	− 6·8	+ 6·0	− 7·8	− 8·6	+ 6·5	+ 1·7	− 2·4	−43·0	−37·1
7. Inter-bank demand deposits ..	− 2·2	− 6·2	− 1·0	—	+ 1·0	+ 2·9	−10·0	− 1·1	+ 1·2	+ 5·5	+ 1·4	− 0·6	− 9·1	..
8. Deposits with the Reserve Bank :														
(*a*) Deposits of the Central Government	−20·9	−14·7	−23·2	+ 3·4	−19·5	+36·4	+ 5·1	−12·8	+14·2	+ 2·6	− 7·6	−17·8	−54·7	−83·4
(*b*) Deposits of banks ..	− 0·3	+11·0	+ 7·0	+13·6	+ 7·5	−31·6	+10·1	+10·7	− 7·8	−17·4	− 1·7	− 3·1	− 2·1	+ 0·7
(*c*) Deposits of other Governments	− 2·7	− 0·8	− 2·9	− 4·7	+ 8·2	− 0·6	+ 3·8	− 1·3	− 1·2	− 0·4	+ 9·5	+14·2	+21·1	+ 3·8
(*d*) Other deposits (excluding balance held on IMF Account No. I)	− 0·5	− 8·0	− 0·8	− 0·5	+ 3·6	+13·3	− 9·4	− 9·6	+ 0·1	− 1·6	− 0·5	+ 1·9	− 5·0	+ 1·5
9. Deposits with the Reserve Bank (Excl. those of the Central Govt. and Banks) (c+d)	+ 3·2	− 8·8	− 3·7	− 5·2	+11·8	+12·7	− 5·6	− 3·9	− 1·1	− 2·0	+ 9·0	+16·1	+16·1	+ 5·3
10. Deposit money with the public (6−7+9)	−11·9	−28·6	− 3·2	− 3·6	+15·0	+ 3·0	+10·4	−10·6	−10·9	− 1·0	+ 9·3	+14·3	−17·8	−31·8§
III. Money supply with the public (excluding small coin) (5+10)	− 1·6	−31·3	−29·1	−48·5	− 8·1	− 2·6	− 0·1	− 7·2	+17·0	+27·9	+27·2	+38·0	−18·4	−43·3

Note.—Figures are provisional. Variations in figures as on last Friday. * Excluding small coin. † Variations in figures as on last day of the month.
‡ Figures in respect of co-operative banks are available only upto June 1948 and these have not been taken into account. § As figures for inter-bank demand deposits are available only from July 1948 these have not been taken into account in computing deposit money with the public for the year 1948-49.

STATEMENT 92

Trends in Note Circulation and Demand Deposits of Scheduled Banks

(Reference paragraph 97)

(In crores of rupees)

	1939-40		1940-41		1941-42		1942-43		1943-44		1944-45		1945-46		1946-47		1947-48		1948-49		1949-50	
	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.	April to Sept.	Oct. to Mar.
1. Notes in circulation	193	225	217	241	268	382	493	644	760	882	941	1,085	1,142	1,210	1,188	1,242	1,174	1,304	..	..	..	..
2. Increase/decrease over the previous half-year	15	32	— 8	24	27	114	111	151	116	122	59	144	57	77	—31	54	—68	130	—55	47	—89	84
3. *Percentage increase/decrease over the previous half-year*	*8*	*17*	*— 4*	*11*	*11*	*43*	*29*	*31*	*18*	*16*	*7*	*15*	*5*	*7*	*— 3*	*5*	*— 5*	*11*	..	..	..	..
4. *Percentage increase/decrease over the previous year*	..	*26*		*7*		*59*		*69*		*37*		*23*		*12*		*2*		*5*		..		..
5. Demand deposits*	132	143	158	172	206	225	314	374	458	524	583	597	645	701	748	681	699	749	688	631	594	593
6. Increase/decrease over the previous half-year	7	11	15	14	34	19	89	60	84	66	64	9	48	56	47	—67	18	50	19	—57	—37	— 1
7. *Percentage increase/decrease over the previous half-year*	*6*	*8*	*10*	*9*	*20*	*9*	*40*	*19*	*22*	*14*	*12*	*2*	*8*	*9*	*7*	*— 9*	*3*	*7*	*3*	*— 8*	*— 6*	—
8. *Percentage increase/decrease over the previous year*	..	*14*		*20*		*31*		*66*		*40*		*14*		*17*		*— 3*		*10*		*— 6*		*— 6*

Note.— Figures are as on last Friday. Data from 1948-49 relate to the Indian Union; those for earlier years relate to undivided India.
* Inclusive of inter-bank demand deposits.

Whole Rupees Coined and Issued

(Reference

	Coined in Calcutta Rs.	Coined in Madras Rs.	Coined in Bombay Rs.	Total Coined 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	4,35,22,400
„ 1875	1,16,31,951		1,93,59,597	3,09,91,548
„ 1876	1,20,01,264		2,89,49,037	4,09,50,301
„ 1877	3,92,51,692		9,55,54,320	13,48,06,012
„ 1878	3,26,57,837		6,39,27,196	9,65,85,033
„ 1879	1,59,28,325		7,27,99,904	8,87,28,229
„ 1880	1,83,99,894		5,37,85,624	7,21,85,518
„ 1881	24,35,719		31,61,858	55,97,577
„ 1882	1,50,90,289		5,63,97,278	7,14,87,567
„ 1883	51,23,372		1,80,22,789	2,31,46,161
„ 1884	1,16,41,757		3,68,46,570	4,84,88,327
„ 1885	3,41,52,203		6,48,78,000	9,90,30,203
„ 1886	1,08,78,075		4,11,46,457	5,20,24,532
„ 1887	4,02,00,148		4,84,00,000	8,86,00,148
„ 1888	75,68,000		6,32,00,000	7,07,68,000
„ 1889	93,68,310		6,53,00,000	7,46,68,310
„ 1890	2,47,41,865		9,29,00,000	11,76,41,865
„ 1891	1,46,69,903		4,95,00,000	6,41,69,903
„ 1892	3,24,55,120		7,22,00,000	10,46,55,120
„ 1893	91,40,310		6,95,96,000	(*a*) 7,87,36,310
„ 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 Bikaner State.
(*b*) On account of Kashmir and Bhopal re-coinage.
(*c*) „ Rs. 2,09,02,414 coined for Indian States.
(*d*) Including Rs. 1,90,43,904 coined for Indian States.
(*e*) „ Rs. 2,98,86,014 „ „ „
(*f*) „ Rs. 11,66,451 „ „ „
(*g*) „ Rs. 59,422 „ „ „
(*h*) „ Rs. 3,28,000 „ „ „

MENT 93

FROM THE MINTS SINCE 1835

paragraph 106)

		Coined in Calcutta Rs.	Coined in Madras Rs.	Coined in Bombay Rs.	Coined in Lahore Rs.	Total Coined 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,	1939 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	—		(*b*) 6,07,00,000	(*p*) 4,19,11,000	(*p*) 10,26,11,000
„ „	1948	—		(*p*) 5,74,28,000		(*p*) 5,74,28,000
„ „	1949	—		(*p*) 3,61,56,000		(*p*) 3,61,56,000
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	..	—		**15,42,84,000**	**4,19,11,000**	**19,61,95,000**
	Total ..	**270,20,56,128**	**10,76,07,305**	**469,40,85,155**	**24,54,36,532**	**774,91,85,130**

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

(*l*) Including Rs. 1,01,459 coined for Indian States.

(*m*) Including Rs. 16,56,250 coined for Indian States.

(*n*) Including Rs. 12,78,441 coined for Indian States

(*o*) Quaternary rupees.

(*p*) India Nickel rupees.

APPENDIX I

PRESS COMMUNIQUES

New Design One-Rupee Notes

One-rupee currency notes with a new design will be issued from 26th January, 1950. The existing one-rupee notes will, however, continue to be legal tender.

The design of the new note is very similar to that of the current note, the main difference being

Watermark : The blank panel on the left of the note carries a watermark depicting the Asoka Pillar.

Front : (i) The obverse of the rupee coin is replaced by an oval panel with floral surround containing a representation of the Asoka Pillar against a shaded background.

(ii) The central guilloche, the words ONE RUPEE and the figure 1 in the centre of the note are reduced in size and moved upwards slightly.

(iii) The figures and words 1 ONE RUPEE 1 together with the serial number of the note are moved upwards by about $\frac{1}{4}$ inch, and the numbering is in black.

(iv) The signature of Mr. K. R. K. Menon, Secretary, Ministry of Finance, appears directly below the serial number of the note.

(v) The steel grey body colour of the note remains as before but the tint colours have been altered and become purple and blue-green, orange and blue, purple and green.

Back : (i) The reverse of the rupee coin is replaced by a circular design of very fine geometrical work.

(ii) The value in Oriya script has been added.

(iii) The steel grey body colour remains as before but the tint colours have been altered and become green, orange and purple.

Ministry of Finance
New Delhi.

New Designs of Rs. 2, Rs. 5, Rs. 10 and Rs. 100

The Reserve Bank of India will issue from 26th January, 1950 a new series of Bank notes of all denominations with India's distinctive design of the Asoka Pillar which has been approved by the Central Government under Section 25 of the Reserve Bank of India Act (II of 1934). The existing notes will, however, continue to be legal tender.

A description of the new notes is given below for the information of the public :—

Two Rupees : This is an entirely new design, the size being $4\frac{1}{2}''$ x $2\frac{1}{2}''$ as at present.

Front : On the left is a blank panel, generally rectangular in shape with a plain double-line border, in which appears the Asoka Pillar watermark. On the right, and enclosed within an irregular-shaped oval panel of white lines and floral decoration is a representation of the Asoka Pillar capital against a shaded background. The serial number of the note appears in black beneath this panel. The centre of the note is headed by the words Reserve Bank of India in white set in a curved, shaded panel followed by the usual promise to pay underneath, with the signature of the Governor of the Reserve Bank of India. The value in both English and Hindi appears in large white shaded letters in the centre of the note and the figure 2 in Arabic and Hindi characters appears in the top-left and top-right hand corners of the note respectively. The border of the note consists of an indented double line with fine geometrical work inside. The main design of the note is printed in red-brown with rainbow tints of blue-green, purple, orange, blue-green and olive-green.

Back : On the right is a blank watermark panel bordered by curved double lines and floral work. On the left is a circular panel containing a representation of a tiger's head against a shaded background. Below this panel appear the words TWO RUPEES in large white shaded letters. The centre is headed by the words RESERVE BANK OF INDIA in white set in a curved shaded panel and immediately below and superimposed on a guilloche, appears the value in Urdu, Hindi, Bengali, Telugu, Tamil, Kanarese, Gujerati and Oriya. Centrally placed at the foot of the note is the Reserve Bank of India Seal with floral supports. The figure 2 in Hindi and Arabic numerals appears in the top-left and top-right hand corners of the note respectively. The border of the note consists of an indented double line with fine geometrical work inside. The main design is printed in red-brown with rainbow tints of orange, olive-green and purple.

Rupees Five : The new design is very similar to that of the current note, the chief modifications being as follows :—

Front : The blank panel on the left carries the Asoka Pillar watermark while the corresponding panel on the right carries a representation of the Asoka Pillar capital against a shaded background. The purple tint of the present note is replaced by an orange tint and the whole note appears somewhat bolder as the result of the use of slightly heavier colours.

Back : The brown and blue tint colours are transposed, the latter now appearing at the top of the note and the former at the bottom. The value in Oriya script has been added.

Rupees Ten : The new design is similar to that of the current note, the chief modifications being as follows :—

Front : The blank panel on the left carries the Asoka Pillar watermark while the corresponding panel on the right carries a representation of the Asoka Pillar capital against a shaded background. The wording of the promise to pay in the centre of the note has been rearranged slightly in order to allow the signature of the

Governor of the Reserve Bank of India to appear directly beneath it, the panel at the left-hand bottom corner now being filled with the words RUPEES superimposed on the figure 10 against a geometrical background. The tint colours in the centre of the note have been modified, the most noticeable change being the replacement of the prominent orange tint by blue. The prefix and serial number are printed in black.

Back : The only changes are a rearrangement of the present tint colours and the addition of the value in Oriya script.

Rupees One Hundred : This is an entirely new design, the size being $6\frac{3}{4}$" x $4\frac{1}{4}$", as at present.

Front : On the left is a blank panel of irregular shape, consisting of a floral border with a vignette which contains the Asoka Pillar watermark. On the right is a panel of similar shape and design containing a representation of the Asoka Pillar capital against a shaded background. At the head of the note and connecting these two panels is a curved panel containing the words RESERVE BANK OF INDIA in bold, shaded, white letters. Underneath comes the usual promise to pay against wavy line tints the words ONE HUNDRED RUPEES, which are contained in a special panel of geometrical work, also being in bold, shaded, white letters. Immediately below the watermark panel and the corresponding panel on the right, parallel white lines run right across the note, the space between the lines being occupied by the signature of the Governor of the Reserve Bank of India in the centre with the prefix and serial number of the note printed in black on either side. The border of the note consists of an indented double line with fine geometrical work inside. The whole design is superimposed upon wavy line tint work of oval shape which extends to all the four edges of the note. The main design of the note is printed in blue with rainbow tints of mauve, olive-green, blue, blue-grey, blue-green, orange and green. Previous designs of this denomination have had the circle of issue printed on them but this is omitted from the new design, the necessary identification being done by reference to the prefixes of which separate allotments will be made to each Currency Office.

Back : On the right is the blank watermark panel with an irregular border of continuous beading. On the left a similar panel contains the Reserve Bank Seal superimposed on a guilloche. Above each of these panels is a small head-panel, with floral work on either side, containing the value in figures of floral design. Between these two head panels appear the words RESERVE BANK OF INDIA in bold white letters on a slight curve. Occupying the centre of the note is a forest scene depicting two elephants, the words ONE HUNDRED RUPEES appearing immediately underneath in bold, shaded, white letters. The value in the various scripts appears at the bottom of the note as follows :—bottom-left corner, Oriya, Telugu, and Bengali : centre, Hindi and Urdu : bottom-right corner, Tamil, Kanarese and Gujerati. All these appear in white characters against a background of geometrical work. The whole design is enclosed within a border of indented double lines with geometrical work inside. The main design is printed in blue with rainbow tints of blue-grey, olive-green, brown and blue-green.

Reserve Bank of India,
Central Office,
Bombay, 9th January, 1950.

B. RAMA RAU,
GOVERNOR.

List o. Ap
Conces

I. *Non-Sche*

1. Ag
2. Ar
3. Ba
4. Ba
5. Bi
6. B
7. Bi
8. Bi
9. Bi
10. Bi
11. Be
12. Bl
13. Bl
14. Bi
15. Cc
16. Cl
17. Cl
18. C
19. C
20. D
21. E
22. F
23. F
24. G
25. Gi
26. Hi
27. Hi
28. In
29. In
30. Ja
31. K
32. K
33. K
34. K
35. L
36. M

APPENDIX II

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. Bank of Aundh Ltd., Aundh.
4. Bank of Citizens Ltd., Belgaum.
5. Bank of Chittoor Ltd., Chittoor.
6. Bank of Karad Ltd., Karad.
7. Bank of Konkan Ltd., Malvan.
8. Bank of the East (1927), Gauhati.
9. Banthia Bank Ltd., Panvel.
10. Bareilly Bank Ltd., Bareilly.
11. Bengal Bank Ltd., Calcutta.
12. Bharat Banking Co., Ltd., Silchar.
13. Bharat Industrial Bank Ltd., Poona.
14. Bishnupur Bank Ltd., Bishnupur.
15. Central Mercantile Bank Ltd., Monghyr.
16. Chawla Bank Ltd., Bannu.
17. Chotanagpur Banking Association Ltd., Hazaribagh.
18. Commercial Bank and Trust Ltd., Madras.
19. Commonwealth Bank Ltd., Kumbakonam.
20. Dass Bank Ltd., Calcutta.
21. Eastern Traders Bank Ltd., Calcutta.
22. Eastern Union Bank Ltd., Dacca.
23. Frontier Bank Ltd., Dera Ismail Khan.
24. Gauhati Bank Ltd., Gauhati, Assam.
25. Girish Bank Ltd., Calcutta.
26. Himalya Bank Ltd., Kangra.
27. Hira Bullion Bank Ltd., Meerut.
28. India's Ideal Banking Corporation Ltd., Bangalore.
29. Indian National Bank Ltd., Calcutta.
30. Jaya Laxmi Bank Ltd., Mangalore.
31. Kannika Bank Ltd., Madras.
32. Karnataka Bank Ltd., Mangalore.
33. Kotagiri Bank Ltd., Kotagiri.
34. Kulitalai Bank Ltd., Trichinopoly.
35. Laxmi Industrial Bank Ltd., Calcutta.
36. Maharashtra Apex Bank Ltd., Udipi.

37. Mannargudi Bank Ltd., Mannargudi.
38. Mayavaram Permanent Fund Ltd., Mayavaram.
39. Melarkode Bank Ltd., Palghat.
40. Naini Tal Bank Ltd., Naini Tal.
41. National Bank of Sialkot Ltd., Amritsar.
42. Pollachi Union Bank Ltd., Pollachi.
43. Punjab and Kashmir Bank Ltd., Ludhiana.
44. Rajapalayam Commercial Bank Ltd., Rajapalayam.
45. Rayalaseema Bank Ltd., Bellary.
46. Reliance Bank of India Ltd., Trichinopoly (formerly Trichinopoly Bank Ltd.)
47. Sahukara Bank Ltd., Ludhiana.
48. Salem Bank Ltd., Salem.
49. Satara Swadeshi Commercial Co., Ltd., Satara City.
50. Shillong Banking Corporation Ltd., Shillong
51. Sind National Bank Ltd., Hyderabad (Sind).
52. Sonar Bangla Bank Ltd., Calcutta.
53. Southern India Appex Bank Ltd., Udipi.
54. Supreme Bank of India Ltd., Belgaum.
55. Surat Banking Corporation Ltd., Surat.
56. Surma Valley Bank Ltd., Sylhet.
57. Sylhet Commercial Bank Ltd., Shillong.
58. Tennur Bank Ltd., Trichinopoly (formerly Trichinopoly Tennore Hindu Permanent Fund Ltd.)
59. Tezpur Industrial Bank Ltd., Tezpur.
60. Union Bank of Bengal Ltd., Calcutta.
61. Union Bank of Bijapur & Sholapur Ltd., Bijapur.
62. United Bank of Karnataka Ltd., Bagalkot.
63. United Western Bank Ltd., Satara City.
64. 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.
6. Messrs. Moolchand Ramprasad, Banda.
7. Messrs. S. S. Dhanyakumar, Dharamdas & Co., Katni.

INDEX

Paragraph

A

'Above-the-line revenue'—United Kingdom 5
Absorption of currency, by periods 95
,, ,, notes 90
,, ,, rupee coin 92
,, ,, small coin 93
Advances, Scheduled & Non-scheduled Banks, survey of 28, 29
Afghanistan, aid from Export-Import Bank 11
Agricultural income tax 48, 50
,, Mortgage Corporation, loan of 4
,, production, India .. 18
,, ,, world .. 1
All-India Industrial Tribunal (Bank Disputes) 36
Amalgamation of Banks 22
Annecy Trade and Tariff Agreement .. 71
Anti-inflationary measures, India .. 14
Argentina, barter agreement with India 72
,, central banking developments in 6
,, exchange rate adjustment in 10
Assam Rail Link, financial provision for 46
Assaying and refining of gold 86
,, ,, ,, silver 88
Assets, Reserve Bank of India .. 33, 34
Australia, budget 5
,, capital markets 4
,, central banking developments in 6
,, Commonwealth Bank, Board of 6
,, granting of subsidies to gold production 9
,, India's trade agreement with 72
,, inflationary pressures in 3
,, price trends 2
,, public debt 5
Austria, exchange rate adjustment in 10

B

Balance of payments, foreign countries 1, 7
,, ,, ,, India 22, 68
Balances, Central Government .. 54
,, State Governments Part A 58
Banco Central de Honduras, establishment of .. 6
,, National de Costa Rica 6
,, ,, ,, Fomento, Honduras 6

Paragraph

B—*contd.*

Bank credit, foreign countries 3, 4
,, ,, in India, devaluation and 22
Bank of England, credit control .. 4
,, ,, Finland, loan by IBRD .. 11
Bank rate, foreign countries 3,4
,, ,, India 27
Banking and Insurance Companies Industrial Tribunal, establishment of 36
,, Companies Act, 1949. .. 22
,, ,, (Amendment Act),1950, 35
,, ,, (Control) Ordinance, 1948 28
,, developments, foreign countries 6
,, ,, India 22
,, legislation, foreign countries .. 6
,, ,, India .. 35
,, nationalisation of central banks, foreign countries .. 6
,, Surveys 28, 29
Belgium, Banking Commission .. 3, 7
,, deflationary symptoms in .. 4
,, devaluation and 7
,, sale of gold at premium prices 9
,, unemployment in 1, 11
'Below-the-line'payments, U. K. .. 5
Benelux Economic Union .. ..
Bhakra multipurpose project 17
Bokaro Thermal Station 17
Bolivia, exchange rate adjustment in 10
Bombay Bullion Association .. 84
,, ,, market 84
Brazil, IBRD loan to 11
British Industries Fair, India's participation in 71
Brussels International Trade Fair, India's participation in 71
Budget, Capital, Central 41
,, Central, Revenue 37-40
,, ,, 1948-49 accounts 38
,, ,, 1950-51 estimates 40
,, ,, 1949-50 revised estimates, 39
,, Railway 42-46
,, ,, accounts 1948-49 44
,, ,, estimates 1950-51 46
,, ,, revised estimates, 1949-50 45
Budgetary policy, foreign countries 5
Budgets, State Governments (Part A) 48, 49
,, ,, ,, (,, B) 50
Bullion Association, Bombay .. 84
,, imports & exports .. 89
,, market, India 84
,, price trends in 85, 87

	Paragraph
B—*contd.*	
Burma, Commonwealth aid and ..	11
,, notes, encashment of ..	101
Business Profits Tax, abolition of ..	40
C	
Calcutta Stock Exchange, withdrawal of floor prices	24
Canada, budget	5
,, devaluation and	7
,, gold policy and	9
,, monetary policy in ..	3
,, price trends in	2
,, public debt	5
,, sales of securities from Securities Investment Account ..	4
Capital account, balance of payments	68
,, Issues Committee, U.K. ..	4
,, ,, control of, India	25
,, ,, (Continuance of Control Act) 1950 ..	25
,, formation of, foreign countries	1
,, markets, and interest rates, foreign countries ..	4
,, ,, India .. 12, 22, 23,	24
,, transfers from India ..	78
,, ,, ,relief from incidence of devaluation	78
Central banks, & discount rates ..	3
,, ,, establishment of ..	6
,, ,, nationalisation in foreign countries	6
,, banking in foreign countries ..	6
,, Industries Board	15
,, Tractor Organisation ..	18
,, grants to States 41, 48,	51
Ceylon, budget	5
,, Central Bank, establishment of	6
,, Monetary Law Act ..	6
Cheques cleared, amount and number	30
Chile, exchange rate adjustment in	10
China, U.S.S.R. aid to	11
Chittaranjan Locomotive Works, financial provision for	46
Circulation of notes, absorption and	90
,, ,, ,, by denominations.. ..	91
,, ,, rupee coin, absorption and	92
Clearing house statistics	30
Coin, counterfeit	109
Coin, cupro-nickel and copper, withdrawal of	108
,, silver, withdrawal of ..	107
Coinage	106
Colombia, loan by I B R D ..	11
Commercial banking, foreign countries	3
Committee for export promotion ..	71
Commonwealth Finance Ministers' Conference ..	7, 68, 7,1
,, Foreign Ministers' Conference ..	11
,, Plan	1
Compulsory savings scheme ..	14
Consolidated position of scheduled banks	28
Constitutional changes, financial, relating to Central & State Governments	52
Constitution (Distribution of Revenues) Order, 1950	51
Control of capital issues	25
Controls	13
,, ,export	71
,, foreign countries	1
,, import	68, 71
Cost of living in industrially advanced countries	1
Costa Rica Central Bank, establishment of	6
Corporate securities, issue of, in foreign countries	4
Counterfeit coin	109
Credit policy, foreign countries ..	3
Current account deficit, ...	1, 68
Cupro-nickel and copper coins, withdrawal of	108
Currency, absorption of	94,95
Czechoslovakia State Bank, establishment of	6
D	
Damodar Valley Corporation	17
,, ,, ,, grants to ..	41
Debt position, foreign countries ..	5
,, ,, India	53, 62
,, ,, State Governments	67
,, ,repatriation of sterling ..	66
Defence expenditure, foreign countries	5
,, Savings Certificates ..	65
Deflation, symptoms of, in foreign countries	1, 4, 8
Denomination-wise circulation of notes	91

	Paragraph
D—*contd.*	
Deposits, commercial banks, in foreign countries ..	3
,, non-scheduled banks ..	29
,, and reserve requirements of banks	3
,, scheduled banks ..	28
,, survey of	28,29
Deshmukh Award	48, 51
Devaluation, budgetary position and	49
,, capital markets and ..	23, 24
,, dollar deficit and ..	7
,, eight-point programme ..	14
,, export duties and ..	14
,, foreign countries and	1, 4, 7, 10
,, foreign trade and ..	14, 68, 70
,, gold and	9
,, India and	14, 22
,, India's foreign exchange assets and	33, 34
,, India, price trends since	14,21
,, money conditions, India	27
,, Pakistan and ..	12
,, payment of additional sums to I M F and I B R D and ..	41
,, prices in foreign countries and ..	2
Development, finance for	11
,, ,, curtailment of Central grants and loans ..	48, 49
Disinflationary policy in U.K. ..	3
Distribution of Revenues Order, 1948..	
,, of rupee debt	64
Dividend Limitation Act, expected lapse of	24
Dollar area, India's trade with	68, 69, 71
,, deficit and devaluation	5, 7, 14,
,, reserves	7, 8
Douglas Committee Report, U. S. ..	3
Dutch Finance Corporation, loan by I B R D	11

	Paragraph
E	
East European countries, India's Trade Agreements with	72
Economic Co-operation Administration, aid to	7, 11
,, development in foreign countries	1
Egypt, India's trade with	72
Eight-point programme and devaluation	14, 41
El Salvador, loan by I B R D	11
Employment, foreign countries	1, 2, 3
Encashment of Burma notes	101
,, ,, foreign circle notes ..	32
Equity markets—(*vide* capital markets)	
Essential Supplies (Temporary Powers) Act, 1946, amendment of	13
Europe, balance of payments	1
,, dollar deficit	1
,, intra-payments scheme ..	7
,, trade between East and West	1
European Payments Union	7
,, Recovery Programme	1, 7, 11
Exchange control developments, India	76
,, ,, travel and educational allowances	77
Exchange rate adjustments, foreign countries	10
,, ,, and devaluation ..	7, 10
,, ,, India	75
Export and Import duties in Pakistan	70
,, control on jewellery in India ..	76
,, duty on cloth, abolition of	39, 71
,, finance, methods of	82
,, —Import Bank, aid for reconstruction and development by ..	11
,, prices of primary commodities	1
,, Promotion Committee, recommendations of	71

	Paragraph
F	
Far Eastern countries and gold prices	9
Finance for reconstruction and development	11
Financial Agreement, United Kingdom and India	79
,, institutions, special, foreign countries	6
Finland, deflationary symptoms in ..	4
,, IBRD loans to	11
Foodgrains, imports of	12
,, reduction in the prices of	14
,, policy	16
,, procurement of	16
,, Production Board	16
,, subsidy by Central Government	39, 40
Foreign-Aid	11
,, ,, Appropriation Act ..	11
,, circle notes, encashment of ..	32
,, exchange assets	33, 68
,, trade, India	69, 71
,, ,, share of Canada & the United States	1
,, travel, allowances for	77

	Paragraph
F—*contd.*	
Forgeries, note	105
Forward trading in bullion	84, 85, 87
France, exchange rate adjustment in	7, 10
,, inflationary pressures in	3, 4
,, price trends	2
French West Africa, foreign aid to	11
Fritalux Economic Union	7
Futures Markets Regulation Bill	84
G	
Gaekwar Baroda State Railway, taking over of	45
General economic development, foreign countries	1
,, economic situation in India	12
Geneva Agreement on tariffs and trade	71
Germany, India's trade agreement with	72
,, payments procedure	81
,, reconstruction	1
,, unemployment in	1, 11
Gilt-edged markets, foreign countries	4
,, ,, India	23
,, ,, Reserve Bank's support to	22
Gold, absorption by industrial arts	9
,, devaluation and	9
,, and dollar holdings	8, 9
,, ,, ,, reserves, sterling area	7, 8
,, assaying and refining of	86
,, Mining Assistance Act, amendment by Canada	9
,, monetary stocks of central banks and Governments	8
,, Policy and I M F	9
,, price in India	85
,, price of, foreign countries	9
,, production and stocks in foreign countries	9
,, ,, in India	83
,, sales by Belgium at premium prices	9
,, ,, by Reserve Bank of India	84,85
,, subsidy in Australia, Southern Rhodesia and Canada	9
,, transactions and monetary reserves	7 ,9
,, Treasury price of, in London and New York	85
,, world production and stocks of	9
Government loans, Central	53, 60
,, ,, ,, repayment of	61
,, promissory notes	64
,, securities market	23
,, ,, open market sales of	4, 22, 23
Grants to States by Central Government	48, 49
G—*contd.*	
Grow More Food campaign,	18
,, ,, ,, ,, grants to	41, 49
H	
Hali Sicca rupee, replacement of	34
Hard currency area, gold & dollar reserves	8
,, ,, countries, India's trade with	68, 69, 79
Havana Trade Charter	71
Hirakud Project	17
Honduras, Central Bank, establishment of	6
,, Development Bank of	6
,, dollar devaluation in	10
Hongkong Government and Gold Policy	9
Hundi rates	27
I	
Iceland Krona, devaluation of	10
Imperial Bank of India, remittances	31
Import and Export Control Act, 1949, extension of	71
,, control on jewellery in India	76
,, control, India	68, 69, 70, 71
,, restrictions, Burma currency	76
Imports and exports of bullion	89
Income Tax Investigation Commission,	14
,, ,, ,, ,, ,, increased revenue as a result of	40
Income Tax, States' share of	50, 51. 52
India, balance of payments	68
,, capital isues, control of	25
,, ,, markets	12, 22,23,24
India, capital transfers from	78
,, devaluation and	14
,, dividend limitation in	24
,, exchange control in	76
,, export finance, methods of	82
,, financial agreement with U.K.	71, 79
,, foreign trade, region-wise distribution of	69
,, general economic situation	12
,, IBRD loan to	11, 16, 60, 68
,, import control in	69
,, import of bullion into	89
,, industrial policy	15
,, notes, changes in the form of	98
,, ,, circulation of	34
,, ,, in Pakistan	100
,, payments agreement with Pakistan	70, 80

	Paragraph
I—*contd.*	
India, planning and development policy of	17
„ purchases of dollars from IMF	68, 79
„ sea-borne trade	69
„ trade and payments agreements	12, 70, 72
„ „ negotiations	71
„ „ with Pakistan	12, 16, 22, 27, 28, 68, 69
Indian Central Jute Committee ..	18
„ Iron & Steel Company, grant of loan	19
„ Jute Mills Association ..	19, 70
„ States, financial integration with the Indian Union	22, 24, 40, 42, 48, 50, 51
„ Supply Mission, recourse to dollar balances of ..	68
„ Union, establishment of the republic of ..	12
Indonesia, exchange rate adjustment in	10
Indo-Pakistan Agreement, trade and balance of payments	70
„ deadlock	28, 30
Industrial and monetary demand for bullion	9
„ disputes	19
„ Finance Corporations	26
„ output, world ..	1
„ policy, India	15
„ production, Europe ..	1
„ „ India ..	12, 19
„ share markets, foreign countries	4
„ „ „ India ..	24
„ truce	19
Industries (Development and Regulation) Bill, ...	15
Inflationary pressures and India ..	14
„ „ in foreign countries	1, 3, 4, 5, 7
Interest rates, India	27
Internal remittances	31
International Bank for Reconstruction and Development	11
International Bank for Reconstruction and Development, loans to India ..	16, 41, 60, 68
„ „ „ „ missions ..	11
„ utilisation of countries, subscriptions	11
„ Trade Charter, India's ratification of	71
I—*contd.*	
International Monetary Fund and devaluation	7, 41
„ „ „ gold policy	9
„ „ „ monetary reserves	89
„ „ „ payments problems	7
„ trade	7
Intra-European Payments Union	7
Investments, survey of	28, 29
„ in foreign countries ..	1
Italy, exchange rate adjustment in	7, 10
„ deflationary symptoms in ..	4
„ unemployment in	1, 11
„ volume of savings in ..	4
J	
Japan, acquisition of the debentures of the Reconstruction Finance Bank	3
„ aid from Export-Import Bank	11
„ and devaluation	4
„ budget	3
„ capital markets in ..	4
„ trade agreement with India	1, 72
„ inflationary trends in ..	3
„ Nine-point programme ..	3, 4
Jewellery, export control on ..	76
Joint Economic Committee of U.S. Congress	3
K	
Kosi Project	17
Krishnamachari Committee Scheme	22, 24, 40, 42, 48, 50, 51
L	
Latin America, loan by Export-Import Bank	11
„ „ „ „ IBRD	11
Limitation of dividends ..	24
Loans, flotation of, India ..	60
„ Government of India	60, 61
„ State, India ..	66
Loans, repayment of ..	61
London Clearing Banks, expansion in advances of	3
Liberia, aid from Export-Import Bank	11
Lower Bhavani Project	17

Paragraph

M

Margin requirements in U.S.A. .. 3
Marshall Plan. (*vide* European Recovery Programme) .. 11
,, Aid, contraction of .. 1, 7
Merchandise, India's balance of trade in 68
Mexican peso, devaluation of .. 10
Middle Eastern countries and gold prices .. 10
,, ,, ,, , aid from Export-Import Bank .. 11
,, ,, ,, India's trade with 69
Military Stores & Pensions Annuities, purchase of 22, 23, 41, 55
Monetary and credit policy, foreign countries 3, 4
,, Law Act, Ceylon .. 6
,, reserves and IMF resources 8
,, stocks of gold, foreign countries 9
Money and Banking, India .. 22
,, rates and money conditions 27
,, ,, , foreign countries .. 4
,, supply and prices, in foreign countries .. 2, 3
,, ,, in India 96
Multiple exchange system .. 10
,, pricing 2

N

National Bank of Pakistan .. 6
,, Finance Corporation, South Africa .. 6
,, income, foreign countries 1
Nationalisation of central banks in foreign countries 6
National Savings Certificates 65
Netherlands, IBRD loan to 11
,, Indonesia Co. 6
Newmont Mining Corporation, ECA aid to 11
New Zealand, budget 6
,, central banking developments in 5
,, price trends 2
Niemeyer Award 51
Nine-point programme, Japan .. 3,4
Non-scheduled banks 29
Norway, budget 5
,, central banking developments in 6
Note circulation and demand deposits, trends in 97

Paragraph

N—*contd.*

Note circulation, foreign countries .. 3
,, ,, seasonal variations .. 96
,, forgeries 105
Notes, absorption and circulation of .. 90
,, Burma, encashment of 101
,, foreign circle, encashment of .. 32
,, India, changes in the form of .. 98
,, ,, in Pakistan 100
,, lost, destroyed and mutilated .. 104
,, old 103
,, Pakistan, purchase and sale of .. 102
,, ,, return of 34

O

OEEC countries and the European Payment Scheme 7,8
Old notes 103
Open General Licences 20, 68, 69, 70, 71
,, Market Committee of the Federal Reserve System .. 3, 4
,, ,, sales 4, 22
Ownership of deposits, survey of .. 28, 29

P

Pakistan and devaluation 7,12
,, budget 5
,, export and import duties in 70
,, flotation of loans 5
,, India's balance of payments with 68, 70
,, ,, trade agreement with 12, 68, 70, 72
,, ,, ,, with 12, 16, 22, 27, 28, 70
,, (Monetary System and Reserve Bank) Order, 1947 .. 92
,, National Bank of 6
,, notes, encashment of .. 102
,, payments agreement with 70, 80
,, public debt 5
,, revenue and expenditure .. 5
,, State Bank of 6, 70
,, trade and payments agreements with 70, 80
Paraguay, exchange rate adjustment in 10
Payments agreements, India 76, 80, 81
,, ,, Pakistan & India 70, 80
,, deficit, India 68
,, problems, sterling area .. 7
,, system, changes in U.K. 76
Peru, exchange rate adjustment in .. 10

Paragraph

P—*contd.*

Philippines, aid from Export-Import Bank 11
Planning and Development Policy in India 17
Planning Commission 17
Point-Four Programme 1, 11
Post-devaluation price trends 21
Post Office Cash Certificates 65
„ „ Defence Savings Bank Deposits 65
„ „ Savings Bank Deposits .. 65
Post-war economic development, foreign countries 1
„ Reconstruction Fund 49
Price control measures in foreign countries 1
„ trends in bullion market 84, 85, 87
„ „ foreign countries .. 2
„ „ India 20
Prices and devaluation in foreign countries 2
„ „ money supply .. 2
„ „ Tariff Board enquiry .. 73
Priorities Organization, winding up of 42
Production, agricultural .. 1, 12, 18
„ fixation of targets 15, 19, 24
„ food 1, 12, 18
„ gold and silver 83
„ industrial 1, 12, 19
„ „ raw materials 1, 18
Prohibition and effect on State finances 48
Promissory notes, distribution of .. 64
Protection to industries 73
Protocol of Accession, India's signing of 71
Public Debt, foreign countries 5
„ „ India 53, 60
„ „ India, composition of .. 62
„ finance, foreign countries .. 5
„ „ India, General 37

R

Railway Betterment Fund 44, 47
„ budget 42
„ contribution to general revenues 40
„ Depreciation Reserve Fund 44, 45, 46, 47
„ Development Fund 46 47
„ Enquiry Committee 46
„ finances .. 43, 44, 45, 46
„ Gaekwar Baroda State Railway, taking over of 45
„ Revised Convention 42, 45, 46, 47
Real income, foreign countries 1

Paragraph

R—*contd.*

Reconstruction and Development, financing of 1, 11, 49, 66
„ Finance Bank, acquisition of debentures, Japan 3
Relief and rehabilitation of refugees .. 38, 39
Remittances, internal 31
Reserve Bank, bank rate 27
„ „ Banking Department .. 33
„ „ Issue Department 34
„ „ Treasury bills, sold in favour of 55
„ „ sterling transactions of .. 75
„ requirements of banks in the United States .. 3, 4
Revenue Reserve Fund, replacement of Railway Reserve Fund .. 47
Rupee coin, absorption and circulation of .. 92
„ „ coinage of 106
„ debt, distribution of .. 64
„ devaluation of 14, 22
Rural Banking Enquiry Committee .. 14, 22

S

Sales tax, restrictions on the levy of 48, 52
„ „ in Part B States 50
Savings, foreign countries 1, 5
Saurashtra Union, removal of Viramgam Customs cordon 39
SCAP, exchange control regulation with India 76
Scheduled banks, consolidated position of .. 28
„ „ exclusion from and inclusion in the Second Schedule 28
„ „ remittances .. 31
Sea-borne trade, India 69
Seasonal movements of currency .. 95
Security and share markets, foreign countries 4
„ „ „ „ India 22, 23, 24
„ transactions, relaxation of restrictions 76
Silver, assaying and refining of .. 88
„ coin, withdrawal of .. 107
„ price trends, foreign countries .. 87
„ „ „ India .. 84, 87
„ production in India .. 83
„ sales of, by Reserve Bank of India 28, 84, 87
Sindri Fertiliser Factory, grants to 41

	Paragraph
S—*contd.*	
Small coin, absorption of	93
„ „ coinage of	106
„ savings, net collections from	41, 53, 65
Social services, expenditure in foreign countries ..	5
Soft currency countries, India's trade with	69
„ „ „ gold and dollar balances of	8
South and South East Asia—Technical Aid Plan (Spender) ..	11
Southern Rhodesia, withdrawal of subsidies to gold production, ..	9
States, balances and ways and means advances	58
„ budgets	48, 49, 50
„ Central grants to	50
„ debt position	58, 67
„ investments in Central Government Treasury bills ..	55
„ loans	66
„ loans, Part B, financial agreement with	50
„ subvention and payments from the centre	51
„ trading	71
Steel Corporation of Bengal, grant of loan to	19
Sterling area countries, India's trade with	68, 69
„ „ gold and dollar reserves	1, 7, 68, 79
„ „ payments problems	7, 68
„ debt, repatriation of ..	63
„ devaluation	7
„ „ and the rupee ..	14
„ exchange market.. ..	74
„ pensions, purchase of annuities	22, 23, 41, 55
„ assets, India	68
„ transactions	74
Stock certificates, conversion of ..	64
Subsidiary General Ledger Accounts	64
Subventions and payments from the Centre to States	51
Survey of advances, deposits and investments	28, 29
Sweden, establishment of Scandinaviska Handels Banker ..	6
Switzerland, monetary policy in ..	3
T	
Tariff Board, India	73
Tariffs, Annecy Conference ..	71
T—*conid.*	
Taxation, new proposals (Central)	40
„ relief in .. („)	40
Terms of trade	68
Trade & payment agreements	72, 79, 80, 81
„ , composition of	1, 68
„ currency-wise distribution of	69
Trade, devaluation and	68
„ European	1
„ fairs	71
„ International	7
„ multilateral	1
„ policy, developments in ..	71
„ with Pakistan	12, 16, 22, 68, 70
„ world, share of Canada and the United States	1
Travel allowances, India	77
Treasury bill rates in foreign countries	5
„ „ „ India	55
„ bills, Central Government	53, 55, 56
„ „ investments of State Governments in.. ..	55
„ „ State Governments	59
„ „ sold in favour of Reserve Bank	55
„ „ yields on	56
„ Deposit Receipts	53,57
Truman's Point-Four Programme ..	1, 11
Tungabhadra Project	17
Twelve-point programme	24
U	
Under-developed countries, inflationary pressures in	1
„ „ „ foreign aid and	11
Unemployment, foreign countries ..	11
Union of South Africa, budget ..	5
„ „ „ gold policy ..	9
„ „ „ inflationary pressures in ..	3
„ „ „ National Finance Corporation ..	6
„ „ „ public debt ..	5
"Uniscan" Economic Union	7
United Kingdom, "above-the-line" revenue	5
„ „ 'below-the-line' payments	5
„ „ budget	5
„ „ capital markets ..	4
„ „ devaluation and ..	1, 3, 7
„ „ disinflationary policy	3, 5
„ „ ECA aid to	3, 5
„ „ financial agreement with India ..	79