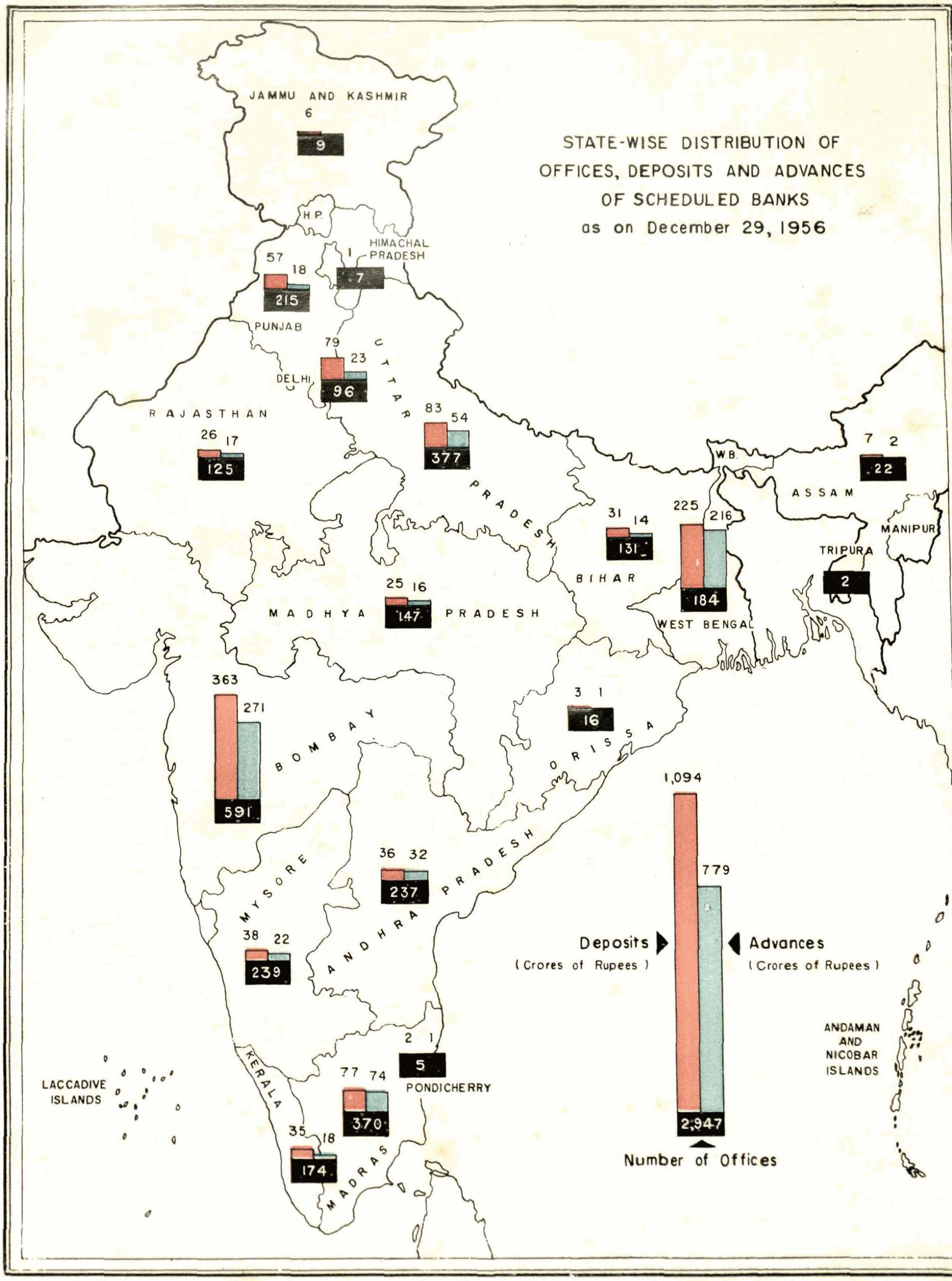
TREND AND PROGRESS OF BANKING IN INDIA

DURING THE YEAR 1956

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

Price
Inland Rs. 4/- (Postage Extra)
Foreign $ 1.00 or Sh. 7 and d. 6 (Post Free)

MAP


STATE-WISE DISTRIBUTION OF
OFFICES, DEPOSITS AND ADVANCES
OF SCHEDULED BANKS
as on December 29, 1956
JAMMU AND KASHMIR
6
9
H.P.
HIMACHAL PRADESH
1
7
57
18
215
PUNJAB
DELHI
79
23
96
UTTAR PRADESH
83
54
377
RAJASTHAN
26
17
125
W.B.
7
2
22
ASSAM
MANIPUR
TRIPURA
2
31
14
131
BIHAR
225
216
184
WEST BENGAL
MADHYA PRADESH
25
16
147
363
271
591
BOMBAY
3
1
16
ORISSA
1,094
779
2,947
Deposits
(Crores of Rupees)
Advances
(Crores of Rupees)
Number of Offices
MYSORE
36
32
237
ANDHRA PRADESH
38
22
239
2
1
5
PONDICHERRY
KERALA
77
74
370
35
18
174
MADRAS
LACCADIVE ISLANDS
ANDAMAN AND NICOBAR ISLANDS

CONTENTS

APPENDIX I

STATEMENTS

APPENDIX II

NOTIFICATIONS

APPENDIX III

PRESS COMMUNIQUES

SELECTED CIRCULARS ISSUED TO BANKING COMPANIES

APPENDIX IV

APPENDIX V

MAP

GRAPHS

CHAPTER I

MONETARY AND BANKING TRENDS ABROAD

A business boom of unprecedented proportions occasioned by the rapid increase in fixed capital investment and consumer outlays marked economic development in several countries in 1956. This naturally entailed a larger recourse to bank credit which added to the pressure on available resources and led to a rise in prices and cost of living; this, in turn, necessitated substantial wage increases. With a view to cutting down excessive demand, the policy of monetary and credit restraint, which in several countries had been reimposed in the preceding years, was carried a step further, with both quantitative and selective instruments of credit control being more vigorously pressed into service. In the United States of America, for example, Federal Reserve policy continued to be one of 'positive restraint,' while in the United Kingdom the 'credit squeeze' was reinforced by a still higher Bank rate and fiscal controls, and the reiteration of the directives issued in the previous year. Credit restraint was also resorted to by the West German Republic, Belgium and the Netherlands among European countries, Canada, Australia and New Zealand among the Commonwealth countries, and Japan and some Latin American countries.

2. In the *U.S.A.*, the vigorous expansionary trend which had characterised the economy in 1955 continued over 1956 and output and employment touched new records. Alongside record levels of construction as well as equipment and plant expenditure, the growing volume of consumer spending and inventory accumulation further intensified the competitive bidding up of goods and services. The resulting pressure of credit demands on the resources of banks compelled them to take increased recourse to borrowings from the Federal Reserve Banks. The prevailing tightness in the supply of funds also led to a steady rise in money market rates. These trends in the economy were sought to be arrested by a further tightening of monetary controls. Over the year, the monetary authorities relied mainly on increases in the discount rate of the Federal Reserve Banks which was raised in two stages (April and August) from a level of 2½ per cent to 3 per cent. The raising of the discount rate resulted in a stiffening of the loan rates of the principal commercial banks, their prime loan rates rising from 3½ per cent to 4 per cent. The use of the discount rate was supplemented by flexible open market operations. Though the expansionary trends in several sectors of the economy were maintained throughout the year, the effect was somewhat offset by a surplus in the Federal budget, on the one hand, and a considerable volume of sales of investments to the public by member banks, on the other.

3. In the *U.K.*, the reduction in bank credit and the slowing down in personal consumption achieved in 1955 were inadequate to hold inflationary pressures in check. Price levels continued to rise and demands for wage increases were mounting ; meanwhile the balance of payments for 1955 revealed a deficit of £79 million in current account and sterling remained depressed in the London exchange market. In addition, bank liquidity was growing, thus providing further inflationary potential at a time when the need for monetary restraint was overriding. These developments called for firmer action on the part of the authorities and, in February 1956, the Bank of England once again put up its discount rate by 1 per cent to 5½ per cent—the highest level since 1932. To supplement this,

other disinflationary measures were instituted. Thus, the investment allowance to industry introduced in the 1954-55 budget was suspended, except for essential investment projects, while hire-purchase controls were tightened further by raising minimum down-payments as well as by extending these restrictions to a wider range of goods. Other measures related to the reduction of consumer subsidies, the tightening of control on new issues of capital and the pruning of capital expenditure in the public sector. The Chancellor of the Exchequer also announced that the long-term capital requirements of the nationalised industries would be met by the Treasury upto a specified maximum during the years 1956-57 and 1957-58. Under this scheme the nationalised concerns would in future rely on banks only for their working capital requirements, the latter being relieved of their commitments in regard to long-term credit. Partly as a result of these measures and partly owing to seasonal influences bank deposits fell sharply in March. However, as neither deposits nor advances of banks were affected by the tighter monetary policy, the Chancellor of the Exchequer once again resorted to the 'directives' method and in July the banks were exhorted to pursue the contraction of credit more resolutely. Though in the third quarter of the year advances declined sizeably by £.115 million, the basic trend over the year was upward and bank advances rose over the year by £.62 million. Moreover, a significant feature of the banking situation during 1956 was that the liquidity position of banks remained quite comfortable. Liquid assets, which at no time during the year constituted less than 33.1 per cent of deposits, rose to 37.4 per cent at the end of December. As a result, banks were not under pressure to unload on a massive scale their holdings of Government securities as they were in 1955. However, in other respects, monetary policy achieved satisfactory results. In the sphere of external finance, the current account deficit of £79 million in 1955 was converted into a surplus of £233 million in 1956. There was also evidence of a slackening in the tempo of investment outlay and consumption expenditure. Inventory accumulation slowed down and personal savings at 10 per cent of the disposable personal income were higher than in any previous year since the war*.

4. Other West European countries also pursued a policy of monetary restraint during most of the year. In the *West German Republic*, inflationary pressures stemmed from the persistent surplus in the balance of payments. Money supply recorded a sharp increase and rising wages tended to outstrip the rise in productivity. The Bank Deutscher Lander, therefore, raised its discount rate by 1 per cent to 4½ per cent in March 1956 and again to 5½ per cent in May 1956. Further, export bills were brought within the commercial banks' rediscount ceilings at the Central Bank and the facilities afforded to banks in rediscounting their foreign bills and export drafts at the official discount rates in force in the destinational countries were withdrawn. As a result of these measures, there was a decline in short-term lendings to business and private customers between June and November 1956 of DM 550 million (net). Consequently, commercial bank indebtedness to the Central Bank declined from a peak of DM 4,893 million on March 31, 1956 to DM 1,973 million at the end of November 1956. The tightness of the money market was also much less than in most preceding years. It was in the context of these developments that the discount rate was reduced to 5 per cent in September 1956†.

* On February 7, 1957 the Bank rate was reduced from 5½ per cent to 5 per cent.

† The discount rate was further reduced to 4½ per cent with effect from January 11, 1957.

5. In *Belgium* too, inflationary pressures arose from conditions of over-full employment and the surplus in external payments. During the greater part of the year, the authorities relied on fiscal and other administrative measures to freeze wages and prices to keep down inflationary forces. In December 1956, the discount rate was put up by ½ per cent to 3½ per cent. In the *Netherlands*, inflationary forces, which had reappeared towards the close of 1955, were aggravated by the rise in wages and salaries. This had resulted in a sizeable depletion of foreign exchange reserves since the second quarter of 1956. The monetary authorities, therefore, stepped up the discount rate in three stages (in February, August and October) from 2½ per cent to 3¾ per cent. The discount rate action was further buttressed by open market operations to reduce the liquidity of the money market. Simultaneously, the attention of the banks was drawn to the desirability of restraint in the provision of credit. These monetary measures were accompanied by certain fiscal controls including speeding up of corporate income-tax payments. Towards the close of the year, there was some reduction in the trade deficit and money supply also showed a decline of about 4 per cent over the year. In *France*, the domestic monetary situation was characterised by a rapid increase in money supply and a considerable growth in instalment credit. The chief disinflationary measures undertaken by the authorities consisted of the tightening of restrictions on consumer credit and the raising of the security reserve requirements of commercial banks against their demand liabilities.*

6. In the Scandinavian countries of Norway and Sweden, the anti-inflationary measures adopted in 1955 were further strengthened as these measures had not restored balance in either their domestic economy or external payments. In *Norway*, commercial banks were required in December 1955 to keep credit totals during 1956 and 1957 at the 1955 level, to convert their government bond holdings maturing in 1956 and 1957 into new issues and to invest in government securities all funds accruing from increase in deposits. As a result, they reduced cash credits in 1956 by NKr. 169 million. In *Sweden*, the Riksbank entered into an agreement with commercial banks in April under which the latter undertook to reduce their loan totals to a level 5 per cent below that of July 31, 1955. Following these measures there was some improvement in the balance of payments. However, as wages and prices continued to rise, the Riksbank raised its discount rate from 3¾ per cent to 4 per cent in November 1956.

7. Among the Commonwealth countries also, there was a greater reliance by the authorities on the monetary weapon to arrest inflationary forces. The *Canadian* economy surged forward in 1956 and strained against the limits imposed by the available material and labour resources. The domestic boom was largely sustained by bank credit. Consequently, internal demand outstripped the growth of domestic production and the deficit in the balance of payments widened during the first half of 1956. These developments in the economy necessitated restrictive measures. In November 1955, the Bank of Canada came to an agreement with the chartered banks whereby the latter undertook to scrutinise carefully new credit applications, to make no new commitments for term lending and to hold a secondary reserve of Treasury bills and call loans equal to 7 per cent of demand liabilities. However, the results of the informal agreements were felt to be inadequate and the

* The French Bank rate was raised in April 1957 from 3 per cent to 4 per cent.

Bank of Canada raised its discount rate in three stages from 2¾ per cent to 3¼ per cent over the year. In November 1956 the authorities introduced an innovation in the operation of the discount rate. It was announced that thereafter the Bank rate would be fixed every Thursday at ¼ per cent above the latest average tender rate for 91-day Treasury bills.

8. In *New Zealand*, though the mechanism of the variable reserve ratios was operated with a view to avoiding undue pressure on bank reserves, the emphasis throughout the year was on restraint to prevent the emergence of excessive liquidity in the banking system giving rise to large-scale credit expansion. Thus, the reserve requirements in respect of demand and time liabilities were raised over the year from 26 per cent and 7½ per cent in January to 34 per cent and 12½ per cent, respectively in October. Further, early in the year, overdraft rates had been made more flexible through the elimination of the 4 per cent minimum and 5 per cent maximum limits previously in operation and an authorisation to banks to fix rates to individual customers at their discretion provided the average did not exceed 5 per cent. In *Australia*, inflationary pressures persisted despite import restrictions imposed during 1955 resulting in a loss of foreign reserves. To correct the situation, action was taken on the fiscal front by increases in indirect taxes such as excise and customs duties and in company tax. Simultaneously, the officially controlled interest rates were raised when the bank overdraft rate was allowed to move up from 5 per cent to an average of 5¼ per cent with a maximum of 6 per cent and that on fixed deposits by 1 per cent.

9. Some Latin American countries also resorted to restrictive monetary measures. Thus, in *Chile*, the authorities introduced a sliding scale discount rate structure under which the maximum amount the banks might borrow at the basic rate of 4½ per cent was fixed at half their capital and reserves at the end of 1955, borrowings beyond this limit entailing a higher rate rising upto 9 per cent. In *Brazil*, the authorities imposed supplementary reserves against increases in deposits above the maximum amounts outstanding during the first half of 1956, in addition to the existing reserve ratios of 15 per cent and 10 per cent against sight and time deposits, respectively.

10. Among Asian countries, *Japan* and *Turkey* continued the restrictive policies adopted in the preceding year. The Bank of Japan reduced by 50 per cent the ceilings for advances at the basic Bank rate of 7.30 per cent.* In Turkey, where large-scale public investment, high agricultural price support and expanding bank credit gave rise to inflationary symptoms, the Central Bank raised its discount rate by 1½ per cent to 6 per cent.

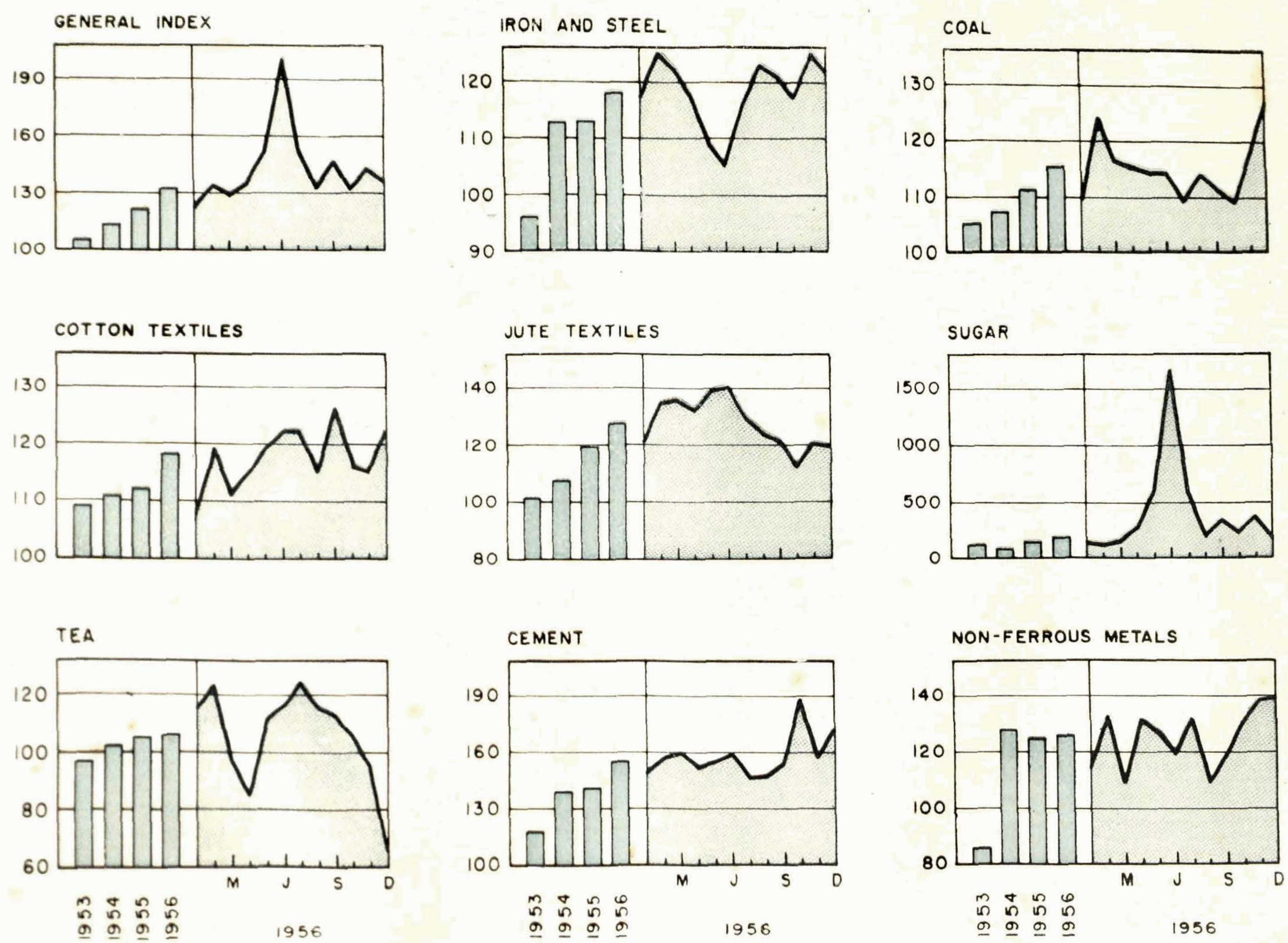
11. Here in India, the expansionary trend in the economy gathered further momentum under the impetus of the higher Plan outlay. For the banking system, the year was one of considerable stress and strain, as the mounting demand on it for credit by trade and industry was not accompanied by a commensurate expansion in its resources. The situation was aggravated by the emergence of speculative tendencies in certain fields. The monetary authorities, therefore, pursued a policy of selective credit control to curtail speculative activities without at the same time affecting the flow of credit for genuine commercial and industrial needs. In the chapters that follow, the main trends in banking and credit are reviewed against the background of general economic conditions.

---

* The discount rate of the Bank of Japan was raised from 7.30 per cent to 7.67 per cent in March 1957 and further to 8.30 per cent in May 1957.

INDEX NUMBERS OF INDUSTRIAL PRODUCTION

BASE: 1951 = 100



CHAPTER II

ECONOMIC AND BANKING DEVELOPMENTS IN 1956

12. Economic activity in India during the year was characterised by inflationary pressures in contrast to the comparative monetary stability that prevailed in 1955. This was the result of the increase in both the magnitude and tempo of the developmental programme. The size of the budgetary deficit, the trends in the capital market and the record level of bank credit provided an indication that the volume of investment in both the public and the private sectors had risen substantially. However, while the growing developmental activity led to a large increase in the advances of banks, which rose to a record level during the year, this was not matched by a corresponding accretion to their deposit resources : the increase in currency circulation formed much the larger part of the increase in money supply which was itself restrained by the widening deficit in the balance of payments. This led to the emergence of an acute financial stringency, analogous to the experience in 1951, not only during the busy season but also in the slack season ; consequently, money rates ruled throughout the year generally at higher levels, while borrowings of banks from the Reserve Bank assumed substantial proportions.

State of the Indian Economy, 1956

13. A much larger turnover of banking business than in 1955 reflected in an almost continuous pressure on bank funds could more appropriately be explained in the context of changes in output of industry and growth of trade. The main factors making for the boom conditions were an expanding demand stemming from the large governmental capital outlay and a high level of private investment. Industrial production rose further, its rate of increase being accelerated ; the general index of industrial production spurted from 122.1 (base: 1951=100) in 1955 to 132.8 in 1956 showing a rise of 8.8 per cent as compared to 8.1 per cent in the previous year ; many of the industrial targets of the First Five-Year Plan which ended in March 1956, were nearly achieved and in fact some were exceeded, as for example, in cotton textile manufactures among established industries and in sewing machines among the new industries. Over the year, the largest increase in production was recorded in the sugar, cement and engineering industries arising partly through fuller utilisation of capacity and partly through additions to existing capacity. With most industries operating at higher capacity levels, a shortage of raw materials was felt with growing intensity ; this was in part due to a fall in the production of certain agricultural commodities. The index of agricultural production (base : 1949-50=100) at 113.7 during 1955-56 fell by 2.4 per cent from the level of 116.4 attained during 1954-55, both foodgrains and non-foodgrains showing a decline of 2.7 per cent and 1.4 per cent, respectively. Foodgrains output, which had declined in 1954-55 to 66.6 million tons from the record level of 68.7 million tons in 1953-54, fell further to 64.9 million tons in 1955-56. However, rice output increased from 24.5 to 26.8 million tons and wheat production was only slightly less than in the preceding year, the decline in total production being accounted for by the fall in coarse grains output. The fall in the agricultural output during the period provided a contrast to the general economic expansion and thus affected somewhat the rate of growth.

14. Although aggregate output in the country increased, it was not enough to absorb the expanding home demand stemming largely from the acceleration in the tempo of investment in the public and private sectors. The general index of wholesale prices (base : year ended August 1939=100) shot up from 373.4 at the end of December 1955 to 421.9 at the end of December 1956, showing a rise of 13.0 per cent in contrast to the relative price stability in the previous year. The uptrend in prices, which had commenced from the second half of 1955, persisted almost without break throughout 1956 despite various governmental measures to restrain inflation. Thus, the index number of prices of food articles and industrial raw materials, both of which felt the impact of investment, went up during the year by 19.7 per cent and 14.4 per cent, respectively, while prices of manufactured articles increased by only 3.6 per cent. The price changes, in turn, raised the all-India consumer price index for working class(year 1949=100) from 98 in December 1955 to 109 in December 1956. Although the developmental process under the Second Five-Year Plan was expected to strain the economy somewhat in view of the provision therein for a greater magnitude of deficit finance and the larger stress on capital goods industries, the extent of the price rise in the first year was unexpectedly sharp. Government adopted a number of measures from time to time to arrest the rise of prices—such as the release from Government stocks of rice and wheat through a chain of fair price shops established for the purpose, the ban on exports of other foodgrains in short supply and the building up of buffer stocks of foodgrains. This last measure was facilitated by the conclusion of the Indo-U. S. agreement for the supply of agricultural commodities over a period of three years valued at Rs. 172 crores. These measures were also supplemented by directives issued by the Reserve Bank to the scheduled banks restraining excessive lending against certain essential commodities such as foodgrains and cotton textiles in which there was some evidence of speculative activity.

15. With the rise in output, aggregate money supply with the public naturally increased but the rise was smaller than that during the preceding year both in absolute and relative terms. Money supply with the public recorded an increase of Rs. 131.5 crores or 6.4 per cent as compared to Rs. 215.0 crores or 11.7 per cent in 1955. Most of the rise in money supply was accounted for by currency with the public which increased by Rs. 99.5 crores as against Rs. 161.3 crores in the preceding year, the increase in the deposit component of money supply being only Rs. 32.0 crores which fell short of the previous year's increase by about Rs. 21.7 crores. During the five years ended December 1956 the rate of growth of deposit money has been smaller than that of the total money supply*; the currency component has, therefore, increased from 66.9 per cent in 1951 to 68.0 per cent of the total money supply in 1956. This would seem to suggest that a greater use of currency is made in the sectors which are gradually being monetized ; similarly, the accretion of incomes in favour of those not accustomed to the banking habit would also result in a larger share of the money supply increase taking the form of currency. The experience in the last few years would appear to provide evidence that both these influences have been at work.

16. During the year, the main factors contributing to an expansionary impact on money supply were the budget deficit and the credit expansion by the

* Adjusted for seasonal variations.

banking system against which must be partially set the contractionary influence of the large-scale deficit in the country's balance of payments. Although money supply over the year did not increase as much as in 1955, because of the last factor *viz*, sizeable external deficit, it expanded sharply by Rs. 249.9 crores during the 1955-56 busy season, but was partially offset by the contraction of Rs. 105.1 crores in the slack season that followed as against a contra-seasonal rise of Rs. 10.1 crores which occurred during the 1955 slack season.

17. The impact of developmental activity was strikingly felt during the year on the country's balance of payments position. The surplus of Rs. 43 crores on current account in 1955 was converted into a big deficit of Rs. 206 crores in 1956. This was mainly caused by the heavy imports of machinery, metals and other capital goods required for investment in both the public and private sectors. While imports tended to increase at a rapid rate, the export performance was not as good as was expected. Though the fall in exports could largely be attributed to external factors such as the growing foreign competition and tightening of import controls in some of the foreign countries purchasing Indian products, it was also to some extent due to increased domestic consumption of some of the exportable goods. Imports reached a level of about Rs. 980 crores which exceeded the 1955 total by Rs. 255 crores and exports came to Rs. 633 crores which showed a fall of Rs. 20 crores as compared to the previous year. Consequently, over the year, foreign exchange reserves of the Reserve Bank declined by about Rs. 205 crores which affected adversely the rate of accretion to deposits of banks. Government, therefore, tightened its import policy towards the end of the year by curtailing non-essential imports and at the same time took steps to promote expansion of exports.

18. The increase in overall economic activity and its impact on the economy were also evidenced in the trends in the capital market during the year. The total amount of new issues by way of shares and debentures, *viz.*, about Rs. 38 crores, was about Rs. 20 crores higher than in 1955, reflecting the increasing rate of capital formation in the private sector. The success of the new issues was mainly attributable to rising corporate profits and dividends which were facilitated by expanding production and higher prices. Despite all these favourable influences, however, the price index of variable dividend industrial securities declined over the year by about 11 per cent. Equity prices, which had reached a post-Korean peak level in November 1955, tended to fall in the beginning of the year, owing chiefly to psychological factors arising from the nationalisation of life insurance companies, apprehension regarding the tax proposals in the Budget for 1956-57 and fears of limitation of profits and dividends. Consequently, the yield on variable dividend industrial securities steadily increased. The prices of shares recovered to some extent around mid-year, but the trend was reversed early in September and the fall became pronounced towards the end of the year. This was partly a reaction to the supplementary tax proposals announced by the Union Finance Minister towards the end of November which included, amongst others, the reintroduction of the capital gains tax and the enhancement of super-tax on dividends declared by companies.

19. With the greater rate of investment in the economy, banking business as represented by advances and deposits was at a higher level than in 1955. Bank

advances rose to a record level, assisted largely by the accretion to deposits and borrowings from the Reserve Bank of India and to a limited extent by the switch from other earning assets. As a result, the banks' investment portfolio as well as cash showed some fall over the year. Since the rate at which advances increased outstripped the rate of growth of deposits, the liquidity position of banks remained taut throughout the year without being much influenced by seasonal factors. This meant a larger recourse on their part to borrowings from the Reserve Bank than in the preceding year. The scarcity of funds in the face of the accelerating demand for credit entailed a greater competition amongst the banks to attract deposits which raised the cost of funds in the money market. These developments are discussed in fuller detail below.

Sources and Uses of Bank Funds

Trends in Bank Credit *

20. While the total volume of banking transactions expanded during the year in response to the growing developmental activity, the rise in bank credit was sharper than in bank deposits. Thus, the level of advances of all scheduled banks, exclusive of money at call and short notice and due from banks in India, rose to Rs. 744.9 crores as at the end of December 1956, showing a rise of Rs. 151.3 crores or 25.5 per cent—the largest rise in any year since 1951. Apart from the larger volume of bank advances necessitated by increased imports, larger industrial output and investment and higher prices, the pressure on banks was sustained to some extent by the possible elongation of the term of such credit and some speculative trading. The greater part of the increase in credit (*i.e.*, Rs. 114.8 crores) occurred prior to April 1956 in response to seasonal factors ; the total seasonal expansion for the 1955-56 busy season amounted to Rs. 160 crores as against the expansion of Rs. 95 crores in the busy season of 1954-55†. However, the pressure of credit demand on bank resources continued unabated despite the onset of the slack season. In fact, the amount of outstanding advances at the end of October 1956 remained at the end-April level of Rs. 716 crores. In the event, advances of banks formed a very high proportion of their deposit resources, unlike the experience in the previous slack seasons. This was an indication, as mentioned in the earlier Report, of the broadening and growing diversification of the Indian economy consequent upon the emergence of new industries with a non-agricultural base. In fact, advances to established industries with an agricultural base, such as jute and sugar were still marked by seasonal variations. The fall in advances to these industries in the slack season was being more or less neutralised by the rise in advances to other industries such as, iron and steel, engineering and chemicals which were immune to seasonal variations, although in 1956 an additional and by no means unimportant factor was the speculative use of bank credit for holding certain commodities. The sustained demand for bank credit

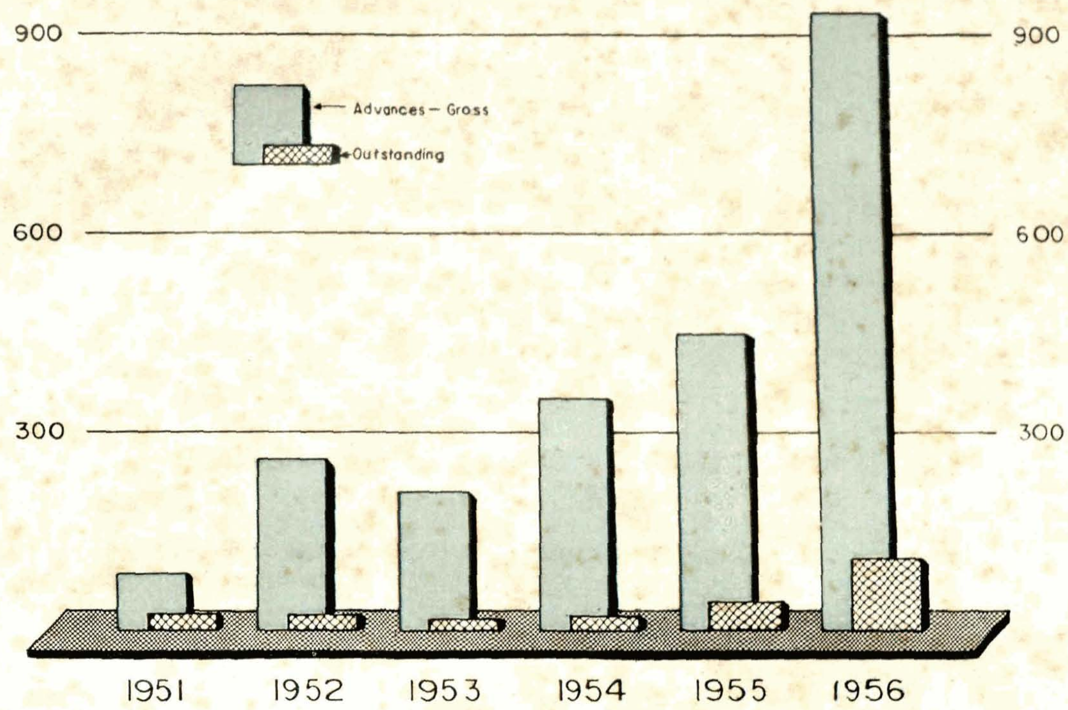
* The data made use of in this section are based on the returns in Form XIII relating to the assets and liabilities in India of banking companies, unless otherwise stated.

† The busy season is deemed to cover the period from November to April and the slack season from May to October. On the basis of bank credit only, the busy season in 1955-56 would cover the period from October 15, 1955 to May 11, 1956, during which bank credit (based on the weekly returns submitted by scheduled banks) rose by Rs. 180 crores, as against Rs. 113 crores in the busy season of 1954-55 covering the period from October 16, 1954 to April 1, 1955.

GRAPHS 2 AND 3

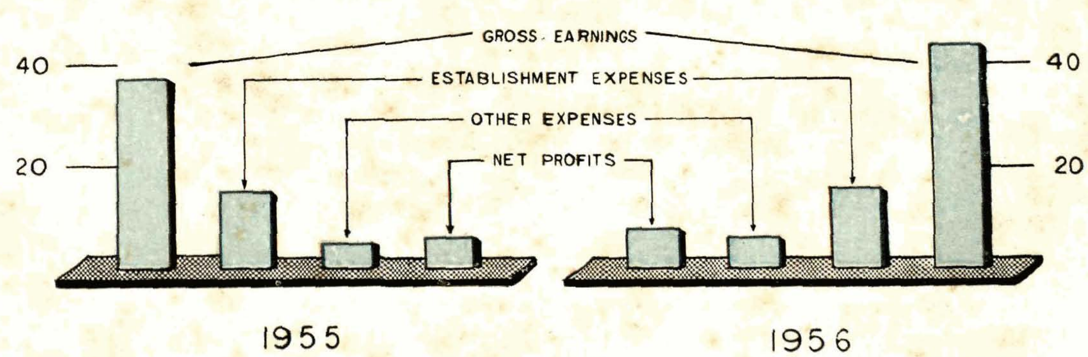
ADVANCES OF RESERVE BANK TO SCHEDULED BANKS AND STATE CO-OPERATIVE BANKS

(CRORES OF RUPEES)



EARNINGS AND EXPENSES OF TWENTY-FOUR LARGER INDIAN SCHEDULED BANKS

(CRORES OF RUPEES)



in the year under review, without an adequate growth in deposits, led the banking system to have larger recourse to the Reserve Bank. In the 1956-57 busy season, scheduled bank credit rose by Rs. 29 crores upto the end of December 1956 which was less than the increase during the corresponding period in 1955 by Rs. 9 crores. As the scheduled banks had to start from a high level of advances which constituted 69 per cent of their 'net' deposits at the close of the slack season, their advances-deposits ratios were further stretched by the end of the year.

21. The growing importance of the secondary sector in the national economy was brought out by the fact that a larger portion of the increase in scheduled bank credit was claimed by industry; consequently, industrial advances as a proportion of total advances increased to 38.5 per cent at the end of 1956 from 34.3 per cent at the end of 1955*. This rise in industrial advances was mostly at the cost of commercial advances, whose share in the total declined by 2.6 points to 47.5 per cent; the shares of other categories in total scheduled bank credit also showed a fall. Within each group, however, there were some notable variations.

22. Security-wise, however, the volume of scheduled bank advances showed wide variations during the year, particularly in respect of foodgrains.† Thus, between December 1955 and April 1956, advances against paddy and rice increased from Rs. 8.1 crores to Rs. 26.3 crores; the April-end level was about 134 per cent higher than in April 1955. Further, there were indications that in some centres bank finance was utilised by trade for withholding of stocks from the market. In these circumstances and against the background of a 24 per cent increase in the price of rice in the first four months of the year, the Bank issued on May 17, 1956, a directive making it obligatory on all scheduled banks and two State-associated non-scheduled banks to restrict generally their advances against paddy and rice and to increase their existing margins by ten per cent. The banks were also advised to endeavour to reduce their aggregate advances against paddy and rice to a level which was not to be more than 25 per cent above that in the corresponding week of the previous year. Demand documentary bills representing internal movement of the crop were subsequently exempted from the purview of the directive as it was not the intention to hinder such movement. Partly as a result of the implementation of the directive by banks and partly due to seasonal factors, advances against paddy and rice fell from Rs. 22.4 crores at the end of May to Rs. 4.3 crores at the end of October or by 81 per cent as against a fall of 64 per cent in the corresponding period of 1955. In view of the substantial decline in advances and in order to facilitate the transport and marketing of the new rice crop, the Bank withdrew its directive in November 1956.

23. There was also a similar marked seasonal rise in bank credit against wheat, gram, other grains and pulses. Thus, from Rs. 7.1 crores in February 1956 it went up to Rs. 20.6 crores in June—the highest level for any month in the preceding 5 years and 79 per cent above the level in June 1955. Although during the next two months bank credit fell somewhat in conformity with the seasonal trend, the outstanding level at the end of August 1956 was 45 per cent higher than

* Data based on the Survey of Bank Advances.
† Data based on the Fortnightly Survey of Secured Advances.

in June 1955. The price index for wheat (year ended August 1939=100), barring the seasonal easing in April and May, went up to 536 at the end of August or 31 per cent higher than a year before. In order to prevent possible adverse reactions on prices of the rising bank credit, the Bank issued on September 13, a directive regulating advances against wheat etc. and containing instructions identical with those in respect of paddy and rice. Advances against cotton textiles also showed a marked expansion; at the end of August 1956, they stood at Rs. 63.8 crores, which was Rs. 28.2 crores above the level in August 1955. The price of cotton manufactures also had risen somewhat. The Bank's directive in respect of cotton textiles issued on September 13 (excluding from its purview advances to cotton mills and against cotton textiles meant for export and demand documentary bills) was applicable only to advances to the trade, which was required to pay a ten per cent higher margin.

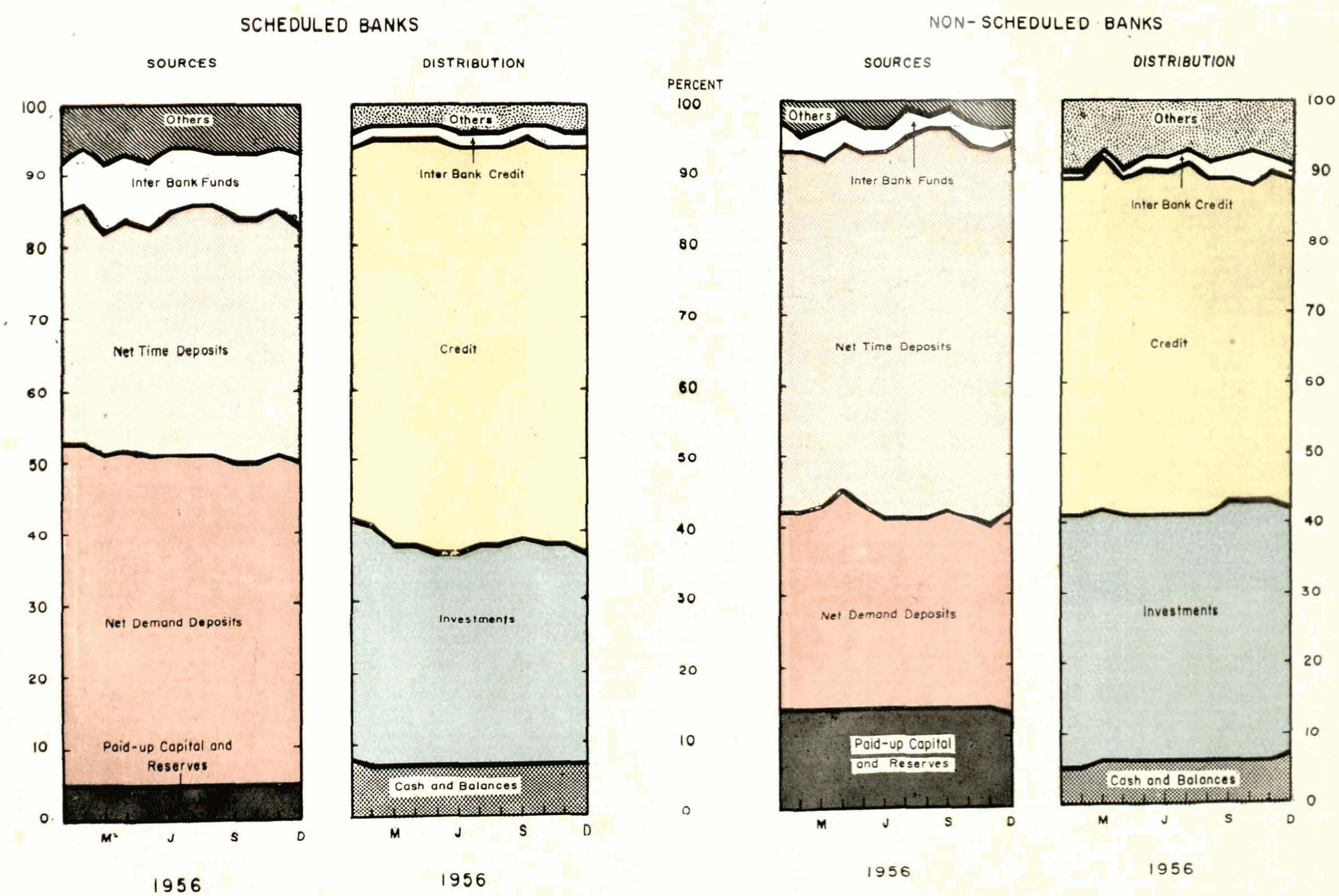
24. This was not the first occasion when the Bank had recourse to selective credit control, since the Bank had used the directive method for regulating the expansion of bank credit in 1943, 1944, 1947 and 1950. The earlier directives, however, with the exception of the one relating to raw jute (in respect of which advances other than to mills and balers were recalled), contained only a general request against excessive lending against the commodities. The prescription of higher margins and efforts at regulation of the aggregate level of advances against the specific commodities constituted the distinguishing features of the technique of selective credit control in 1956. The objective of the control was to restrain expansion of credit to certain sectors of the economy during certain periods without simultaneously affecting an increasing demand for productive credit. The indications were that this selective control policy was reasonably successful.

25. The severe financial stringency in 1956 as represented by a rapid rate of credit expansion in conjunction with a slower rate of deposit formation should be viewed in a somewhat long-range setting for its proper appraisal. As observed in earlier Reports, the phase of scheduled banks' deposit expansion commenced from 1953, marking a distinct break with the preceding years, and continued at a steady rate until 1955, caused primarily by the budgetary deficit and the surplus in the balance of payments. Between 1951 and 1953, bank advances declined, but the trend was halted in 1954 and bank credit began to expand at a growing pace commensurate with the rising rate of investment in the economy. The rate of deposit expansion, however, slowed down in the face of rising credit needs of the expanding economy. The cumulative effect of all these developments, which were somewhat imperceptible earlier, was experienced with great intensity in 1956 creating an acute financial stringency.

26. Financial stringency is a common characteristic of a phase of economic boom when investment tends to outrun savings. It is essentially the phenomenon of a shortage of savings in the public and private sectors alike. In an underdeveloped economy which has embarked on rapid development, the boom phase tends to be continuous, and financial stringency, which is its normal accompaniment is likely to be more than temporary. In this situation, relief of financial stringency should rather be directed to the provision of credit for specific essential purposes, while at the same time restraining excessive diversion of the limited supplies of credit for less essential, though more profitable, and, therefore, more attractive

GRAPH 4

SOURCES AND DISTRIBUTION OF FUNDS



uses. In general, the Reserve Bank's credit policy during the year may be described as a policy not of restriction, but one of controlled expansion. The Bank has sought to achieve this objective firstly through a raising of the cost of credit together with selective credit control and secondly through some liberalisation of facilities of access to the Reserve Bank.

27. The position in regard to the investment portfolio of scheduled banks presented a contrast to that of bank advances, the total of bank investments falling over the year by Rs. 18.2 crores. As a result, the ratio of investments to their net deposits recorded a fall from 42.3 per cent to 37.5 per cent. This decline occurred when banks reduced their investment holdings to expand their advances to meet the greater credit demands of trade and industry. The fall was entirely on account of government securities which declined by Rs. 18.6 crores during the year, despite a substantial increase of Rs. 28.3 crores between the end of June 1956 and September 1956, when new loans were floated by the Central and State Governments. The fall in investments was particularly sharp in the case of exchange banks. The ratio of investments to net deposits of Indian scheduled banks declined more sharply than the corresponding ratio in respect of exchange banks because of an increase in the deposits of the former. The holdings of non-scheduled banks recorded an increase of Rs. 1.6 crores; however, as a proportion of their net deposits, they fell from 44.8 per cent to 44.2 per cent.

Investments

28. The distribution of investments by type of security* showed only minor variations; investments of scheduled banks in Indian Government securities continued to form over 85 per cent of the total, though there occurred a shift in investments from Central Government securities to State Government securities. Thus, scheduled banks' holdings of Central Government securities declined from Rs. 345.0 crores to Rs. 312.9 crores, while those of State Government securities rose from Rs. 50.9 crores to Rs. 65.9 crores. Investments in foreign securities registered an increase of Rs. 5.3 crores to Rs. 26.4 crores of which Pakistan and Burmese securities amounted to about Rs. 9.0 crores and Rs. 7.0 crores, respectively.

Investments of Scheduled Banks, December 1956†

(Amount in crores of rupees)

	December 1955	December 1956
1. Government Securities	396.1	379.0
Of which :		
(*i*) Central Government	345.0	312.9
(*ii*) State Governments	50.9	65.9
(*iii*) Others—mainly postal	0.2	0.2
2. Other domestic investments	36.3	37.0
3. Investments in foreign securities	21.1	26.4
Total	**453.5**	**442.4**

* Based on Survey of Investments of Banks.

† Relate to 84 banks in December 1955 and to 88 banks in December 1956.

29. The maturity classification of scheduled banks' investments in domestic Government securities reveals a somewhat sharp increase in their holdings of securities maturing after ten years as a result of their investment in the new loans floated by the Central and State Governments in 1956. A decrease of Rs. 40.3 crores in securities maturing within 10 years has been partially offset by an increase of Rs. 22.0 crores in securities maturing after 10 years.

Maturity Distribution of Scheduled Banks' Holdings of Domestic Government Securities, December 1956

(Amount in crores of rupees)

	December 1955		December 1956	
	Amount	*Percentage to total*	Amount	*Percentage to total*
Treasury Bills	10.0	*2.5*	—	—
Securities maturing :				
Within one year	0.9	*0.2*	5.1	*1.3*
Between 1 and 5 years	83.8	*21.2*	135.7	*35.9*
Between 5 and 10 years	239.6	*60.5*	153.2	*40.5*
Between 10 and 15 years	46.5	*11.7*	66.4	*17.6*
Over 15 years	15.3	*3.9*	17.4	*4.6*
Total	**396·1**	*100·0*	**377·8**	*100·0*

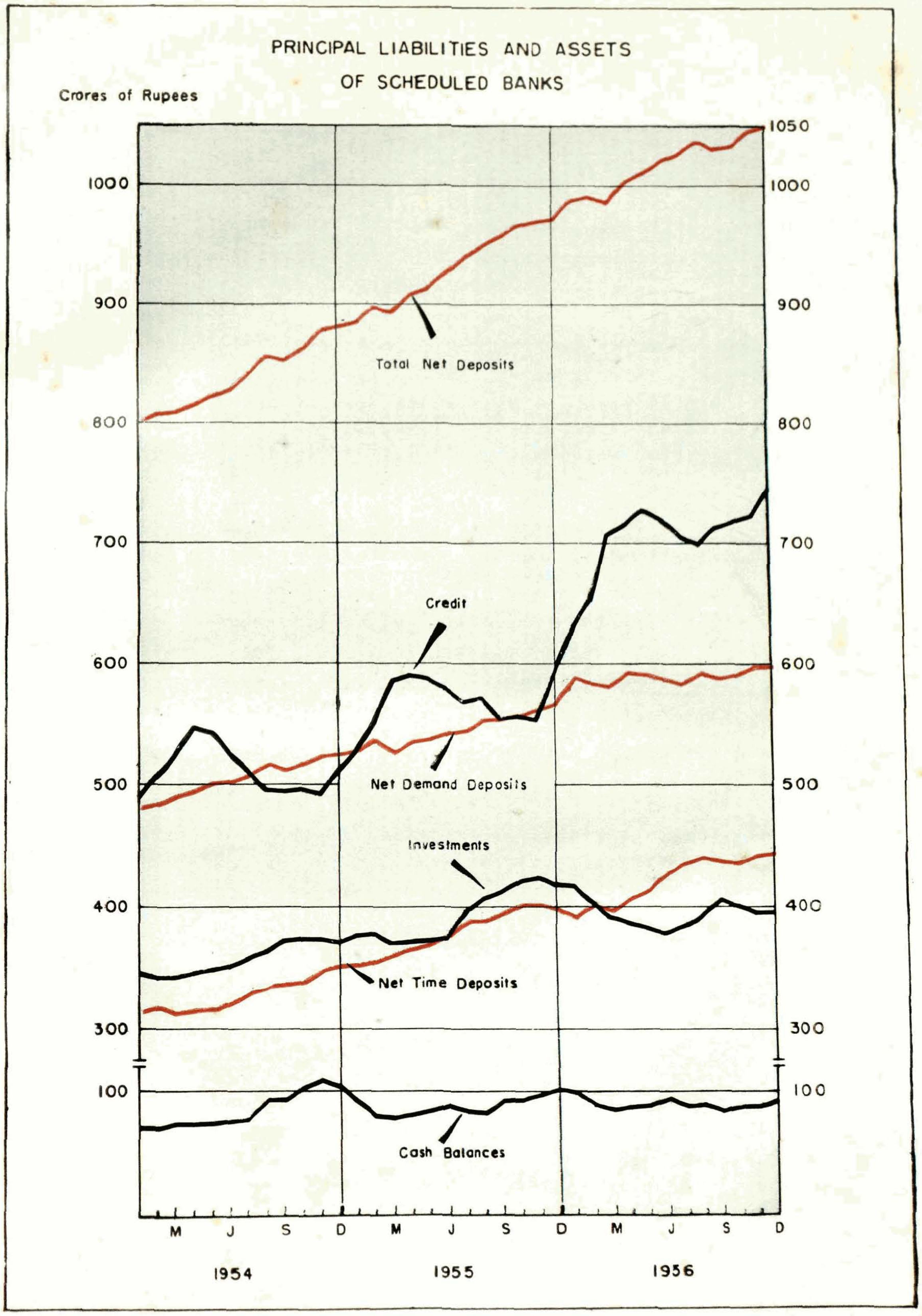
Cash and Liquidity Ratios

30. A relatively smaller rise in deposits exerted pressure on the cash on hand of scheduled banks together with their deposits with the Reserve Bank which fell from Rs. 100.2 crores to Rs. 90.5 crores between the end of December 1955 and the end of December 1956; this indicated that a part of the rise in advances was financed through drawing down of cash assets by the banking system; in consequence, the ratio of cash assets to net deposits fell from 10.3 per cent to 8.6 per cent and the excesss of cash reserve over the statutory minimum was generally smaller during the year and at no time exceeded Rs. 23.1 crores.

Trends in Deposits

31. Consistent with a rising rate of investment financed by a greater recourse to deficit financing, the deposits of all scheduled banks in India kept up their uptrend, though the rate of their expansion slowed down in 1956. Thus, their net deposits increased by Rs. 76.8 crores as compared to Rs. 89.5 crores in 1955, the rate of deposit expansion going down from 10.1 per cent to 7.9 per cent. The factor tending to expand deposits was, in the main, the rapid growth in the rate of investment financed by budget deficit and bank credit. On the other hand, as mentioned earlier, the widening deficit in the balance of payments tended to restrict the growth of deposits through its impact on domestic money supply. Both time and demand deposits participated in the increase, though the rise in the former was greater. Time deposits (net) increased by Rs. 45.2 crores, in contrast to the rise of only Rs. 31.6 crores in demand deposits (net). This shift in favour of time deposits appeared to be a continuation of the trend since 1955, when the rise in time deposits exceeded

GRAPH 5



PRINCIPAL LIABILITIES AND ASSETS
OF SCHEDULED BANKS
Crores of Rupees
1050
1000
900
800
700
600
500
400
300
100
Total Net Deposits
Credit
Net Demand Deposits
Investments
Net Time Deposits
Cash Balances
M
J
S
D
1954
1955
1956

the demand deposit expansion. The rising rate of growth of time deposits should be attributed not only to the steady growth in national income as a result of the planned development, but also to the growing scarcity of bank funds being experienced in recent years. It was likely that a not insignificant proportion of time deposits might have comprised call money deposits subject to notice which in effect were demand deposits with a relatively high rate of interest payable on them. In this sense, such a shift in favour of time deposits might be construed as one of the important aspects of the present financial stringency. Demand deposits showed a mixed trend throughout the year and their expansion was not so consistent as in the case of time deposits.

32. Net deposits of Indian scheduled banks recorded an increase of Rs. 88 crores in contrast to a fall of Rs. 11 crores in exchange banks' deposits. As in 1955, time deposits of Indian scheduled banks rose faster than their demand deposits. Consequently, the ratio of their time deposits to total net deposits increased further from 43 per cent in 1955 to 44 per cent in 1956.

33. The Survey of Ownership of Deposits of scheduled banks as on December 31, 1956 showed a marked increase in deposits of individuals as well as of Government and quasi-Government bodies.** While business deposits dropped by Rs. 14.9 crores, personal and Government (including quasi-Government) deposits rose by Rs. 47.4 crores and Rs. 35.5 crores, respectively. As a result, their proportions to the total showed certain pronounced variations, that of business deposits falling from 35.5 per cent to 31.4 per cent, and those of personal and Government (including quasi-Government) deposits rising from 44.3 per cent and 7.6 per cent to 45.4 per cent and 10.4 per cent, respectively.

Deposits of Scheduled Banks, December 1956*

(Amount in crores of rupees)

Type of Deposits		Period	Business	Personal	Government	Others	Total
Demand	December	1955	260.1	125.6	39.4	72.0	497.0
	„	1956	255.9	127.7	60.7	77.9	522.2
Time	„	1955	92.8	174.3	36.7	30.4	334.1
	„	1956	82.1	201.9	50.8	34.2	369.0
Savings	„	1955	..	140.8	..	21.7†	162.5
	„	1956	..	158.4	..	25.3†	183.7
Total ..	„	**1955**	**352·9** (35.5)	**440·6** (44.3)	**76·0** (7.6)	**124·1** (12.5)	**993·7** (100.0)
	„	**1956**	**338·0** (31.4)	**488·0** (45.4)	**111·5** (10.4)	**137·3** (12.8)	**1,074·8** (100.0)

Note : Figures in brackets are percentages to total.

* Relate to 85 banks in December 1955 and to 87 banks in December 1956.

† Include business deposits.

** *The increase in deposits of the latter category is mainly due to the change in classification.*

34. The data relating to the regional distribution of deposits and advances of scheduled banks compiled on the basis of the reorganised States showed that Bombay and West Bengal accounted for 54 per cent of total deposits and 63 per cent of total advances of scheduled banks in the Indian Union. Between December 1955 and December 1956 the largest increase in advances occurred in the Bombay State.

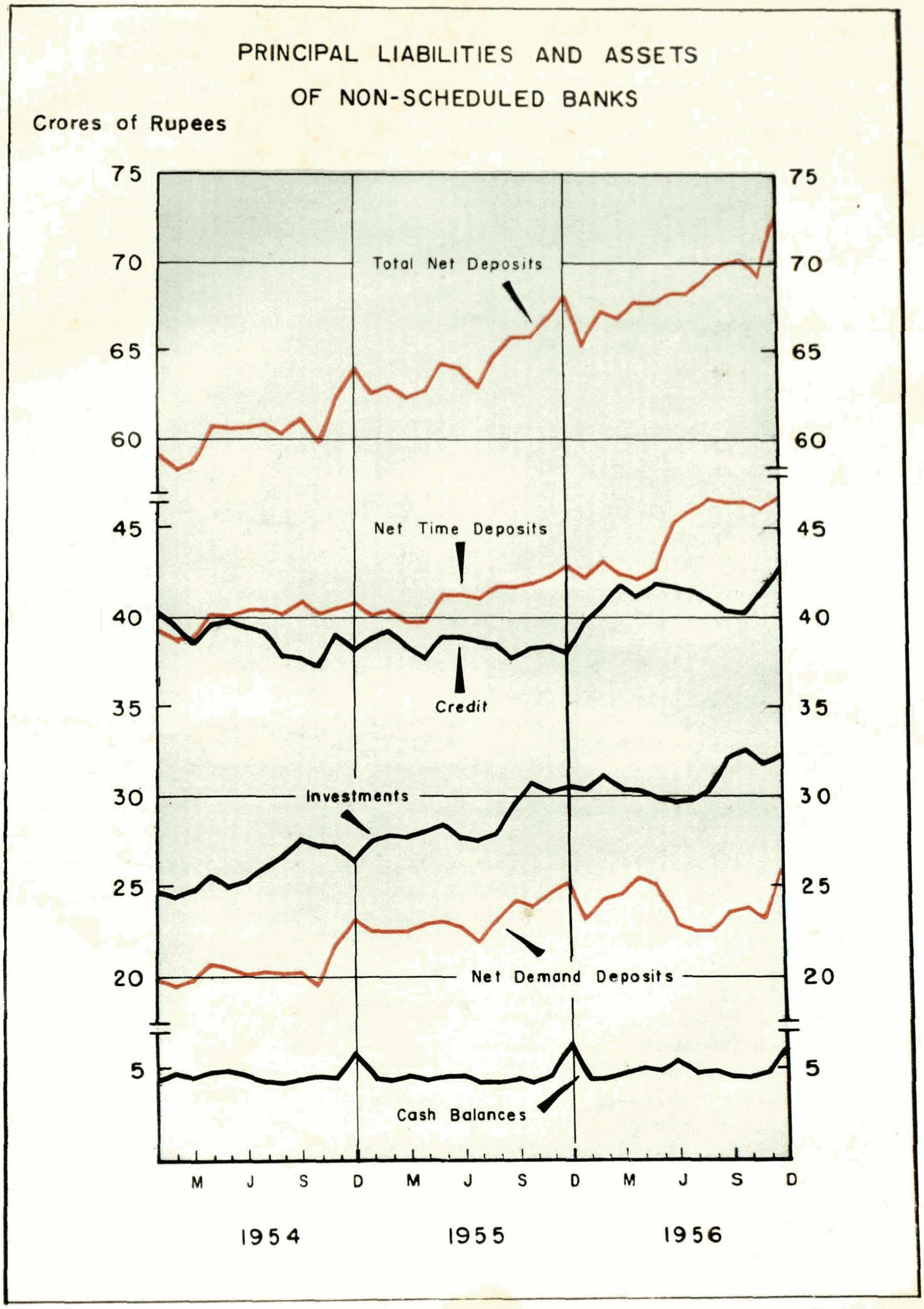
35. According to provisional data relating to debits to deposit accounts with scheduled banks' offices at centres with population of 1 lakh and over, the total of debits to current accounts in 1956 (based on the data for the first ten months) was 5.9 per cent over the annual volume in 1955. The overall estimated rate of turnover of current deposits for 1956 at 45.3 was somewhat higher than the 1955 rate.

Capital and Reserves

36. As compared to the rise in deposit liabilities of scheduled banks, the increase in their paid-up capital and reserves which constituted their 'own' funds was insignificant. Between end-December 1955 and end-December 1956, paid-up capital and reserves of scheduled banks rose only by Rs. 1.5 crores, although their ratio to total net deposits declined fractionally from 6.6 per cent to 6.2 per cent, mainly owing to a relatively greater expansion in deposit resources. A large proportion of this rise in their 'own' resources was claimed by reserves, which increased by Rs. 1.1 crores. On the other hand, the paid-up capital and reserves of non-scheduled banks remained unchanged at Rs. 12.1 crores at the end of 1956. An increase of Rs. 4.6 crores in their net deposits, brought down the ratio of paid-up capital and reserves to their net deposits to 16.6 per cent from 17.8 per cent at the end of 1955, although, compared to that of scheduled banks, it continued to remain high.

37. An increase of Rs. 40 lakhs in the paid-up capital of Indian scheduled banks, partly offset by a fall in their reserves, lowered the ratio of reserves to paid-up capital from 86.2 per cent to 84.6 per cent. On the other hand, in respect of non-scheduled banks the corresponding ratio at the end of 1956 further increased to 57.1 per cent from 53.2 per cent at the end of 1955. The reserves of Indian scheduled banks as a proportion of their 'own' funds comprising paid-up capital and reserves declined fractionally by 0.5 per cent to 45.8 per cent as against an increase of 1.7 per cent to 36.4 per cent in respect of non-scheduled banks. Taking the position of individual banks, it was found that only 15 out of 426 reporting banks were without any reserves at the end of 1956 as against 25 out of 458 at the end of 1955. Of the 15 banks without reserves, only 2 were scheduled banks. The banks whose reserves either equalled or exceeded their paid-up capital numbered in all 95 and constituted 22 per cent of the reporting banks; of these, 24 were scheduled banks. The distribution of 'own' funds and deposits amongst banks of different sizes over a period of three years is given in the following table, which does not reveal any significant variation from year to year except in respect of deposits of very large-sized banks.

GRAPH 6



PRINCIPAL LIABILITIES AND ASSETS
OF NON-SCHEDULED BANKS
Crores of Rupees
75
70
65
60
45
40
35
30
25
20
5
Total Net Deposits
Net Time Deposits
Credit
Investments
Net Demand Deposits
Cash Balances
M J S D M J S D M J S D
1954
1955
1956

Paid-up Capital, Reserves and Deposits of Indian Banks

(Amount in crores of rupees)

Size of paid-up capital and reserves	Number of reporting banks			Total paid-up capital and reserves			Deposits		
	1954 Dec.	1955 Dec.	1956 Dec.	1954 Dec.	1955 Dec.	1956 Dec.	1954 Dec.	1955 Dec.	1956 Dec.
1. Below Rs. 50,000 ..	36	32	16	0.1	0.1	..	0.2	0.2	0.1
2. Rs. 50,000 to Rs. 1 lakh	111	102	99	0.8	0.7	0.7	2.7	2.4	2.5
3. Rs. 1 lakh to Rs. 5 lakhs	190	191	178	3.9	3.9	3.6	18.4	19.4	20.7
4. Rs. 5 lakhs to Rs. 50 lakhs	106	104	104	13.1	13.4	13.5	82.7	98.7	105.6
5. Rs. 50 lakhs and over ..	29	29	29	54.8	54.9	55.2	708.1	769.3	851.5
Total	**472**	**458**	**426**	**72·7**	**73·0**	**73·1**	**812·0**	**889·9**	**980·4**

Borrowings by Scheduled Banks from the Reserve Bank

38. As observed earlier in this Chapter, scheduled banks had to rely heavily on the Reserve Bank to fill the gap between their resources and the main earning assets, i.e., advances. Even though the banks had drawn upon their cash assets and unloaded investments to meet the credit demand, these steps proved inadequate. The total of outstanding borrowings under section 17(*4*)(*a*) and 17(*4*)(*c*) by scheduled banks in India increased by Rs. 56.3 crores over the year 1956 in contrast to only Rs. 20.4 crores in 1955 and in no week of the year did they fall below Rs. 27.5 crores. The gross borrowings at Rs. 904 crores were more than twice as much as in 1955 at Rs. 425 crores. While a relatively greater rise took place in gross borrowings against Government securities than under the Bill Market Scheme, the outstanding amount of borrowings under the latter at the end of the year was much higher (Rs. 65 crores) than those against Government securities (Rs. 21 crores) in spite of the fact that the concessional rate at which funds were lent under this scheme was raised in two stages from 3 per cent to 3½ per cent. This bears out clearly that the Bill Market Scheme has become a permanent and useful part of the central banking mechanism.

39. A larger recourse to the Reserve Bank's borrowing facilities bears out a greater degree of autonomy of the Indian money market. During the year, the exchange banks availed themselves of the borrowing facilities under the Bill Market Scheme in an increasing measure. The uptrend in the advances under this scheme was not much affected even during the slack season.

40. Despite the prevalence of higher cost of borrowing in the London money market consequent upon the adoption of a restrictive monetary policy in the U.K., exchange banks brought in about Rs. 18.4 crores during the busy season of 1955-56 (November 1955-April 1956) as against an outflow of Rs. 6.3 crores in the preceding busy season. This inflow accrued mainly through British banking institutions operating chiefly in East Asia where they possessed funds surplus to their requirements and a part of which they diverted to India in view of the hardening of interest rates. However, during the remaining months of 1956, the indebtedness of exchange banks was reduced by Rs. 6.5 crores.

Flow of Foreign Funds

41. The acute financial stringency experienced throughout 1956 was fully reflected in money rates which continued to rise. The highest call money rate charged by larger banks in the Bombay money market, which was a fair indication of the growing competition for funds amongst banks, was quoted at 3¾ per cent in December 1956 which exceeded last year's highest by ¾ per cent. As in 1955, this rate did not vary in response to seasonal influences to any significant extent. Thus, the rate which was 3½ per cent in April declined only by ¼ per cent during the slack season; this might be compared with the corresponding highest rate of 2½ per cent at the end of the 1955 slack season. In fact, except in the first two months of 1956, this rate never fell below 3¼ per cent. The money market situation in Calcutta was no different from that in Bombay and the call money rates charged by banks in that centre were generally higher than in Bombay. Thus, the highest call money rate which rose to 4¼ per cent during the busy season of 1955-56 and again in November, fell only by ½ per cent in the slack season of 1956. The smallness of the variation in call money rates was evidence of the acute competition for funds by the banks to meet their commitments.

Trends in Money Market

42. As a result of the rise in the call money rates, both in the Calcutta and Bombay money markets, the difference between these rates and the long-term rate of interest as represented by the average flat yield on the 3 per cent Conversion Loan of 1946 narrowed down, thereby spotlighting the comparative unattractiveness of long-term securities. Thus, the average yield on long-term Government loans in 1956 was higher than the highest call money rate charged by larger banks in Bombay by only 0.18 per cent, while the highest call money rate in Calcutta exceeded it by 0.32 per cent.

43. The uptrend in the call money rates was but one aspect of the general rise in the structure of deposit rates. The scarcity of funds in the money market induced commercial banks to attract fresh deposits by offering higher rates of interest. In consequence, the rates on fixed deposits of different duration stiffened, the highest rate on three months' deposits in Bombay rose from 3 per cent at the end of the 1955 slack season to 3½ per cent in the busy season of 1955-66, and further to 4 per cent at the end of the year ; the highest rates at Bombay on 6-months' and 12-months' deposits also increased to 4 per cent and 3½ per cent,

respectively, during the year. Similarly, in the Calcutta money market, the highest rate on 3-months' deposits which moved up to 2½ per cent during the 1955-56 busy season further rose to 3 per cent towards the end of the year. However, unlike call money rates, the level of deposit rates in Calcutta was geneally lower than that in Bombay.

Earnings and Expenses

44. The profit and loss accounts of 24 larger Indian scheduled banks (each with deposits of Rs. 5 crores and above) showed a marked increase in their gross earnings and net profits. Gross earnings rose from Rs. 37.0 crores to Rs. 43.7 crores, the bulk of the increase being on account of interest and discount earned by banks. Total expenses recorded a smaller increase, rising from Rs. 31.0 crores to Rs. 36.0 crores, with the result that their ratio to gross earnings declined from 83.9 per cent to 82.4 per cent. The pressure on banks' resources was reflected in a substantial increase in interest paid on deposits and borrowings which rose by Rs. 3.1 crores as against Rs. 1.2 crores in establishment expenses. However, in view of the faster rise in gross earnings of banks, net profits rose significantly from Rs. 6.0 crores to Rs. 7.7 crores.

Earnings and Expenses of Twenty-four Larger Indian Scheduled Banks*

(Amount in crores of rupees)

			As percentage of gross earnings	
	1955	1956**	1955	1956
1. Gross earnings	37.0	43.7		
(*i*) Interest and discount	28.1	32.7	*75.9*	*74.8*
(*ii*) Other earnings	8.9	11.0	*24.1*	*25.2*
2. Total expenses :	31.0	36.0	*83.9*	*82.4*
(*i*) Interest paid on deposits and borrowings ..	11.2	14.3	*30.2*	*32.8*
(*ii*) Establishment expenses	14.9	16.1	*40.4*	*36.8*
(*iii*) Other expenses	4.9	5.6	*13.3*	*12.8*
3. Net Profits	6.0	7.7	*16.1*	*17.6*

* The data for the State Bank of India include the figures for the (former) Imperial Bank of India for the first half of 1955.

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

CHAPTER III

BANKING ORGANISATION AND CONTROL

45. The previous Chapter has described the manner in which the banking system responded to the increased demands made on it by trade and industry under the impact of the rising investment expenditure in the first year of the Second Five Year Plan. In the course of the year it also became clear that certain restrictive features in the system of note issue might hamper the implementation of the Plan. The targets of developmental expenditure in the public and private sectors and the magnitude of deficit financing envisaged in the Plan were expected to involve a susbstantial increase in the note issue and also a decline in India's foreign exchange reserves. In this context, it was, therefore, found necessary to modify the link between the note issue and foreign exchange reserves and impart flexibility to currency expansion commensurate with the growing needs of the economy. Accordingly, the Reserve Bank of India Act was amended in September 1956 ; in addition, certain changes were made in the Banking Companies Act.

Legislative Changes

46. The chief amendments to the Reserve Bank of India Act related to sections 33 and 37 of the Act relaxing the currency reserve provisions. As section 33 stood prior to the amendment, not less than two-fifths of the assets of the Issue Department of the Bank were required to be held in gold coin, gold bullion or foreign securities, the value of gold coin and gold bullion not being below Rs. 40 crores. For this purpose, gold was valued at 8.47512 grains of fine gold per rupee or Rs. 21-3-10 per tola. Under the new provision, in lieu of a ratio between reserves and note circulation, a minimum of reserves in gold and foreign exchange in absolute terms has been prescribed.

47. The principle of linking foreign exchange reserves to note issue is in one sense a relic of the past and many countries have modified it in the last two decades. So long as the gold standard or other variants of the system operated, it was necessary for central banks and Governments to hold gold and foreign exchange reserves in a certain proportion related to the note issue. In recent times it is being increasingly recognised that the main purpose of foreign exchange reserves is to enable a country to meet temporary deficits in its balance of payments. The size of gold and foreign exchange reserves is now determined in relation to the range of variations in the external payments position rather than in relation to the note issue. In fact, countries such as Canada, New Zealand, Australia, Israel, Ceylon and Philippines have not prescribed any requirement in the form of gold or foreign exchange against the issue of currency. Other countries maintaining a system of proportionate reserve ratio have had to change their provisions often. The trend has, therefore, been to attach less importance to the safeguards provided by the reserves against note issue, but to emphasise the over-all responsibility of Government for the maintenance of internal and external stability of the value of the currency through appropriate economic, fiscal and monetary policies. The amendment to the Reserve Bank of India Act does not go as far as what other countries have done in this regard. According to the amendment, there is to be a minimum reserve of Rs. 400 crores in foreign securities

and a minimum reserve of gold coin or bullion of the value of Rs. 115 crores, or in all a total value of Rs. 515 crores. A provision has also been made for revaluing the gold on the basis of the official parity agreed to by the International Monetary Fund namely, at the rate of 2.88 grains of fine gold per rupee or Rs. 62.50 per tola. As a result of this amendment, the value of gold held by the Reserve Bank increased from Rs. 40 crores to a little over Rs. 115 crores.

48. Section 37 of the Reserve Bank of India Act, as it stood before, provided for suspension of assets requirements in regard to gold coin, gold bullion and foreign securities, subject to payment of tax to the Government at prescribed rates, the minimum rate being 6 per cent per annum. It was considered that the penalty clause found necessary when the Reserve Bank was owned by private shareholders might now be of nominal significance in view of its being a nationalised institution and in view of the annual transfer of the net profits of the Bank to the Government. In order to meet unforeseen contingencies, the new provision enables the Bank to suspend the assets requirement, with the previous sanction of the Central Government, for a period of six months in the first instance which might be extended from time to time but not exceeding three months at a time; it thus provides for a longer period than previously, when the provision could be suspended initially only for 30 days with extensions from time to time not exceeding 15 days each. As now amended, the suspension is subject to a maximum deficiency of foreign securities amounting to Rs. 100 crores; in other words, the holding of foreign securities should at no time be less than Rs. 300 crores.

49. Along with this provision imparting flexibility to the note issue, the Bank has been endowed with greater powers to deal with the consequence of deficit financing by restraining the creation of uncontrolled credit by the commercial banks. This has been done by empowering the Bank to vary the minimum reserve required to be maintained with it by the scheduled banks, between 5 and 20 per cent in respect of their demand liabilities and between 2 and 8 per cent in respect of their time liabilities as against the fixed ratios, namely 5 per cent and 2 per cent, respectively, prior to the amendment. In addition, to facilitate the flexible operation of the system, the Bank has been empowered to require scheduled banks to maintain with it additional cash reserves computed with reference to the excess of demand and time liabilities over the level of such liabilities on a date to be specified by the Bank. This, however, is subject to the condition that the overall cash reserves required to be maintained with the Reserve Bank by a scheduled bank shall not be more than 20 per cent of its demand liabilities and 8 per cent of its time liabilities. The object of this provision is to ensure equity in that the impact of any change in reserve requirements will be mainly on banks which have experienced a relatively substantial rise in deposits. The Bank has not had occasion so far to exercise its powers in regard to the varying of reserve ratios against deposit liabilities.

50. In addition to these general powers of control, the Bank has recently been vested with additional supervisory powers over the commercial banking system. The administration of the Banking Companies Act, 1949 had brought to light certain loopholes in the law in dealing with managerial irregularities of

banking companies; particularly, the powers of the Bank, in respect of the terms of appointment of directors, managing directors and chief executive officers and the issue of directives to banking companies in relation to matters of policy, were found to be inadequate. Apart from these, the restrictions on voting rights of shareholders imposed by section 12 of the Act did not apply to banks which had been incorporated before January 15, 1937, which were numerically quite significant. It was with a view to obviating these defects that the Act was amended in December 1956 and the amendments were brought into force with effect from January 14, 1957. The amendments mainly related to sections 12, 16, 35 and 36 of the Act. The amendments to sections 12 and 16 of the Act are aimed at the prevention of misuse of voting rights through the concentration of shares in the hands of a few. The exemption granted under section 12 of the Act to shareholders of banks incorporated prior to January 15, 1937, from the restrictions on the exercise of their voting rights has now been withdrawn. Section 16 of the principal Act prohibited the director of any banking company from being a director of another bank; the latest amendment makes the provisions still more restrictive by stipulating that no banking company shall have a director who is also a director of companies, which among themselves are entitled to exercise voting rights in excess of 20 per cent of the total voting rights of all its shareholders. Under the new sections 35A and 35B inserted in the principal Act, the Reserve Bank has been empowered to issue directives to banks in regard to matters of policy or administration in the national interest or in the interests of the institutions themselves, and to approve of the appointment or re-appointment of managing directors, as well as managers or chief executive officers and also to regulate the terms of appointment of these officials. Section 36 of the Act, as amended, authorises the Reserve Bank of India to appoint observers on the board of directors of banks to report on the conduct of their affairs. By the insertion of a new section, 46A, employees of banks have been made "public servants" for the purpose of Chapter IX of the Indian Penal Code so that action could be taken whenever they take illegal gratification. It would thus be seen that the control which may be exercised by the Reserve Bank over commercial banks is comprehensive and wide enough to ensure high standards in their methods of operations.

Taking over of the State Bank of Hyderabad

51. An important legislative and organisational measure during 1956 was the enactment of the State Bank of Hyderabad Act, 1956 (which replaced the State Bank of Hyderabad Ordinance, 1956), by which the ownership of and the control over the State Bank of Hyderabad were vested in the Reserve Bank of India. This step was taken to overcome difficulties arising from the disintegration of the erstwhile Hyderabad State on November 1, 1956. The Hyderabad State Bank was constituted under the Hyderabad State Bank Act (No. XIX of 1350 Fasli) with 51 per cent of the bank's share capital being held by the Government of Hyderabad and the rest by private shareholders. The bank was functioning as the agent of the Reserve Bank for conducting government business (both Central and State) in the former Hyderabad State and maintained in its branches chests of the Issue Department of the Reserve Bank. Since the offices of the Hyderabad State Bank doing agency work would have been distributed over the three States, namely, Andhra Pradesh, Bombay and Mysore on the reorganisation of States, it was decided to transfer the ownership of the bank to the Reserve Bank so that the functions of the State Government of Hyderabad

would devolve on one single authority which would keep effective supervision over the affairs of the bank. In pursuance of section 42 of the Act the Reserve Bank with prior approval of the Central Government framed general regulations of the bank to give effect to the provisions of the Act.

52. Certain other changes were effected in the Banking Companies Act, 1949 as a consequence of the passing of other Acts like the Reserve Bank of India (Amendment) Act, 1956, the Jammu and Kashmir (Extension of Laws) Act, 1956, and the State Bank of Hyderabad Act, 1956. Thus, a slight modification of section 24 of the Banking Companies Act was necessitated by the amendment of section 42 of the Reserve Bank of India Act, 1934. The Jammu and Kashmir (Extension of Laws) Act, 1956, which came into force on November 1, 1956, extended the Banking Companies Act, 1949 to the State of Jammu and Kashmir from that date. The amendments made to the Banking Companies Act, 1949 by the State Bank of Hyderabad Act had the effect of making certain provisions of the former Act applicable to the State Bank of Hyderabad.

The State Bank and Rural Credit

53. The State Bank has been taking increasing interest in rural credit. It has decided to make advances to co-operative banks against Government securities as also against the repledge of produce subject to certain conditions, at a concessional rate of interest and to give co-operative central financing agencies including their apex banks the facility of free remittance once a week from their headquarters to district towns and smaller places. The bank has also decided to collect bills at a concessional rate on behalf of co-operative banks on centres having no branch of a State or district co-operative bank. In order to ensure disbursement of funds in the most useful and efficient manner, steps were taken to avoid competition between the State Bank and the co-operative banks. As in the sphere of short-term credit, the bank has also begun to provide indirect assistance in regard to long-term finance for agriculture through the agency of land mortgage banks. This assistance would be given mainly in two ways ; firstly, the bank would subscribe to the debentures of the land mortgage banks and secondly, it would ensure their marketability by granting advances to co-operative institutions against the security of such debentures. Further, to maintain closer understanding between the State Bank and co-operative banks, the former has approved of the appointment, as a general rule, of its agents at the district headquarters as ex-officio directors of the district central co-operative banks concerned.

Progress Achieved by the State Bank in Branch Expansion

54. The State Bank of India, which is required under section 16 (5) of the State Bank of India Act to open not less than 400 branches within a period of 5 years or such extended period as the Central Government may specify in this behalf, has made further progress in that direction. In terms of the above provision of the Act, the Government of India in consultation with the Reserve Bank and the State Bank have so far specified 183 centres for opening branches covering mostly district treasuries and relatively more important sub-treasury centres. Further, when the State Bank of India was inaugurated, it took over the remaining list of 51 centres from the expansion programme of the former Imperial Bank of India

under which it had agreed to open 114 branches within a period of 5 years beginning from July 1, 1951. During the year under review the bank opened branches at 46 centres, thus bringing the total number of branches opened since its inception to 66 which comprised 31 from the list of 183 centres approved by the Government under section 16 (5) of the Act, and 35 from the list of 51 centres left over by the former Imperial Bank of India.

The State Bank and Finance for Small-Scale Industries

55. It was mentioned in last year's Report that the State Bank of India had taken up the question of evolving a co-ordinated scheme of extending credit to small-scale industries and that a beginning was made through the drawing up of a pilot scheme for certain selected centres in the three circles of the bank. The State Bank of India, in collaboration with other institutional agencies, has since then instituted this scheme at 9 selected centres (3 in each of the three circles of the bank), viz. Bombay, Surat, Kolhapur (Bombay Circle), Delhi, Ludhiana, Agra (Bengal Circle), Madras, Vijayawada and Coimbatore (Madras Circle). Although this project is as yet experimental in nature, it is expected that the ideas embodied in it would, in course of time, help to evolve a co-ordinated institutional arrangement for purveying finance in substantial measure to small-scale industries.

Implementation of the Recommendations of the All-India Rural Credit Survey Committee

56. It was observed in last year's Report that the Reserve Bank of India Act was amended in order to provide for the setting up of the National Agricultural Credit (Long-term Operations) Fund and the National Agricultural Credit (Stabilization) Fund, so that the Reserve Bank would be able to play a more significant part in the sphere of rural credit. Accordingly, the National Agricultural Credit (Long-term Operations) Fund was created on February 3, 1956 with an initial contribution of Rs. 10 crores, another contribution of Rs. 5 crores being made on June 30, 1956. The details regarding the terms and conditions governing the assistance from this Fund to the State Governments have also been finalised. A beginning in this direction was made when loans to a few State governments were sanctioned during the year towards their participation in the share capital of co-operative credit institutions ; the amount sanctioned upto December 31, 1956 aggregated Rs. 1.37 crores. The National Agricultural Credit (Stabilization) Fund was formed on June 30, 1956 with an initial contribution of Rs. 1 crore.

57. As a part of the Second Five Year Plan, schemes for co-operative development in the States were formulated on the basic principles governing the Integrated Scheme outlined by the All India Rural Credit Survey Committee. The total outlay on co-operation including warehousing and marketing under the Second Plan has been estimated to be around Rs. 47 crores. Another important recommendation of the Rural Credit Survey Committee relating to the formation of a National Co-operative Development and Warehousing Board and its auxiliaries was translated into action through the enactment of the Agricultural Produce (Development and Warehousing) Corporations Act. The Act came into effect from August 1, 1956 and the National Co-operative Development and Warehousing Board was accordingly constituted on September 1, 1956.

58. In pursuance of one of the recommendations of the Shroff Committee, the facility of free remittance available to scheduled banks and co-operative banks once a week from the agencies of the Reserve Bank to the accounts which they maintain with the Reserve Bank had been extended to twice a week from November 1, 1955. From October 1, 1956, this facility was further increased to thrice a week.

Implementation of the Recommendations of the Shroff Committee

59. Another important organisational step was taken when the Reserve Bank of India was appointed banker to the Rajasthan Government from November 1, 1956. The execution of the agreement marked the culmination of a process which started in 1952 for the integration of the treasury and banking arrangements in the erstwhile Part B States with the rest of the country in pursuance of the scheme of federal financial integration. Certain transitional provisions were made in the agreement so as to ensure that there was no dislocation in the existing arrangements. Subject to these conditions, the Reserve Bank is to conduct, on behalf of the Rajasthan Government, their money and banking transactions, be in charge of their remittance and exchange transactions and undertake other banking functions including the grant of advances whenever the need arises in accordance with the prescribed procedure. The existing arrangements which the State Government has entered into with the Bank of Bikaner, the Bank of Jaipur, the Bank of Rajasthan and one or two other banks for the conduct of treasury work at certain centres are not affected by the new agreement, although these arrangements will be subject to review from time to time. The State Bank as an agent of the Reserve Bank is permitted to conduct Government cash business at Ajmer, Beawar, Alwar and Jodhpur. The branches of the State Bank at these centres, being provided with currency chests of the Issue Department of the Reserve Bank, offer facilities for remittance of funds and exchange of currency and coins to banks and the public in that area.

Agreement between the Reserve Bank of India and the Government of Rajasthan

60. In the erstwhile Part B States two more currency chests were established, one each in Mysore and Travancore-Cochin, taking the total number of currency chests established in the former Part B States, since the appointment of the Reserve Bank as banker to the State Governments, to 55. Of these, 26 are in Hyderabad, 15 in Mysore, 8 in Travancore-Cochin, 5 in Saurashtra and 1 in Madhya Bharat.

61. It was stated in the Report for the year 1954 that under the auspices of the Reserve Bank of India a Bankers' Training College was established in September 1954 for imparting practical training to the supervisory staff of the commercial banks in the country. So far 12 courses of training, each of 8 weeks duration, have been completed and 281 candidates in all, deputed by commercial banks of different sizes from all parts of the country have received training in the college and there is evidence that the facilities afforded by the college are being increasingly appreciated by banks.

Training Facilities for Supervisory Staff

62. It was stated in last year's Report that a three-member Commission to investigate the special problems of banks in the former State of Travancore-Cochin was appointed by the Government of India. The Commission submitted its Report to the Government of India in August 1956 and the Report has been published recently. The Government of India has announced its decision on the Commission's recommendations relating to pay scales of bank employees in that State. Necessary action is being taken by the Government on the other recommendations of the Commission.

The Travancore-Cochin Banking Inquiry Commission

63. The Commission made a comprehensive inquiry into the nature, role and operations of banks in the Travancore-Cochin State (now a part of Kerala State). The Commission observes that, although there are a large number of banks in the Travancore-Cochin State, as a result of a high degree of monetisation of the economy of the State, the growth of banking has not been generally healthy and sound. Many of the troubles of banks in the State are largely the result of the lack of requisite care and prudence in their management practices. An important finding of the Commission, among others, is that the financial infirmities are not necessarily confined only to small-sized banks, but they cut across all the banks operating in the State irrespective of their size. The Commission, however, has ruled out radical measures like a wholesale and comprehensive reconstruction programme as, in its opinion, such a reconstruction scheme would not only involve needless expenditure, but is also one which is generally resorted to only when credit facilities are severely affected. The Commission believes that the elimination of weak banks, many of which are in medium and small-sized groups, would not have any deleterious effect on the economy as a few large-sized banks account for about 80 per cent of banking business in the State ; on the contrary, it would impart a healthy tone to the banking system. In the case of large-sized banks which are financially weak, the Commission has recommended that the Reserve Bank of India should advise them to improve their position, as is done at present, before resorting to any extreme step which would lead to their closure. The Commission has also suggested that the banks should explore on their own the possibilities of amalgamation, wherever feasible, in all earnestness.

64. As regards pay scales of the bank employees of the Award banks in the State, the Commission has broadly recommended the withdrawal of the exemption in respect of Area IV granted by the Gajendragadkar Commission to certain 'C' and 'D' class banks in the State.* The Government of India generally accepted the recommendation.

Branch Expansion

65. During the year under review, the total number of offices of banks rose by 107 to 4,192 as at the end of 1956†. This is the largest increase in the post-war period and reflects the increasing pace of branch expansion in the country. As against an increase of 113 offices in the case of scheduled banks, there was a reduction of 6 offices in respect of non-scheduled banks. Among the scheduled banks,

---

* Appendix V gives a summary of the recommendations of the Commission.

† From November 1, 1956, the Banking Companies Act, 1949 has been extended to the State of Jammu and Kashmir with a consequent increase in the number of offices of scheduled and non-scheduled banks by 9 and 14, respectively. This and other details are given in the statement on page 25.

the State Bank of India accounted for an increase of 56 offices. Of the total number of 156 offices opened during the period, 36 were in Bombay, 34 in Madras, 26 in Andhra Pradesh, 13 in Mysore, 9 in Madhya Pradesh, 6 in Bihar, 5 each in Kerala, Rajasthan, Uttar Pradesh and Delhi, 3 each in Orissa and West Bengal, 2 each in the Punjab and Himachal Pradesh and 1 each in Assam and Pondicherry. During this period, 72 offices were closed, 37 by scheduled banks and 35 by non-scheduled banks. Fifteen offices were closed down in Mysore, 13 in Uttar Pradesh, 9 in Bombay, 8 each in Kerala and Madras, 6 in Andhra Pradesh, 4 in Rajasthan, 2 each in Assam, Madhya Pradesh and the Punjab and 1 each in Bihar, West Bengal and Delhi.

Variations in the Number of Offices of Exchange, other Scheduled and Non-Scheduled Banks

Exchange Banks		Other Scheduled Banks		Non-Scheduled Banks	
New offices opened	+1	New offices opened	+138 (+55)	New offices opened	+17
Increase due to inclusion in Second Schedule of Reserve Bank of India Act ..	—	Increase due to inclusion in Second Schedule of Reserve Bank of India Act ..	—	Increase due to exclusion from Second Schedule to the Reserve Bank of India Act	—
Increase due to the extension of Banking Companies Act, 1949 to the State of Jammu and Kashmir	+1				
Existing offices closed	—1	Increase due to taking over of assets and liabilities of a non-scheduled bank by a scheduled bank ..	+2	Increase due to extension of Banking Companies Act, 1949 to the State of Jammu and Kashmir ...	+14
		Increase due to the extension of Banking Companies Act, 1949 to the State of Jammu and Kashmir ..	+8 (+2)	Existing offices closed	—35
Decrease due to exclusion from Second Schedule to the Reserve Bank of India Act	—	Existing offices closed	—36 (—1)	Decrease due to taking over of assets and liabilities of a non-scheduled bank by a scheduled bank ..	—2
		Decrease due to exclusion from Second Schedule to the Reserve Bank of India Act ..	—	Decrease due to inclusion in Second Schedule to the Reserve Bank of India Act	—
Net	+1	Net ..	+112 (+56)	Net ..	—6

Note :—Figures in brackets relate to the State Bank of India.

66. The Reserve Bank has made further progress in carrying out inspections of banks as an integral part of its supervisory control to remove managerial deficiencies and to improve the methods of business. All the reporting banks have been inspected at least once and many on more than one occasion. Thus, 197 of the 211 banks inspected during the year had already been inspected previously. As the re-inspections were generally made under section 35 of the Act, copies of the reports were furnished to the banks in terms of sub-section (1) of that section. A purpose-wise analysis of the inspections during the years 1955 and 1956 is indicated in the following table :

Inspections

Bank Inspections

Purpose	Scheduled banks		Non-scheduled banks		Total	
	1956	1955	1956	1955	1956	1955
1	2	3	4	5	6	7
1. For considering the eligibility for a licence to carry on banking business*	—	—	—	5	—	5
2. General purposes**	26	29	179	127	205	156
3. With the consent of banks concerned..	1	1	4	4	5	5
4. Issuing certificate in respect of schemes of arrangement	—	—	1	—	1	—
5. Report to the Court on enquiry in relation to the affairs of and the conduct of the directors of a banking company which has applied for sanction of a scheme of arrangement [section 45(2)]	—	—	—	2	—	2
6. Inclusion in the Second Schedule ..	—	—	—	1	—	1
7. Report to the Court on the affairs of the banking company in connection with its application for a moratorium	—	—	—	1	—	1
8. Issuing of certificate under section 38(3) as to whether the banks are unable to pay their debts	—	—	—	—	—	—
9. Report to the Court and the Central Government on the affairs of the banks in liquidation	—	—	—	1	—	1
Total	27	30	184	141	211	171

* Whenever banks are inspected for general purposes (*vide* item 2), their eligibility for a licence is also considered. ** Some banks were inspected for more than one purpose.

Three State-associated banks including one scheduled bank were inspected with their consent as the provisions of the Act did not apply to them.

67. Inspection and in many cases re-inspection have been useful in helping the Bank to assess the progress made by the banks in improving their affairs and to take remedial measures in respect of those banks which failed to remove the defects pointed out to them. The nature of the defects observed in the working of many banks is generally the same as that noticed in earlier years. Advances against real estate and clean advances continue to form a sizeable portion of total advances in several cases. Similarly, advances of some banks have been concentrated in the hands of a few borrowers, particularly those connected directly or indirectly with their management. The liquidity of banks in terms of the provisions of section 24 of the Banking Companies Act has been, however, generally satisfactory, although the extent of investments in fixed deposits by certain small and medium-sized banks with other banks which are financially unsound continued to be comparatively high. Whenever defects of the type referred to above were observed in the working of individual banks, they were called upon to take steps to remove them. Banks were also called upon to submit periodical reports to the Reserve Bank showing the progress made by them in rectifying the defects. Although the working of individual banks, particularly the smaller ones, is characterised by the defects mentioned above, the inspections conducted by the Reserve Bank generally revealed that the banking system on the whole continues to be sound and that banks are realising the importance of the advice tendered by the Bank to them and are taking necessary steps to improve their position.

Amalgamations

68. As the amalgamation of small units which are very often weak and uneconomic is a desirable development in banking, the Reserve Bank is generally ready to favour amalgamation schemes among them. During the year certain proposals for amalgamations received consideration of the Reserve Bank.

Schemes of Arrangements

69. During the year a certificate under section 45(*1*) of the Banking Companies Act, 1949 was granted to two non-scheduled banks in respect of modification in their schemes of arrangement.

Liquidation

70. Nineteen banks, all of which were non-scheduled banks, either went into liquidation or were ordered to be wound up in 1956. Of these, 13 banks went into voluntary liquidation. As no licence under section 22 had been issued to any one of them, they were not required to obtain certificates from the Reserve Bank of India under section 44 of the Banking Companies Act, before going into liquidation. The remaining 6 banks were ordered to be wound up by the Court.

71. During the year 726 returns under section 45R of the Banking Companies Act were submitted by the liquidators of 141 banking companies. These were scrutinised with a view to ensuring that there were no irregularities in them, that the legal requirements were complied with and that the liquidation proceedings were not unduly delayed. A watch was also kept through replies received in response to the questionnaire issued to them for the purpose, on the steps taken by the liquidators of the banks to expedite the relative liquidation proceedings, especially in regard to the realisation of assets and certain other claims.

72. During the year, one non-scheduled bank suspended payment and was subsequently ordered to be wound up by the High Court. Of the three non-scheduled banks which suspended payment during the previous year, one bank was ordered to be wound up by the High Court and another bank was stated to be taking steps to go into voluntary liquidation. A petition for the winding up of the third bank was filed by certain creditors and was still pending before the court.

Suspension of Business

73. Licences were issued to one Indian scheduled bank and 3 Indian non-scheduled banks under section 22 of the Act to carry on banking business in India. While the licence granted to one non-scheduled bank in 1950 was cancelled during the year because of its failure to satisfy the requirements of section 22 of the Act, 47 non-scheduled banks were refused licences as their affairs were being conducted in a manner detrimental to the interests of their depositors, thus bringing the total number of such banks to 77. The total number of licences issued so far stands at 49. The applications of 393 banks for licence were pending at the end of the year. It might be mentioned here that the State Bank of India and three other major State-associated banks are exempted from the application of section 22 of the Act. The deposits of the 49 licensed scheduled banks and these four banks taken together account for well over 90 per cent of the total deposits of all banks in India.

Licensing of Banks

74. Other activities of the Reserve Bank of India under the Banking Companies Act, 1949, are briefly stated in the paragraphs below. Statement 38 of the Report indicates the progress consequent upon the action taken in the course of the administration of the Act.

Other Activities under the Act

75. Of the 37 banks which at the end of last year were taking suitable action to comply with the requirements of section 7 of the Act, the names of two banks were deleted from the list of banking companies ; one was converted into a non-banking company and two went into voluntary liquidation, while 33 banks including one bank reported during the year as contravening the provisions of the section, were taking steps to bring the position in conformity therewith.

76. The prohibition contained in section 9 of the Act regarding holding of immovable property by banking companies became operative with effect from March 17, 1956. Of the 47 banks which contravened the provisions of this section during the year, 7 banks regularised their position, 37 were granted time to comply with the section while 3 were taking suitable action in the matter.

77. In addition to the 30 banks which contravened the provisions of section 10(*1*) (*c*) (*i*) and/or 10(*1*) (*c*) (*ii*) as at the end of the previous year, 5 more banks were reported to have contravened the provisions and 2 others applied for exemption therefrom. Of these 37 banks, 5 regularised their position, 2 were granted exemption as applied for upto May 21 and July 1, 1957, respectively, 2 were deleted from the list of banking companies and 3 went into liquidation. The remaining 25 banks were taking steps to regularise their position.

78. During the year, 8 applications for permission to issue capital for the specific purpose of compliance with section 11 of the Banking Companies Act, 1949, were referred to the Bank by the Controller of Capital Issues, bringing the total number of such applications since the Act came into force, to 201. Four of these applications were recommended for acceptance and the remaining 4 for rejection.

79. In terms of section 53 of the Banking Companies Act, 1949, 42 banks have been exempted from the provisions of section 11 of the Act upto March 31, 1957 as their paid-up capital and reserves fell short of the minimum requirements. Of these, 2 banks have since complied with the provisions of section 11. During the year, 3 other banks, besides the 2 referred to above, also complied with the said provisions and 3 more banks were expected to do so before March 31, 1957.

80. Consequent upon the re-organisation of States with effect from November 1, 1956, for certain banks which had the requisite paid-up capital and reserves as on October 31, 1956, the minimum paid-up capital and reserve requirements increased by reason only of the territorial changes and formation of new States. These banks have been exempted from the said provisions upto October 31, 1957 (*vide* Government of India notification No. 4(145)-F.I/56 dated October 19, 1956).*

81. Twenty-one banks were found to have declared dividends before completely writing off capitalised expenses in contravention of section 15. The contravention was brought to the notice of the banks concerned and they were asked to ensure compliance with the requirements of the section in future.

82. Of the 8 banks which contravened the provisions of section 16 relating to the inter-locking of directorates as at the end of the preceding year, one bank was converted into a non-banking company and the remaining 7 banks were taking suitable steps in the matter.

83. Twenty-six banks contravened the provisions of the section 17 relating to the transfer of 20 per cent of the net profits to the reserve funds. When the contravention was brought to their notice, the banks agreed to make up the deficiencies from the surplus funds during the year or from the following year's profit.

84. The cash reserve returns submitted by non-scheduled banks under section 18, which prescribes the maintenance of minimum cash reserve by such banks, revealed that most of them complied with its provisions. Although a few banks failed to maintain the required percentage, in most cases, the defaults were of a casual nature and were immediately regularised. Certain banks which found these provisions onerous were either taking steps to convert themselves into non-banking companies or to go into voluntary liquidation or were refused licences to carry on banking business in India.

---

* See Appendix II.

85. The inspection of 2 banks revealed that they were contravening the provisions of section 19(*2*) which relates to restrictions on the holdings of shares of companies. Their cases were under consideration at the end of the period. Of the 2 banks mentioned in the previous Report which were exempted upto June 30, 1956 from the provisions of this section, one bank which was granted further exemption upto December 31, 1956, regularised the position before that date and the other was granted further exemption upto June 30, 1957 ; the exemption granted to another bank upto July 31, 1956 referred to in the previous Report was extended upto July 31, 1957. The period of exemption granted to one more bank from the provisions of the section which expired during the year was extended upto December 31, 1957. However, one bank which was referred to in the earlier Report was refused extension of the period of exemption, which expired on November 30, 1956.

86. A few defaults under section 24 by banks functioning normally continued to be generally of a casual nature. In cases where the defaults persisted and no attempt was made to regularise the position, the banks' attention was drawn to the penal provisions of section 46(*5*) of the Act.

87. Section 29 requires banks to draw up their balance sheets in Form 'A' set out in the Third Schedule to the Act. All banking companies were exempted until January 1, 1958 from the provisions of Note (f) of the Notes appended to Form 'A' in respect of disclosure of market value of their investments in Government securities. During the year, 14 banks were found to have contravened the provisions of section 29 in not preparing their accounts in conformity with the prescribed Form. The contraventions were brought to the notice of the banks and they were advised to comply with the provisions in future.

88. In terms of the proviso to section 31 of the Banking Companies Act, a number of banks were allowed a further period upto 3 months to submit their balance sheets and profit and loss accounts, while some smaller banks in respect of which it appeared that the cost of publication would be disproportionate to their resources were exempted from the provisions of section 31 which relate to the publication of balance sheets.

CHAPTER IV

THE TASK BEFORE THE BANKING SYSTEM

89. The year 1956 was significant not so much for the progress achieved by the banking system on the organisational side as for the heavy impact of the rising tempo of development *on the operations of banks and the experience* of a severe monetary stringency, which was in a sense the culmination of trends in the economy first discerned in 1953 when the pace of economic development began to gather momentum.

90. If banks' resources were so much stretched even in the first year of the Second Plan, it is evident that the banks would have to face a still more difficult position in the years to come. For viewing the problems of banking in the correct perspective and assessing the adequacy of the role of commercial banks during the Second Plan period, it would be useful to review broadly the nature and magnitude of the demands on the banking system which might be made by industry and commerce during the next four years. It was observed from the quarterly surveys of bank advances (by purpose) that the increase in total bank credit, which was almost equally distributed between industrial and commercial advances, was about Rs.184 crores under the First Plan. Considering that the investment in the private sector envisaged during the Second Five Year Plan is nearly twice as large as in the First Plan, the magnitude of working capital requirements to be met from the banking system would be substantially larger. This presumption is strongly supported by the fact that even during the first year of the Second Plan scheduled bank credit rose by Rs. 139 crores. Apart from this, rapidly rising investment in the private sector, particularly in industry, might bring about a change to a limited *extent in the character of the demand for bank credit by requiring the banks not* only to purvey in a larger measure short-term advances—their traditional function —but also to meet in a more direct form a part of the medium-term credit needs of industry, subject to proper safeguards and the availability of medium-term funds.

91. In this context, a reference may be made to the proposal to set up a Refinance Corporation, the main object of which is to help augment the resources available with the banking system for the use of medium-sized industrial units (*i.e.*, units having resources upto Rs. 2½ crores) in the private sector. The Corporation's share capital is tentatively proposed to be made up of contributions from the Reserve Bank (Rs. 5 crores), the State Bank of India (Rs. 2½ crores), the Life Insurance Corporation of India (Rs. 2½ cores) and 14 other selected scheduled banks in India (Rs. 2½ crores). The allocation of share capital as between the 14 banks is in broad relation to the size of their deposits in India. The Government of India would be placing with the Corporation Rs. 26 crores from the counterpart funds arising out of the sale proceeds of the agricultural commodities supplied to this country in terms of the recently concluded Indo-U.S. Agreement. The Corporation will be allocating quotas to banks grouped into 4 categories with reference to the size of their deposits, from its total funds of Rs. 38.5 crores within which the banks may offer certain types of loans to the Corporation for obtaining refinance. Loans to be eligible for this purpose should have been made for periods between 3 and 7 years and to a medium-sized industry and for a medium-sized amount. Lending banks would assume the full credit risk on loans submitted to the Corporation and it is expected that the Corporation will adopt eligibility criteria which will be liberal. It is envisaged that the interest rate spread between

the cost of discount with the Corporation and the prime lending rate of the banks might not be less than $1\frac{1}{2}$ per cent. The scheme will thus provide an opportunity to selected banks for extending formal term-lending facilities to industries and providing liquidity to the eligible paper offered by banks upto the extent of quotas which would be allotted to them.

92. Apart from the changing character of the demand for bank credit, the scale on which short-term credit would be required for the implementation of the private investment targets of the Second Plan raises the fundamental question of the adequacy of bank resources. The main line of approach towards the solution of the problem faced by banks should be in the direction of extensive branch expansion which alone will enable them to augment their deposit resources through mobilisation of the cash resources in areas which have so far remained outside the orbit of the organised banking system and thus help to meet the credit needs of the economy without difficulty. Considering the high rate at which industrial and commercial activity has been increasing since 1956 and is likely to gather momentum in the next few years, it is evident that the pace of branch expansion is slow and inadequate, as reflected in the relatively small increase in the number of new offices opened and accounts maintained with them. Although it might appear inevitable that currency should expand faster than bank deposits, as a result partly of the growing monetization of the economy and partly of redistribution of money income in favour of the strata of society not accustomed to the banking habit, it is yet possible to siphon a portion of the currency into banks, provided branches are opened in the under-banked areas, particularly those where developmental expenditure on a significant scale is actually being incurred. The State Bank of India which is required to open about 400 new branches in five years has in fact increased its branches by 46 during the year taking it to 66 branches in all since July 1, 1955. The effort of the State Bank in this respect requires to be supplemented by an equally vigorous programme of branch expansion by other commercial banks, which can undertake much greater activity in this field, particularly when their profits are on the uptrend. The losses which are inevitable in the early years would be made good in course of time as the volume of operations of the branches expands. As the extension of branch activity will ultimately lead to an increase in the profit potentiality of banks, it is in their interests to draw up a short-term programme of branch expansion and implement it.

93. While all efforts should be concentrated on development of banking facilities in new and undeveloped areas, measures have also to be taken to strengthen the general financial position of banks. While a considerable improvement in the standards of operation and financial soundness of the banking system has taken place ever since the Reserve Bank instituted its system of inspection, many banks, especially the smaller ones, need to improve further their methods of working. Insofar as their weaknesses stem from insufficiency of business, the smaller banks might well explore possibilities of merging with other relatively stronger banks in their own interests as well as in the larger interests of the economy. This is, however, essentially a voluntary process and the initiative in this regard, as emphasised in last year's Report, will have to come from the banks themselves. There is little doubt that if the banks concerned take active steps to remove the deficiencies and shortcomings pointed out to them in the course of inspections and generally take steps to improve their financial position, the system as a whole will be stabilised in course of time on a firm and secure basis and be able to fulfil its own part in the economic development of the country.

APPENDIX I

STATEMENTS

Introductory Note

The statements in this Appendix are based on the various returns received periodically in terms of the Reserve Bank of India Act, 1934 and the Banking Companies Act, 1949 (which was extended to the whole of India, except the State of Jammu and Kashmir, on March 18, 1950 and to the State of Jammu and Kashmir on November 1, 1956) as well as on returns specially called for and other available information. The figures from year to year, and even the figures for the same year compiled from different returns, are not strictly comparable owing to differences in coverage, both as regards area as well as items included. The number of banking companies submitting returns tended to increase as a result of the extension of the Indian Companies Act, 1913 to most of the merged States in January 1950, to certain erstwhile Part C States in April 1950, to one other merged State in January 1951 and to erstwhile Part B States in April 1951. However, the Banking Companies Rules became applicable to certain erstwhile Part B States only in November 1952 ; statements based on Form XIII, therefore, exclude data for banks working wholly in erstwhile Part B States upto 1951. The number of banking companies submitting returns also varied on account of changes in the classification of companies into banking and non-banking, the suspension of business by some banks or irregular submission of returns by others. The limitations of the data have as far as possible been explained in appropriate footnotes to the respective statements. Statements based on data obtained from returns under the Reserve Bank of India Act and the Banking Companies Act are indicated below :

Reserve Bank of India Act		Banking Companies Act	
Statement	Section	Statement	Section
1	53	5, 6, 8, 9, 11, 18 and 19	27(*1*)
2	17 and 18	10	26
3	42(*2*)	12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31	27(*2*)
		34	23

Where necessary, each figure has been rounded off to the nearest final digit. For this reason in some statements the sum of the constituent items may not agree with the total as shown. Where the last Friday of the month or year happened to be a holiday the figures shown relate to the previous working day.

The following symbols have been used :

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

A line drawn across a column between two consecutive figures denotes that the figures above and below the line are not comparable and the nature of the difference is indicated in a footnote.

STATE

LIABILITIES AND ASSETS OF

(Issue and Banking

LIABILITIES

	Capital and reserves	Notes in circulation	Deposits: Central Government	Deposits: Other Governments	Deposits: Banks	Deposits: Others	Deposits: Total	National Agricultural Credit (Long-term Operations) Fund	National Agricultural Credit (Stabilization) Fund
	1	2	3	4	5	6	7	8	9
Average of Fridays									
1951 ..	10·0	1,205·7	173·4	16·2	60·5	68·6	**318·7**		
1952 ..	10·0	1,122·6	146·0	9·4	53·2	63·0	**271·5**		
1953 ..	10·0	1,121·8	121·0	18·7	47·5	59·7	**246·9**		
1954 ..	10·0	1,178·8	97·7	21·7	52·1	42·2	**213·8**		
1955 ..	10·0	1,299·0	59·6	20·0	53·4	21·4	**154·4**		
1956 ..	10·0	1,452·4	58·4	16·0	52·9	14·3	**141·7**	12·7(*a*)	1·0(*b*)
1956-Friday									
January 6 ..	10·0	1,385·7	54·1	9·7	51·8	15·6	**131·2**		
,, 13 ..	10·0	1,388·7	52·1	8·5	55·1	15·8	**131·5**		
,, 20 ..	10·0	1,382·7	50·3	13·4	67·5	21·4	**152·6**		
,, 27 ..	10·0	1,379·1	54·0	18·5	65·2	17·1	**154·8**		
February 3 ..	10·0	1,392·4	52·9	14·4	63·2	15·8	**146·3**	10·0	
,, 10 ..	10·0	1,407·6	60·5	11·0	53·0	15·9	**140·5**	10·0	
,, 17 ..	10·0	1,406·8	64·6	13·1	54·1	15·7	**147·4**	10·0	
,, 24 ..	10·0	1,402·9	66·5	16·1	55·2	16·0	**153·8**	10·0	
March 2 ..	10·0	1,418·7	59·6	18·0	49·3	16·8	**143·7**	10·0	
,, 9 ..	10·0	1,444·1	54·3	10·6	47·4	16·9	**129·2**	10·0	
,, 16 ..	10·0	1,448·9	55·6	47·0	46·5	17·0	**166·2**	10·0	
,, 23 ..	10·0	1,453·8	52·7	48·5	49·7	17·2	**168·2**	10·0	
,, 30 ..	10·0	1,466·6	67·3	62·0	53·2	16·7	**199·3**	10·0	
April 6 ..	10·0	1,506·7	57·1	35·7	53·4	17·3	**163·6**	10·0	
,, 13 ..	10·0	1,516·0	53·3	32·4	51·0	17·1	**153·7**	10·0	
,, 20 ..	10·0	1,509·7	55·9	25·5	53·3	17·0	**151·8**	10·0	
,, 27 ..	10·0	1,505·0	58·6	27·0	50·8	17·2	**153·6**	10·0	
May 4 ..	10·0	1,518·5	55·8	18·1	49·4	14·1	**137·5**	10·0	
,, 11 ..	10·0	1,525·9	65·4	6·7	49·7	12·9	**134·6**	10·0	
,, 18 ..	10·0	1,516·3	67·8	7·2	51·1	12·7	**138·8**	10·0	
,, 25 ..	10·0	1,506·1	56·7	9·1	51·2	12·5	**129·6**	10·0	
June 1 ..	10·0	1,501·8	54·5	10·3	51·9	13·1	**129·7**	10·0	
,, 8 ..	10·0	1,514·8	52·5	4·9	50·2	12·5	**120·0**	10·0	
,, 15 ..	10·0	1,504·3	55·8	5·3	51·2	13·2	**125·4**	10·0	
,, 22 ..	10·0	1,486·9	62·6	8·0	51·9	13·0	**135·5**	10·0	
,, 29 ..	10·0	1,474·7	56·8	13·2	54·5	13·1	**137·6**	10·0	

Note :—For footnotes see pages 36 and 37.

MENT I

THE RESERVE BANK OF INDIA, 1951-56

Departments combined)

(Amount in crores of rupees)

		ASSETS								
Other liabilities	Total liabilities or assets	Gold coin and bullion@	Foreign assets†	Rupee coin*	Notes	Rupee securities	Loans and advances to Governments	Loans and advances to Others	Bills purchased and discounted	Other assets
10	11	12	13	14	15	16	17	18	19	20
42·7	1,577·1	40·0	838·4	61·1	24·7	583·1	5·2	9·5	6·7	8·4
51·5	1,455·7	40·0	706·0	76·7	29·2	552·8	3·5	26·5	4·5	16·5
48·9	1,427·6	40·0	712·4	90·2	23·6	525·8	2·4	16·4	9·3	7·3
46·1	1,448·8	40·0	738·2	100·3	23·2	502·5	1·2	27·1	8·2	8·2
48·0	1,511·4	40·0	721·5	106·7	17·4	570·1	1·4	29·4	9·2	15·7
73·3	1,689·3	58·0	664·4	111·7	18·3	740·5	3·6	72·0	7·0	14·0
49·7	1,576·6	40·0	735·3	106·9	11·6	609·1	4·1	44·7	11·8	13·1
54·1	1,584·4	40·0	735·9	106·4	13·0	615·1	3·6	43·5	13·7	13·2
64·2	1,609·5	40·0	739·6	106·5	19·1	639·6	1·8	42·6	6·9	13·3
63·8	1,607·7	40·0	734·1	106·7	23·0	639·5	1·8	44·3	4·9	13·3
50·7	1,609·4	40·0	733·6	105·5	8·5	653·6	2·5	49·6	2·6	13·5
50·7	1,618·8	40·0	738·2	104·7	7·3	653·0	3·7	54·4	4·0	13·6
45·8	1,620·0	40·0	738·3	104·8	8·2	652·6	3·8	53·5	3·6	15·2
47·8	1,624·4	40·0	734·8	105·2	12·6	652·5	3·6	56·2	4·2	15·3
46·7	1,629·1	40·0	736·1	104·1	10·7	650·6	2·9	63·3	4·1	17·3
46·6	1,639·9	40·0	737·8	102·7	8·9	650·8	4·4	68·3	10·0	17·0
54·9	1,689·9	40·0	743·0	103·1	14·4	685·6	0·3	76·3	10·1	17·1
51·1	1,693·1	40·0	747·8	103·4	9·8	681·5	0·2	81·7	11·2	17·4
51·2	1,737·2	40·0	746·1	103·3	11·8	726·0	—	79·9	12·2	17·8
52·9	1,743·1	40·0	748·5	106·4	14·8	735·6	1·4	64·8	13·6	18·1
48·4	1,738·1	40·0	740·2	106·0	10·1	745·3	1·2	63·1	14·1	18·1
56·0	1,737·4	40·0	734·2	106·3	16·7	743·3	1·0	64·5	13·2	18·2
61·9	1,740·5	40·0	725·7	107·4	22·3	742·9	1·8	69·7	12·4	18·3
48·3	1,724·3	40·0	721·5	105·6	7·2	742·6	1·8	76·9	10·2	18·5
52·7	1,7.3·2	40·0	718·0	104·6	8·8	742·4	2·6	88·1	10·1	18·6
62·6	1,737·6	40·0	716·9	104·8	18·5	743·7	2·8	82·2	10·0	18·7
62·9	1,718·6	40·0	712·1	105·0	19·0	734·1	2·2	78·5	8·9	18·7
74·3	1,725·9	40·0	705·3	105·1	23·4	740·8	2·8	80·2	9·3	18·9
55·8	1,710·6	40·0	699·6	104·1	9·5	750·0	4·6	74·9	9·0	18·9
67·7	1,717·5	40·0	695·1	105·0	20·7	750·0	5·0	73·4	9·4	18·9
76·4	1,718·7	40·0	688·8	106·5	29·7	749·7	5·0	71·6	8·6	18·8
76·4	1,708·7	40·0	681·5	107·8	28·3	751·7	2·4	69·7	8·4	18·9

STATE

LIABILITIES AND ASSETS OF

(Issue and Banking

LIABILITIES

	Capital and reserves	Notes in circulation	Deposits: Central Government	Deposits: Other Governments	Deposits: Banks	Deposits: Others	Deposits: Total	National Agricultural Credit (Long-term Operations) Fund	National Agricultural Credit (Stabilization) Fund
	1	2	3	4	5	6	7	8	9
1956-Friday									
July 6 ..	10·0	1,482·5	54·2	4·8	50·6	12·6	**122·2**	15·0	1·0
„ 13 ..	10·0	1,474·6	52·0	6·9	52·6	12·2	**123·8**	15·0	1·0
„ 20 ..	10·0	1,460·0	83·4	13·7	53·0	11·9	**162·0**	15·0	1·0
„ 27 ..	10·0	1,444·3	76·2	6·8	53·3	12·2	**148·6**	15·0	1·0
August 3 ..	10·0	1,447·2	61·0	5·9	47·9	12·2	**127·0**	15·0	1·0
„ 10 ..	10·0	1,451·8	54·0	9·4	51·0	11·9	**126·3**	15·0	1·0
„ 17 ..	10·0	1,445·4	53·7	5·6	53·4	11·9	**124·7**	15·0	1·0
„ 24 ..	10·0	1,431·6	61·6	5·7	55·4	12·5	**135·2**	15·0	1·0
„ 31 ..	10·0	1,424·5	65·8	2·9	56·6	12·3	**137·5**	15·0	1·0
September 7 ..	10·0	1,440·2	58·9	16·7	56·2	18·0	**149·8**	15·0	1·0
„ 14 ..	10·0	1,432·4	73·4	19·5	53·7	14·4	**161·1**	15·0	1·0
„ 21 ..	10·0	1,417·7	67·4	24·0	52·6	13·8	**157·7**	15·0	1·0
„ 28 ..	10·0	1,409·2	71·4	19·1	52·6	12·5	**155·5**	15·0	1·0
October 5 ..	10·0	1,430·6	54·6	10·2	50·4	12·7	**127·8**	15·0	1·0
„ 12 ..	10·0	1,438·2	55·4	4·7	48·6	12·7	**121·5**	15·0	1·0
„ 19 ..	10·0	1,429·5	52·9	5·8	50·3	13·0	**122·1**	15·0	1·0
„ 26 ..	10·0	1,418·9	54·2	27·8	51·4	12·8	**146·1**	15·0	1·0
November 2 ..	10·0	1,443·6	52·1	47·2	54·9	13·0	**167·2**	15·0	1·0
„ 9 ..	10·0	1,453·0	63·0	20·1	52·5	13·2	**148·7**	15·0	1·0
„ 16 ..	10·0	1,443·7	51·4	12·2	53·2	13·0	**129·8**	15·0	1·0
„ 23 ..	10·0	1,439·6	54·7	12·7	52·0	13·7	**133·1**	15·0	1·0
„ 30 ..	10·0	1,438·5	50·0	15·9	51·1	13·4	**130·4**	15·0	1·0
December 7 ..	10·0	1,464·1	52·4	14·0	51·5	14·2	**132·0**	15·0	1·0
„ 14 ..	10·0	1,466·9	51·7	11·2	54·3	13·6	**130·8**	15·0	1·0
„ 21 ..	10·0	1,465·5	55·6	9·5	52·3	13·3	**130·7**	15·0	1·0
„ 28 ..	10·0	1,466·1	57·2	8·0	58·1	13·9	**137·2**	15·0	1·0

Note :—Figures are net of adjustments on account of (*i*) transfer of liabilities to the State Bank of Pakistan in respect of inscribed Pakistan notes issued during 1948 and (*ii*) cancellation of 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. Figures from October 1951 are net of adjustments made in respect of India notes returned from circulation in Aden.

(*a*) Average for 48 weeks.

(*b*) Average for 26 weeks.

MENT I—(*Contd.*)

THE RESERVE BANK OF INDIA, 1951-56

Departments combined)

(Amount in crores of rupees)

		ASSETS								
Other liabilities	**Total liabilities or assets**	Gold coin and bullion@	Foreign assets†	Rupee coin*	Notes	Rupee securities	Loans and advances to: Governments	Loans and advances to: Others	Bills purchased and discounted	Other assets
10	11	12	13	14	15	16	17	18	19	20
51·4	**1,682·1**	40·0	678·5	107·4	20·1	755·9	2·9	61·1	7·7	8·6
61·1	**1,685·5**	40·0	668·3	108·8	29·4	765·9	3·3	55·5	5·9	8·5
57·3	**1,705·3**	40·0	664·6	110·1	25·2	777·7	4·6	71·6	4·0	7·4
65·0	**1,683·9**	40·0	659·4	112·1	33·0	758·0	5·2	65·5	3·3	7·3
62·9	**1,663·1**	40·0	653·5	112·2	30·3	758·0	5·0	55·4	2·4	6·3
59·3	**1,663·4**	40·0	648·7	112·5	26·0	758·0	7·1	63·9	1·0	6·3
58·8	**1,654·9**	40·0	641·1	113·9	23·6	758·7	7·3	60·8	2·3	7·1
42·9	**1,635·8**	40·0	635·5	115·4	24·0	743·8	7·6	55·0	3·0	11·3
52·7	**1,640·7**	40·0	631·6	116·9	32·6	743·8	8·1	52·2	3·9	11·6
40·5	**1,656·5**	40·0	631·0	116·2	16·3	755·5	5·3	74·5	6·2	11·6
47·9	**1,667·4**	40·0	629·9	117·2	25·0	755·8	5·1	76·7	6·0	11·6
57·5	**1,659·0**	40·0	623·1	119·0	31·6	736·1	2·8	90·7	4·1	11·6
67·3	**1,658·0**	40·0	615·1	120·2	41·3	736·1	2·8	86·8	3·9	11·8
47·5	**1,631·9**	40·0	610·4	119·9	19·6	731·0	3·7	89·8	5·5	11·8
118·6	**1,704·3**	117·8	600·6	119·5	11·6	740·8	4·5	92·3	5·4	11·8
129·0	**1,706·6**	117·8	591·4	120·3	21·0	745·7	4·0	86·2	8·3	11·9
143·5	**1,734·5**	117·8	582·2	121·7	33·1	775·8	3·9	83·4	4·8	12·0
123·5	**1,760·2**	117·8	568·9	120·9	7·6	833·9	—	94·7	4·3	12·0
120·2	**1,747·9**	117·8	560·4	120·1	7·4	834·8	0·8	90·1	4·4	12·0
131·9	**1,731·3**	117·8	553·7	121·5	18·1	819·7	1·5	82·8	4·2	12·1
136·0	**1,734·7**	117·8	541·9	122·5	23·2	826·6	1·8	83·5	5·3	12·1
142·1	**1,737·0**	117·8	536·5	125·5	27·2	825·1	3·0	80·8	7·1	14·0
125·1	**1,747·2**	117·8	538·3	123·5	9·7	845·5	5·2	84·6	8·6	14·1
125·3	**1,748·9**	117·8	532·9	123·4	6·8	845·9	8·1	89·4	10·5	14·0
129·2	**1,751·3**	117·8	533·9	124·6	9·4	846·7	7·4	93·8	3·7	14·1
130·6	**1,759·9**	117·8	529·9	125·0	9·1	847·2	7·3	106·0	3·3	14·3

@ Valued at the statutory rate of Rs. 21-3-10 per tola upto October 5, 1956 and revalued at Rs. 62-8-0 per tola since October 6, 1956.

† Include cash and short-term securities.

* Includes one rupee notes and subsidiary coin.

STATE

ADVANCES OF THE RESERVE BANK TO SCHEDULED

Period	No. of loans	Section 17 (2) (a) Scheduled banks	Section 17 (2) (b) State co-operative banks	Section 17 (2) Total	Section 17 (4) (a) Scheduled banks	Section 17 (4) (a) State co-operative banks	Section 17 (4) (a) Total
1	2	3	4	5	6	7	8
1951	570	—	1,49 *(1,37)*	**1,49** *(1,37)*	76,57 *(19,95)*	5,29 *(3,27)*	**81,86** *(23,22)*
1952	1,544	—	97 *(38)*	**97** *(38)*	164,25 *(14,87)*	3,59 *(2,42)*	**167,83** *(17,29)*
1953	2,683	—	31 *(30)*	**31** *(30)*	129,58 *(5,49)*	6,46 *(3,98)*	**136,04** *(9,47)*
1954	3,747	—	60 *(55)*	**60** *(55)*	188,70 *(6,73)*	9,43 *(5,96)*	**198,13** *(12,69)*
1955	4,209	—	52 *(46)*	**52** *(46)*	199,94 *(11,16)*	10,80 *(2,70)*	**210,74** *(13,86)*
1956	6,277	—	—	—	466,95 *(21,43)*	8,57 *(4,14)*	**475,52** *(25,57)*
1956-Monthly							
January	452	—	— *(46)*	— *(46)*	38,84 *(15,00)*	27 *(2,57)*	**39,11** *(17,57)*
February	565	—	— *(46)*	— *(46)*	38,46 *(22,83)*	52 *(2,52)*	**38,98** *(25,35)*
March	599	—	— *(39)*	— *(39)*	52,40 *(33,65)*	18 *(2,14)*	**52,58** *(35,79)*
April	498	—	— *(37)*	— *(37)*	31,89 *(19,51)*	40 *(1,51)*	**32,29** *(21,02)*
May	522	—	— *(27)*	— *(27)*	33,07 *(19,29)*	21 *(1,08)*	**33,28** *(20,37)*
June	499	—	— *(2)*	— *(2)*	34,28 *(15,66)*	88 *(93)*	**35,16** *(16,59)*
July	457	—	— *(2)*	— *(2)*	33,05 *(10,80)*	1,66 *(1,76)*	**34,71** *(12,56)*
August	405	—	—	—	26,51 *(8,99)*	1,51 *(3,11)*	**28,02** *(12,10)*
September ..	560	—	—	—	55,31 *(26,74)*	90 *(3,65)*	**56,21** *(30,39)*
October	537	—	—	—	39,32 *(23,22)*	22 *(3,87)*	**39,54** *(27,09)*
November ..	554	—	—	—	35,94 *(11,33)*	69 *(3,76)*	**36,63** *(15,09)*
December	629	—	—	—	47,88 *(21,43)*	1,13 *(4,14)*	**49,01** *(25,57)*

Note :—1. Figures in brackets are outstanding amounts at the end of the period.
2. The sections referred to above relate to the Reserve Bank of India Act, 1934.

MENT 2

BANKS AND STATE CO-OPERATIVE BANKS, 1951-56

(Amount in lakhs of rupees)

Section 17 (4) (b)	Section 17 (4) (c)			Section 17(4A)@	Section 17(8)	Section 18 (1) (3)	Grand total		
Scheduled banks	Sche-duled banks	State co-opera-tive banks	**Total**	State co-opera-tive banks	Sche-duled banks	Sche-duled banks	Sche-duled banks	State co-opera-tive banks	**Total**
9	10	11	12	13	14	15	16	17	18
—	—	2,66	**2,66**	—	—	—	76,57	9,43	**86,00**
		(1,79)	*(1,79)*			*(1,54)*	*(21,49)*	*(6,42)*	*(27,91)*
—	81,45	6,50*	**87,95**	—	—	—	245,70	11,05	**256,75**
	(99)	*(4,44)*	*(5,43)*			*(1,54)*	*(17,40)*	*(7,24)*	*(24,64)*
—	65,84	6,69	**72,53**	—	—	—	195,42	13,46	**208,88**
	(49)	*(4,28)*	*(4,77)*			*(1,54)*	*(7,53)*	*(8,56)*	*(16,09)*
—	147,52	6,89	**154,41**	—	—	—	336,22	16,92	**353,14**
	(2,90)	*(4,16)*	*(7,06)*			*(1,54)*	*(11,16)*	*(10,68)*	*(21,84)*
—	225,44	10,26	**235,70**	51	—	—	425,38	22,09	**447,47**
	(18,86)	*(9,44)*	*(28,30)*	*(45)*		*(1,54)*	*(31,56)*	*(13,04)*	*(44,60)*
—	436,82	21,64	**458,46**	1,28	—	—	903,77	31,48	**935,25**
	(64,88)	*(16,70)*	*(81,58)*	*(1,48)*		*(1,54)*	*(87,85)*	*(22,32)*	*(110,17)*
—	10,90	90	**11,80**	—	—	—	49,73	1,17	**50,90**
	(18,94)	*(9,70)*	*(28,64)*	*(45)*		*(1,54)*	*(35,47)*	*(13,17)*	*(48,64)*
—	13,80	1,99	**15,79**	—	—	—	52,26	2,50	**54,76**
	(24,17)	*(9,88)*	*(34,05)*	*(44)*		*(1,54)*	*(48,54)*	*(13,29)*	*(61,83)*
—	22,90	1,86	**24,76**	11	—	—	75,30	2,15	**77,45**
	(28,57)	*(9,94)*	*(38,51)*	*(51)*		*(1,54)*	*(63,76)*	*(12,98)*	*(76,74)*
—	31,16	1,62	**32,78**	20	—	—	63,05	2,22	**65,27**
	(37,93)	*(9,45)*	*(47,38)*	*(68)*		*(1,54)*	*(58,98)*	*(12,00)*	*(70,98)*
—	46,68	2,56	**49,24**	—	—	—	79,75	2,77	**82,52**
	(39,60)	*(10,62)*	*(50,22)*	*(66)*		*(1,54)*	*(60,42)*	*(12,62)*	*(73,04)*
—	47,03	2,98	**50,01**	35	—	—	81,31	4,21	**85,52**
	(37, 7)	*(12,18)*	*(49,75)*	*(99)*		*(1,54)*	*(54,76)*	*(14,12)*	*(68,88)*
—	31,27	2,03	**33,30**	—	—	—	64,32	3,69	**68,01**
	(28,85)	*(13,19)*	*(42,04)*	*(97)*		*(1,54)*	*(41,18)*	*(15,93)*	*(57,11)*
—	28,34	1,48	**29,82**	8	—	—	54,85	3,07	**57,92**
	(22,00)	*(14,09)*	*(36,09)*	*(1,04)*		*(1,54)*	*(32,53)*	*(18,24)*	*(50,77)*
—	41,67	1,73	**43,40**	6	—	—	96,99	2,69	**99,68**
	(33,86)	*(15,25)*	*(49,11)*	*(1,08)*		*(1,54)*	*(62,13)*	*(19,98)*	*(82,11)*
—	49,29	1,66	**50,95**	27	—	—	88,61	2,15	**90,76**
	(36,40)	*(16,11)*	*(52,51)*	*(1,33)*		*(1,54)*	*(61,15)*	*(21,30)*	*(82,45)*
—	54,33	1,33	**55,66**	17	—	—	90,27	2,19	**92,46**
	(43,34)	*(16,54)*	*(59,88)*	*(1,49)*		*(1,54)*	*(56,21)*	*(21,79)*	*(78,00)*
—	59,45	1,50	**60,95**	4	—	—	107,33	2,67	**110,00**
	(64,88)	*(16,70)*	*(81,58)*	*(1,48)*		*(1,54)*	*(87,85)*	*(22,32)*	*(110,17)*

@ Since January 1955 medium-term advances for agricultural purposes to State Co-operative banks are granted under Section 17 (4A) of the Reserve Bank of India (Amendment) Act, 1953.

* Includes advances of the Reserve Bank to State co-operative banks under Section 17(2)(a) in both gross and outstandings figures.

STATE

CONSOLIDATED POSITION OF

Average of Fridays/ Friday		No. of reporting banks(*a*)	Demand liabilities*	Time liabilities*	Total liabilities* (3+4)	Borrowings from banks(*b*)		Net liabilities (5−6−7)	Borrowings from the Reserve Bank			Borrowings from the State Bank†
						Demand	Time		Against usance bills etc.	Others	Total	
1		2	3	4	5	6	7	8	9	10	11	12
1951	..	94	604·5	288·8	893·3	23·4	0·5	869·4	—	4·7	4·7	..
1952	..	93	556·7	300·8	857·5	16·7	3·1	837·7	8·8(*f*)	10·6	19·0	4·7(*g*)
1953	..	90	528·4	323·8	852·1	12·3	2·2	837·6	3·3	4·5	7·8	7·2
1954	..	88	555·8	348·4	904·1	9·6	2·0	892·5	7·7	8·3	16·1	7·8
1955	..	89	596·9	397·9	994·8	10·2	3·6	981·0	13·8	3·9	17·7	5·8
1956	..	89	639·6	441·5	1,081·1	9·1	3·0	1,069·0	34·3	18·9	53·2	10·7
1956—Friday												
January 6	..	89	615·5	413·5	1,029·0	5·1	4·2	1,019·7	14·6	15·2	29·8	10·1
13	..	89	633·1	412·4	1,045·4	6·3	3·7	1,035·4	14·4	14·1	28·5	11·4
20	..	89	653·7	411·3	1,064·9	6·8	3·3	1,054·8	15·2	12·3	27·5	11·3
27	..	89	647·3	409·7	1,057·1	6·6	3·3	1,047·2	17·7	11·7	29·4	11·8
February 3	..	89	635·8	412·3	1,048·1	6·9	3·6	1,037·6	18·9	15·9	34·8	13·7
10	..	89	627·8	413·4	1,041·2	6·1	3·3	1,031·8	19·4	20·1	39·5	12·7
17	..	89	630·1	416·9	1,047·0	5·5	3·3	1,038·2	18·7	19·9	38·6	13·1
24	..	89	630·7	418·2	1,048·9	4·2	3·3	1,041·4	21·6	19·2	40·8	12·2
March 2	..	89	623·0	418·8	1,041·8	5·1	4·0	1,032·7	25·3	23·2	48·5	14·4
9	..	89	612·2	416·8	1,029·0	3·8	3·1	1,022·1	23·5	30·2	53·7	15·6
16	..	89	615·4	413·7	1,029·2	4·8	3·0	1,021·4	24·6	37·0	61·6	17·6
23	..	89	621·9	412·9	1,034·8	3·7	2·9	1,028·2	32·5	34·5	66·9	19·9
30	..	89	635·7	415·4	1,051·0	4·9	3·0	1,043·1	27·4	37·7	65·1	19·7
April 6	..	89	651·4	418·7	1,070·2	6·2	2·9	1,061·1	25·4	25·4	50·9	14·3
13	..	89	650·9	423·4	1,074·3	7·0	2·9	1,064·4	29·0	20·5	49·4	10·6
20	..	89	648·4	427·8	1,076·2	7·0	3·0	1,066·2	32·8	18·0	50·8	8·8
27	..	89	645·9	427·3	1,073·2	7·3	3·0	1,062·9	37·5	18·4	55·9	9·2
May 4	..	89	637·7	429·5	1,067·2	7·2	2·9	1,057·2	42·6	20·0	62·7	10·6
11	..	89	632·1	431·9	1,064·0	7·5	2·7	1,053·8	52·1	21·4	73·5	10·6
18	..	89	638·3	433·6	1,071·9	7·0	3·1	1,061·8	46·1	21·5	67·6	9·6
25	..	89	645·1	435·5	1,080·6	7·3	3·2	1,070·1	44·2	19·7	63·9	9·8
June 1	..	89	638·2	441·4	1,079·5	7·4	3·2	1,068·9	45·6	20·2	65·8	8·7
8	..	89	636·2	444·5	1,080·6	8·7	2·9	1,069·0	42·9	17·5	60·4	8·0
15	..	89	635·4	446·8	1,082·2	8·9	2·8	1,070·5	41·4	16·9	58·4	7·5
22	..	89	634·5	449·7	1,084·2	8·3	3·2	1,072·7	41·9	14·4	56·3	7·0
29	..	89	642·5	450·3	1,092·8	6·0	3·2	1,083·7	37·6	15·7	53·2	5·3

Note :— For footnotes see next page

MENT 3

SCHEDULED BANKS, 1951-56

(Amount in crores of rupees)

Cash in India	Balances with the Reserve Bank	Excess of (14) over the statutory minimum	**Total cash balances (13+14)**	*Percentage of 16 to 8*	Balances with other banks in current account	**Investments in Govt. securities(c)**	*Percentage of 19 to 8*	Money at call and short notice	Inland bills purchased and discounted(d)	Foreign bills purchased and discounted	Advances(e)	**Total scheduled bank credit (22+23+24)**	*Percentage of 25 to 8*
13	14	15	16	17	18	19	20	21	22	23	24	25	26
37·4	59·0	22·9	**96·4**	*11·1*	12·7(h)	**310·9(h)**	*35·8*	11·6(h)	15·6	..	516·5	**532·1**	*61·2*
33·8	52·2	18·3	**86·0**	*10·3*	11·7	**304·1**	*36·3*	16·1	38·8	..	480·7	**519·5**	*62·0*
32·2	45·7	12·9	**77·9**	*9·3*	11·0	**317·5**	*37·9*	16·5	47·6	..	443·8	**491·4**	*58·7*
33·2	51·9	17·1	**85·0**	*9·5*	10·9	**339·3**	*38·0*	14·5	59·4	24·7(i)	467·8	**551·9**	*61·8*
34·0	52·3	14·4	**86·2**	*8·8*	10·6	**365·2**	*37·2*	18·0	66·0	39·9	498·0	**603·9**	*61·6*
36·8	50·9	10·1	**87·7**	*8·2*	10·7	**364·0**	*34·1*	12·0	100·7	47·8	595·5	**744·0**	*69·6*
38·0	50·2	11·1	**88·2**	*8·7*	11·5	**382·9**	*37·6*	8·5	76·8	48·6	528·9	**654·3**	*64·2*
35·7	51·9	12·0	**87·7**	*8·5*	11·6	**382·2**	*36·9*	9·1	82·4	47·3	533·9	**663·6**	*64·1*
36·2	63·0	22·1	**99·2**	*9·4*	11·1	**381·6**	*36·2*	9·8	84·9	48·9	534·3	**668·1**	*63·3*
37·4	61·7	21·2	**99·1**	*9·5*	10·9	**381·8**	*36·5*	9·3	86·4	47·2	542·0	**675·6**	*64·5*
34·7	63·2	23·1	**97·8**	*9·4*	11·1	**380·5**	*36·7*	9·0	88·8	48·4	546·4	**683·6**	*65·9*
35·0	52·3	12·7	**87·3**	*8·5*	10·6	**378·9**	*36·7*	7·4	91·3	45·0	549·9	**686·2**	*66·5*
36·3	49·9	10·1	**86·2**	*8·3*	10·5	**377·4**	*36·4*	7·1	93·3	44·2	553·6	**691·1**	*66·6*
34·8	53·3	13·4	**88·1**	*8·5*	10·6	**375·3**	*36·0*	5·5	97·0	45·0	555·0	**697·0**	*66·9*
34·8	54·5	15·0	**89·2**	*8·6*	10·3	**373·5**	*36·2*	6·9	101·6	45·8	564·5	**711·9**	*68·9*
33·9	48·1	9·2	**82·0**	*8·0*	10·1	**364·7**	*35·7*	4·3	98·4	44·9	578·0	**721·3**	*70·6*
35·2	47·0	7·9	**82·2**	*8·1*	9·6	**363·7**	*35·6*	4·9	98·8	45·2	591·1	**735·1**	*72·0*
34·4	46·2	6·9	**80·7**	*7·9*	10·2	**362·0**	*35·2*	4·2	101·6	46·0	603·0	**750·6**	*73·0*
35·8	48·9	8·8	**84·7**	*8·1*	10·8	**359·9**	*34·5*	6·3	102·0	46·8	612·5	**761·3**	*73·0*
38·4	54·8	13·8	**93·2**	*8·8*	11·9	**359·6**	*33·9*	6·1	104·2	47·1	607·0	**758·3**	*71·5*
37·1	49·6	8·6	**86·7**	*8·2*	11·4	**356·4**	*33·5*	8·7	102·0	47·1	606·0	**755·0**	*70·9*
37·9	50·9	9·9	**88·8**	*8·3*	10·6	**355·4**	*33·3*	8·2	104·1	47·6	601·6	**753·3**	*70·7*
37·5	48·8	8·0	**86·3**	*8·1*	10·9	**355·3**	*33·4*	9·1	105·1	46·6	605·3	**757·0**	*71·2*
36·8	49·2	8·7	**86·0**	*8·1*	10·2	**355·4**	*33·6*	8·5	106·2	45·5	611·3	**763·0**	*72·2*
36·0	48·6	8·3	**84·6**	*8·0*	10·4	**355·3**	*33·7*	8·9	106·3	45·5	617·2	**769·0**	*73·0*
38·6	48·2	7·6	**86·8**	*8·2*	10·3	**353·9**	*33·3*	9·0	107·6	45·7	614·7	**768·0**	*72·3*
39·5	48·8	7·8	**88·3**	*8·3*	10·6	**352·8**	*33·0*	9·9	109·1	46·3	613·6	**769·0**	*71·9*
37·2	50·1	9·4	**87·3**	*8·2*	10·6	**349·7**	*32·7*	9·5	104·9	48·3	614·9	**768·1**	*71·9*
37·4	49·4	8·7	**86·8**	*8·1*	10·4	**349·1**	*32·7*	10·7	107·8	47·5	612·7	**768·1**	*71·9*
37·7	49·3	8·6	**87·0**	*8·1*	10·1	**349·3**	*32·6*	11·1	103·8	48·1	612·2	**764·1**	*71·4*
37·4	48·3	7·5	**85·6**	*8·0*	10·6	**348·4**	*32·5*	11·3	102·3	48·5	609·0	**759·7**	*70·8*
41·3	52·7	11·6	**94·0**	*8·7*	15·2	**347·7**	*32·1*	11·2	98·4	47·4	611·1	**756·9**	*69·9*

STATE

CONSOLIDATED POSITION OF

1956-Friday		No. of reporting banks(a)	Demand liabilities*	Time liabilities*	Total liabilities* (3+4)	Borrowings from banks(b) Demand	Borrowings from banks(b) Time	Net liabilities (5−6−7)	Borrowings from the Reserve Bank: Against usance bills etc.	Borrowings from the Reserve Bank: Others	Borrowings from the Reserve Bank: Total	Borrowings from the State Bank†
1		2	3	4	5	6	7	8	9	10	11	12
July	6	89	638·7	455·3	**1,094·0**	10·9	3·2	**1,079·9**	33·7	11·1	44·8	6·8
	13	89	644·5	456·5	**1,101·0**	13·3	3·2	**1,084·5**	34·0	4·5	38·5	5·6
	20	89	633·1	454·9	**1,088·0**	9·2	3·4	**1,075·4**	38·3	15·7	54·0	6·3
	27	89	639·5	457·1	**1,096·6**	11·8	3·6	**1,081·2**	34·8	12·4	47·3	5·8
August	3	89	635·6	458·3	**1,093·9**	12·8	3·9	**1,077·2**	25·3	11·2	36·6	6·9
	10	89	637·1	460·3	**1,097·4**	13·9	3·9	**1,079·6**	33·9	10·6	44·6	7·1
	17	89	644·8	460·1	**1,104·8**	15·9	3·1	**1,085·8**	30·8	10·1	40·9	6·7
	24	89	654·8	461·9	**1,116·7**	17·1	2·9	**1,096·7**	28·1	6·5	34·6	6·4
	31	89	654·4	461·5	**1,115·8**	17·0	2·9	**1,095·9**	22·0	9·0	31·0	7·3
September	7	89	639·5	459·3	**1,098·7**	9·7	2·3	**1,086·7**	24·4	27·8	52·2	13·1
	14	89	639·3	460·7	**1,100·0**	11·3	2·1	**1,086·6**	30·9	23·2	54·0	12·6
	21	89	631·7	461·1	**1,092·8**	9·8	2·3	**1,080·8**	40·6	27·0	67·7	11·9
	28	89	637·4	457·5	**1,094·9**	10·4	2·2	**1,082·3**	36·4	26·9	63·2	12·6
October	5	89	635·7	454·3	**1,090·0**	8·8	2·3	**1,078·9**	38·2	27·5	65·7	13·0
	12	89	632·5	454·0	**1,086·5**	10·4	2·3	**1,073·8**	42·9	25·1	68·0	11·6
	19	89	644·6	454·3	**1,098·9**	10·9	1·8	**1,036·1**	41·3	20·0	61·2	11·8
	26	89	646·4	457·8	**1,104·2**	13·0	3·9	**1,087·4**	40·3	17·5	57·8	12·2
November	2	89	641·6	455·6	**1,097·1**	13·1	3·3	**1,080·7**	43·4	25·4	68·8	13·2
	9	89	644·6	454·7	**1,099·3**	13·3	2·1	**1,083·9**	42·4	21·9	64·3	11·0
	16	89	653·4	457·9	**1,111·3**	12·6	2·1	**1,096·6**	40·8	15·8	56·6	10·7
	23	89	650·0	458·7	**1,108·6**	12·4	2·5	**1,093·8**	45·3	12·1	57·4	9·7
	30	89	653·6	459·1	**1,112·7**	11·7	2·7	**1,098·3**	43·3	11·3	54·7	10·5
December	7	89	649·3	461·8	**1,111·0**	10·3	3·1	**1,097·6**	44·7	13·5	58·2	10·9
	14	89	657·9	459·8	**1,117·7**	11·2	2·9	**1,103·6**	47·5	15·4	62·9	9·9
	21	89	648·5	460·2	**1,108·7**	9·4	2·9	**1,076·4**	49·5	18·1	67·6	9·6
	28	89	652·7	459·9	**1,112·6**	9·1	2·7	**1,100·7**	57·2	21·9	79·1	7·8

* Include inter-bank borrowings.
† Prior to July 1, 1955 the figures relate to the Imperial Bank of India.
(a) At the end of the period.
(b) Exclude borrowings from the Imperial Bank (now State Bank of India) with effect from April 18, 1952.

MENT 3—(*Contd.*)

SCHEDULED BANKS, 1951-56

(Amount in crores of rupees)

Cash in India	Balances with the Reserve Bank	Excess of (14) over the statutory minimum	**Total cash balances (13+14)**	*Percentage of 16 to 8*	Balances with other banks in current account	**Investments in Govt. securities(*c*)**	*Percentage of 19 to 8*	Money at call and short notice	Inland bills purchased and discounted(*d*)	Foreign bills purchased and discounted	Advances(*e*)	**Total scheduled bank credit (22+23+24)**	*Percentage of 25 to 8*
13	14	15	16	17	18	19	20	21	22	23	24	25	26
37·2	49·4	8·3	**86·6**	*8·0*	11·2	**346·9**	*32·1*	16·2	99·8	45·6	611·3	**756·7**	*70·1*
37·4	50·0	8·6	**87·4**	*8·1*	11·0	**346·2**	*31·9*	18·3	97·3	46·3	604·2	**747·8**	*69·0*
38·5	49·4	8·6	**87·9**	*8·2*	10·3	**351·3**	*32·7*	12·5	96·3	47·6	601·9	**745·8**	*69·4*
37·9	50·4	9·3	**88·3**	*8·2*	10·3	**353·4**	*32·7*	15·6	95·7	47·2	597·4	**740·2**	*68·5*
35·7	49·5	8·6	**85·3**	*7·9*	10·2	**361·4**	*33·6*	17·5	96·3	46·3	596·3	**738·8**	*68·6*
35·7	49·2	8·1	**84·9**	*7·9*	10·4	**361·5**	*33·5*	19·6	97·2	46·5	595·4	**739·1**	*68·5*
37·7	50·4	8·9	**88·0**	*8·1*	10·9	**361·2**	*33·3*	21·8	95·7	46·1	594·7	**736·5**	*67·8*
37·6	50·8	8·8	**88·4**	*8·1*	11·4	**362·0**	*33·0*	23·1	98·2	45·7	591·5	**735·5**	*67·1*
37·5	51·6	9·6	**89·1**	*8·1*	11·4	**361·4**	*33·0*	22·8	101·4	45·9	587·6	**735·0**	*67·1*
35·5	53·2	12·1	**88·8**	*8·2*	10·0	**368·1**	*33·9*	12·1	98·7	46·4	618·1	**763·2**	*70·2*
37·2	51·1	9·9	**88·3**	*8·1*	10·3	**371·1**	*34·2*	14·5	96·6	46·4	612·4	**755·4**	*69·5*
35·9	49·3	8·5	**85·2**	*7·9*	9·9	**373·5**	*34·6*	12·0	95·7	45·5	610·2	**751·3**	*69·5*
35·4	48·8	7·8	**84·2**	*7·8*	11·4	**375·6**	*34·7*	12·0	96·9	46·5	611·1	**754·4**	*69·7*
37·5	49·2	8·3	**86·7**	*8·0*	10·1	**374·7**	*34·7*	10·7	98·5	47·5	613·9	**759·9**	*70·4*
36·3	48·5	7·8	**84·8**	*7·9*	10·1	**373·2**	*34·8*	12·7	97·2	49·2	612·8	**759·1**	*70·7*
40·6	49·6	8·2	**90·1**	*8·3*	10·6	**372·5**	*34·3*	13·1	97·5	49·6	610·5	**757·6**	*69·8*
38·3	49·0	7·6	**87·3**	*8·0*	9·9	**371·4**	*34·2*	17·6	96·7	52·0	612·0	**760·7**	*70·0*
33·8	51·8	10·6	**85·6**	*7·9*	9·7	**367·3**	*34·0*	16·5	103·2	52·5	613·2	**768·9**	*71·2*
39·0	48·8	7·5	**87·9**	*8·1*	9·8	**365·8**	*33·7*	17·3	107·8	50·4	604·1	**762·2**	*70·3*
37·0	50·9	9·1	**87·9**	*8·0*	10·0	**365·6**	*33·3*	19·0	112·8	49·7	598·8	**761·3**	*69·4*
36·0	50·8	9·1	**86·8**	*7·9*	10·1	**365·5**	*33·4*	17·4	116·9	51·5	593·9	**762·3**	*69·7*
35·9	50·8	9·0	**86·7**	*7·9*	10·0	**365·5**	*33·3*	15·2	116·5	53·0	597·0	**766·4**	*69·8*
36·6	49·9	8·2	**86·6**	*7·9*	10·0	**365·0**	*33·3*	14·1	119·2	53·0	600·2	**772·4**	*70·4*
36·2	50·9	8·8	**87·1**	*7·9*	10·4	**365·3**	*33·1*	14·2	118·0	53·7	605·3	**777·3**	*70·4*
35·3	50·8	9·2	**86·1**	*7·9*	10·3	**364·8**	*33·3*	12·8	109·9	55·2	619·1	**784·2**	*71·5*
38·6	52·0	10·1	**90·5**	*8·2*	12·9	**364·4**	*33·1*	12·4	111·4	54·1	622·9	**788·4**	*71·6*

(*c*) Include Treasury bills and Treasury Deposit Receipts.
(*d*) Include inland bills purchased from November 1951 only.
(*e*) Include money at call and short notice and inland bills purchased upto October 1951.
(*f*) Average for 50 weeks.
(*g*) Average for 37 weeks.
(*h*) Average for 9 weeks.
(*i*) Average for 34 weeks.

STATE

MONEY RATES IN

Period	Bank Rate (a)		State Bank of India* Hundi Rate (b)		State Bank of India* Advances Rate (c)		State Bank of India* Call Loan Rate (d) Rs. 5 lakhs and over		State Bank of India* Call Loan Rate (d) Below Rs. 5 lakhs		Bazaar Bill Calcutta	
	H	L	H	L	H	L	H	L	H	L	H	L
1	2	3	4	5	6	7	8	9	10	11	12	13
1951 ..	3½††	3	4½	3½	4	3½	3½	2¾	3¾	3	12	10
1952 ..	3½		4½		4		3½		3¾		12	10
1953 ..	3½		4½		4		3½		3¾		12	10
1954 ..	3½		4½		4		3½		3¾		12	10
1955 ..	3½		4½		4		3½		3¾		12	10
1956 ..	3½		5	4½	4		3½		3¾		12	10
1956-Monthly												
Jan. 1956 ..	3½		4½		4		3½		3¾		12	10
Feb. " ..	3½		4½		4		3½		3¾		12	10
Mar. " ..	3½		5	4½	4		3½		3¾		12	10
Apr. " ..	3½		5		4		3½		3¾		12	10
May " ..	3½		5		4		3½		3¾		12	10
June " ..	3½		5		4		3½		3¾		12	10
July " ..	3½		5		4		3½		3¾		12	10
Aug. " ..	3½		5		4		3½		3¾		12	10
Sept. " ..	3½		5		4		3½		3¾		12	10
Oct. " ..	3½		5		4		3½		3¾		12	10
Nov. " ..	3½		5		4		3½		3¾		12	10
Dec. " ..	3½		5		4		3½		3¾		12	10

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

(a) The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange or other commercial paper eligible for purchase under the Reserve Bank of India Act.

(b) The rate at which the State Bank of India discounts first class three months' commercial bills.

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

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

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

H=Highest
L=Lowest

MENT 4

INDIA, 1951-56

(Rate per cent per annum)

Rate (e)		Call Money Rate (f)									Long-term Govt. bond yield @
Bombay		Calcutta		Bombay				Madras			
				Larger banks		Smaller banks					
H	L	H	L	H	L	H	L	H	L		
14	15	16	17	18	19	20	21	22	23		24
9	8¼	¼		2¼	¼	2¼	1¼	2	¼		3·29
9¾	9	3	¼	3	¼	3¼	1½	3¼	1½		3·60
9¾	8⅝	2¾	1¼	3	¾	3	1¾	3	1½		3·64
9¾		3	1	3	¾	3	1¾	3	1¼		3·65
9¾		3½	2¼	3	1¼	3¼	1½	3¼	1½		3·72
10½	9	4¼	3¼	3¾	2¾	3¾	2¾	3½	3¼		3·93
9¾		3½	3¼	3	2¾	3		3¼			3·73
9¾		3¼		3⅛	2¾	3⅛	2¾	3¼			3·75
10⅛	9¾	4¼	3¼	3⅜	3	3⅜	3	3¼			3·90
10⅛	9⅜	4¼	3½	3½	3	3½	3	3¼			3·91
10⅛	9⅜	3¾	3½	3¼	3	3¼	3	3¼			3·88
10⅛	9⅜	3¾	3½	3¼	3	3¼	3	3½	3¼		3·88
10⅛	9⅜	3¾	3½	3¼	3	3¼	3	3¼			3·91
10⅛	9	3¾	3½	3¼	3	3¼	3	3¼			3·98
9¾	9	4	3½	3¼	3	3¼	3	3¼			3·99
9¾	9	4	3¾	3¼	3⅛	3¼	3⅛	3¼			4·02
9¾		4¼	3½	3½	3¼	3½	3¼	3½	3¼		4·06
10½		4	3¼	3¾	3½	3¾	3½	3½	3¼		4·11

(e) Rate at which bills of small traders are reported to have been discounted by shroffs ; these are unofficial quotations.

(f) Rate at which banks advance their day-to-day surplus funds to other banks ; these loans are repayable on call at the option of the lender. The rates for Bombay are based on daily quotations obtained from bro. ers, while those for Calcutta and Madras are based on weekly advices received from the Reserve Bank of India offices.

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

STATE

LIABILITIES AND ASSETS IN INDIA OF

As on the last Friday of	No of reporting banking companies	Paid-up capital	Reserves	Demand deposits: From banking companies	Demand deposits: From others	Time deposits: From banking companies	Time deposits: From others	Net deposits (6+8)	Due to other banks	Total liabilities	Cash in hand	Balances with the Reserve Bank	Total (12+13)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. INDIAN SCHEDU													
1951	77	33·5	26·0	21·6	395·7	2·3	242·6	638·3	25·5	788·3	40·2	31·7	71·9
1952	78	33·7	27·6	19·5	371·2	4·5	255·7	626·9	9·9	758·8	32·1	33·1	65·2
1953	75	32·6	27·5	18·5	377·1	3·4	269·0	646·1	10·4	772·5	29·2	35·8	64·9
1954	74	32·7	27·6	24·8	422·2	5·5	295·6	717·8	13·0	859·9	33·7	56·5	90·2
1955	74	32·7	28·2	26·7	449·9	5·3	340·0	789·9	28·9	964·7	36·7	48·9	85·5
1956	74	33·1	28·0	24·7	491·3	5·7	386·3	877·6	51·6	1,076·7	36·2	40.8	77·0
January 1956..	72	32·6	28·3	23·0	469·7	5·0	337·6	807·2	33·2	990·0	34·3	50·6	84·9
February ,, ..	74	32·7	28·1	22·3	463·6	5·1	344·0	807·5	39·4	989·4	32·0	42·9	74·8
March ,, ..	73	32·5	28·2	24·0	466·7	4·8	349·1	815·8	67·3	1,036·1	33·2	38·8	72·0
April ,, ..	72	32·6	28·1	24·9	474·7	7·6	354·8	829·5	46·7	1,025·7	34·4	38·1	72·5
May ,, ..	73	32·6	28·2	26·0	477·3	7·1	360·2	837·4	53·5	1,039·8	36·5	38·8	75·2
June ,, ..	72	32·6	28·3	30·4	480·8	8·2	372·1	852·9	32·3	1,032·2	38·5	42·6	81·1
July ,, ..	73	32·7	28·3	24·2	474·7	6·8	379·3	853·9	32·7	1,025·2	34·7	40·1	74·8
August ,, ..	71	32·4	28·0	25·7	483·8	6·4	381·6	865·4	22·4	1,032·1	34·5	39·6	74·1
September ,, ..	73	32·7	28·4	22·6	481·0	6·4	383·8	864·7	49·8	1,054·4	32·5	38·4	70·9
October ,, ..	74	32·6	28·6	24·6	481·1	6·6	382·2	863·3	43·1	1,054·6	35·2	38·1	73·3
November ,, ..	73	33·0	28·0	22·7	488·4	6·1	380·3	868·7	36·2	1,052·7	32·9	38·9	71·8
December ,, ..	74	33·1	28·0	24·7	491·3	5·7	386·3	877·6	51.6	1,076·7	36·2	40·8	77·0
B. EXCHANGE													
1951	15		1·3	6·0	116·9	0·6	43·0	159·9	7·6	226·1	3·3	13·9	17·2
1952	14		1·6	6·7	111·7	1·4	52·9	164·6	16·0	213·8	2·9	10·7	13·5
1953	14		2·8	5·4	103·7	0·1	54·6	158·3	8·6	198·9	2·8	8·9	11·7
1954	14		2·6	5·8	108·0	0·6	60·4	168·4	8·1	212·9	2·1	11·3	13·5
1955	15		3·2	5·7	121·9	0·1	63·9	185·8	18·6	241·5	2·5	12·2	14·7
1956	15		4·4	8·4	112·1	0·4	62·8	174·9	45·9	267·8	2·4	11·1	13.5
January 1956..	15		3·2	6·0	124·7	0·1	60·4	185·2	18·6	244·4	3·1	11·3	14·4
February ,, ..	15		3·2	6·0	124·1	0·1	61·0	185·1	20·7	243·2	2·7	10·4	13·1
March ,, ..	15		3·3	5·6	119·7	0·1	54·1	173·8	25·2	244·5	2·5	10·0	12·5
April ,, ..	15		3·3	5·9	122·2	0·2	57·0	179·2	28·3	251·0	2·9	10·7	13·6
May ,, ..	15		3·3	6·3	119·1	0·2	58·9	178·0	30·2	256·1	2·9	10·0	12·9
June ,, ..	15		3·4	6·8	110·8	0·2	61·7	172·5	35·1	256·9	2·4	10·1	12·5
July ,, ..	15		3·4	5·8	114·3	0·3	62·4	176·6	35·2	257·1	3·1	10·3	13·4
August ,, ..	15		3·4	6·3	112·9	0·3	64·4	177·3	35·3	258·0	2·9	11·9	14·8
September ,, ..	15		3·5	6·0	111·3	0.7	59·9	171·3	38·1	257·1	2·9	10·4	13·2
October ,, ..	15		3·4	5·5	113·7	0·2	60·4	174·2	43·1	260·6	3·0	11·0	14·0
November ,, ..	15		3·3	6·0	114·9	0·4	66·7	181·7	42·6	264·7	2·9	11·9	14·8
December ,, ..	15		4·4	8·4	112·1	0·4	62·8	174·9	45·9	267·8	2·4	11·1	13·5
C. ALL SCHEDU													
1951	92	33·5	27·3	27·7	512·6	2·9	285·6	798·2	33·1	1,014·3	43·5	45·6	89·1
1952	92	33·7	29·1	26·1	482·9	5·9	308·5	791·5	25·9	972·5	35·0	43·8	78·8
1953	89	32·6	30·3	23·9	480·7	3·5	323·6	804·4	19·0	971·4	31·9	44·7	76·6
1954	88	32·7	30·3	30·6	530·2	6·0	356·0	886·2	21·1	1,072·9	35·8	67·8	103·6
1955	89	32·7	31·3	32·4	571·8	5·4	403·9	975·7	47·5	1,206·2	39·1	61·1	100·2
1956	89	33·1	32·4	33·0	603·4	6·1	449·1	1,052·5	97·5	1,344·5	38·6	51·9	90·5
January 1956..	87	32·6	31·5	29·0	594·4	5·2	398·0	992·4	51·7	1,234·4	37·4	61·9	99·3
February ,, ..	89	32·7	31·3	28·3	588·6	5·2	405·9	994·5	60·1	1,232·6	34·7	53·3	88·0
March ,, ..	88	32·5	31·5	29·6	586·4	4·9	403·2	989·6	92·4	1,280·6	35·7	48·8	84·5
April ,, ..	87	32·6	31·4	30·0	596·9	7·8	411·8	1,008·7	75·0	1,276·7	37·3	48·8	86·1

Note :—For other footnotes see next page.

MENT 5

BANKING COMPANIES, 1951-56

(Amount in crores of rupees)

Percentage of 14 to 9	Balances with the agent of the Reserve Bank and other banks	Money at call and short notice	Bills purchased and discounted††	Loans, advances, cash credits and overdrafts	Due from banks	**Total advances (18+19)**	*Percentage of 21 to 9*	Investments in Government securities*	Other investments	**Total investments (23+24)**	*Percentage of 25 to 9*	**Total assets**
15	16	17	18	19	20	21	22	23	24	25	26	27
LED BANKS@												
11·3	11·0	3·7	32·9	336·8	24·7	**369·7**	*57·9*	259·9	21·0	**280·9**	*44·0*	**786·6**
10·4	9·3	5·1	27·7	302·8	13·2	**330·5**	*52·7*	279·1	23·0	**302·1**	*48·2*	**748·3**
10·0	8·6	6·5	43·8	292·8	10·9	**336·6**	*52·1*	288·0	22·0	**309·9**	*48·0*	**758·1**
12·6	12·0	9·4	41·2	337·0	5·7	**378·2**	*52·7*	299·6	21·7	**321·2**	*45·0*	**848·0**
10·8	13·0	4·9	68·1	372·0	9·7	**440·0**	*55·7*	335·9	26·7	**361·6**	*45·9*	**941·6**
8·8	11·3	7·4	105·2	451·9	10·8	**557·0**	*63·5*	324·0	28·1	**352·0**	*40·1*	**1,044·2**
10·5	8·7	3·7	84·2	384·8	14·8	**469·0**	*55·1*	335·0	26·6	**361·7**	*41·8*	**964·7**
9·2	8·9	2·0	94·3	393·3	15·4	**487·5**	*60·2*	327·3	26·9	**354·2**	*43·8*	**964·7**
8·8	9·1	2·3	97·4	437·7	22·0	**535·1**	*61·6*	312·5	26·8	**339·3**	*41·6*	**1,003·2**
8·7	9·2	6·9	100·1	441·9	11·5	**542·0**	*65·3*	308·7	26·9	**335·7**	*40·5*	**1,000·6**
9·0	8·8	7·7	101·6	446·3	12·8	**547·9**	*65·4*	305·7	26·7	**332·3**	*39·7*	**1,008·0**
9·5	13·6	8·9	92·8	446·6	7·9	**539·4**	*61·2*	303·0	27·2	**330·1**	*38·7*	**1,005·0**
8·8	8·7	12·9	91·3	435·8	7·6	**527·2**	*61·7*	309·4	27·1	**336·5**	*39·4*	**1,007·6**
8·6	9·9	19·4	96·1	425·5	9·1	**521·5**	*60·3*	317·4	27·6	**345·0**	*39·9*	**1,034·4**
8·2	9·2	9·4	91·6	440·3	15·5	**531·9**	*61·5*	332·6	27·7	**360·3**	*41·7*	**1,024·9**
8·5	8·5	14·9	92·0	441·4	15·4	**533·4**	*61·8*	328·2	28·0	**356·1**	*41·3*	**1,030·7**
8·3	8·4	10·2	110·8	427·2	13·2	**538·0**	*61·9*	324·9	27·9	**352·8**	*40·6*	**1,023·5**
8·8	11·3	7·4	105·2	451·9	10·8	**557·0**	*63·5*	324·0	28·1	**352·0**	*40·1*	**1,044·2**
BANKS												
10·8	2·4	7·4	5·0	141·0	0·8	**146·0**	*91·3*	46·1	1·1	**47·2**	*29·5*	**230·4**
8·2	1·5	11·5	3·9	120·1	1·9	**124·0**	*75·3*	44·2	0·9	**45·1**	*27·4*	**204·1**
7·4	1·7	6·2	5·9	108·9	1·6	**114·8**	*72·5*	46·8	0·8	**47·6**	*30·1*	**189·9**
8·0	1·7	5·8	12·8	120·7	1·1	**133·5**	*79·3*	47·4	0·6	**48·0**	*28·5*	**209·3**
7·9	2·0	4·6	16·7	136·9	0·8	**153·6**	*82·7*	46·9	3·5	**50·4**	*27·1*	**232·9**
7·7	1·6	5·0	25·4	162·4	1·1	**187·8**	*101·4*	40·2	2·5	**42.7**	*24·4*	**260·6**
7·8	2·0	5·5	18·1	144·1	0·1	**162·2**	*87·6*	46·7	3·5	**50·2**	*27·1*	**240·7**
7·1	1·6	3·5	17·6	147·8	0·4	**165·4**	*89·4*	46·8	3·5	**50·2**	*27·1*	**239·9**
7·2	1·6	4·0	18·9	154·4	0·3	**173·2**	*99·7*	46·8	3·5	**50·3**	*28·9*	**247·7**
7·6	1·6	2·1	20·6	152·9	0·1	**173·6**	*96·9*	46·3	3·5	**49·8**	*27·8*	**247·5**
7·2	1·7	2·2	23·4	155·9	0·2	**179·3**	*100·7*	46·8	3·4	**50·2**	*28·2*	**254·0**
7·3	1·4	2·3	22·3	158·3	0.1	**180·6**	*104·7*	44·1	3·4	**47·4**	*27·5*	**252·8**
7·6	1·4	2·6	22·5	155·3	0·1	**177·8**	*109·7*	43·6	3·4	**47·0**	*26·6*	**250·9**
8·3	1·4	3·3	23·2	153·9	—	**177·1**	*99·9*	43·0	2·7	**45·7**	*25·8*	**251·5**
7·7	1·4	2·7	22·0	157·9	0·4	**179·9**	*105·1*	42·7	2·4	**45·1**	*26·4*	**251·6**
8·0	1·3	2·7	24·1	158·1	0·2	**182·2**	*101·6*	43·0	2·3	**45·3**	*26·0*	**254·4**
8·2	1·4	4·8	23·8	159·8	0·4	**183·5**	*101·0*	40·1	2·4	**42·5**	*23·4*	**256·6**
7·7	1·6	5·0	25·4	162·4	1·1	**187·8**	*107·4*	40·2	2·5	**42·7**	*24·4*	**260·6**
LED BANKS												
11·2	13·4	11·1	37·9	477·8	25·6	**515·7**	*64·6*	305·9	22·1	**328·0**	*41·1*	**1,017·0**
10·0	10·8	16·6	31·6	422·8	15·2	**454·4**	*57·4*	323·3	23·9	**347·2**	*43·9*	**952·4**
9·5	10·3	12·7	49·8	401·7	12·5	**451·5**	*56·1*	334·8	22·7	**357·5**	*44·4*	**948·0**
11·7	13·7	15·2	54·0	457·7	6·8	**511·7**	*57·7*	347·0	24·3	**371·3**	*41·9*	**1,057·3**
10·3	14·9	9·5	84·7	508·9	10·5	**593·6**	*60·8*	382·8	30·2	**413·0**	*42·3*	**1,174·4**
8·6	12·9	12·4	130·6	614·3	11·9	**744·9**	*70·8*	364·2	30·6	**394·8**	*37·5*	**1,304·9**
10·0	10·7	9·2	102·3	528·8	15·0	**631·2**	*63·6*	381·7	30·1	**411·8**	*41·5*	**1,205·4**
8·8	10·5	5·5	111·8	541·1	15·8	**652·9**	*65·7*	374·1	30·3	**404·4**	*40·7*	**1,204·5**
8·5	10·7	6·3	116·3	592·0	22·4	**708·4**	*71·6*	359·3	30·2	**389·6**	*39·4*	**1,250·9**
8·5	10·8	9·1	120·7	594·8	11·6	**715·5**	*70·9*	355·1	30·4	**385·5**	*38·2*	**1,248·1**

@ Include one bank registered in Pakistan upto 1952 and two such banks for subsequent years.

STATE

LIABILITIES AND ASSETS IN INDIA OF

As on the last Friday of	No. of reporting banking companies	Paid-up capital†	Reserves	Demand deposits: From banking companies	Demand deposits: From others	Time deposits: From banking companies	Time deposits: From others	Net deposits (6+8)	Due to other banks	Total liabilities	Cash in hand	Balances with the Reserve Bank	Total (12+13)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
													C. ALL SCHEDU
May 1956..	88	32·6	31·5	32·3	596·3	7·4	419·1	**1,015·4**	83·7	**1,295·8**	39·4	48·7	**88·1**
June ,, ..	87	32·6	31·7	37·2	591·6	8·5	433·8	**1,025·4**	67·3	**1,289·1**	40·9	52·7	**93·6**
July ,, ..	88	32·7	31·8	30·0	588·9	7·1	441·6	**1,030·5**	67·9	**1,282·3**	37·8	50·4	**88·1**
August ,, ..	86	32·4	31·4	31·9	596·7	6·7	446·0	**1,042·7**	57·7	**1,290·1**	37·4	51·5	**88·9**
September ,, ..	88	32·7	31·9	28·6	592·3	7·1	443·7	**1,036·0**	87·9	**1,311·5**	35·3	48·8	**84·2**
October ,, ..	89	32·6	32·0	30·1	594·8	6·8	442·6	**1,037·4**	86·2	**1,315·2**	38·2	49·0	**87·2**
November ,, ..	88	33·0	31·3	28·7	603·4	6·6	447·0	**1,050·4**	78·8	**1,317·3**	35·9	50·8	**86·7**
December ,, ..	89	33·1	32·4	33·0	603·4	6·1	449·1	**1,052·5**	97·5	**1,344·5**	38·6	51·9	**90·5**
													D. NON-SCHEDU
1951	306	5·8	2·2	0·2	11·4	0·2	24·1	**35·5**	2·4	**47·9**	3·1	—	**3·1**
1952	425	8·9	4·0	0·5	19·8	0·2	39·1	**58·9**	3·7	**78·4**	4·7	—	**4·7**
1953	415	8·5	3·9	0·2	19·6	0·3	39·8	**59·4**	1·6	**76·3**	4·5	—	**4·6**
1954	401	8·3	4·1	0·6	23·1	0·3	40·8	**63·9**	1·0	**80·8**	5·9	0·1	**5·9**
1955	387	7·9	4·2	0·4	25·2	0·4	42·9	**68·1**	1·7	**85·8**	6·2	—	**6·2**
1956	354	7·7	4·4	0·4	26·0	0·3	46·7	**72·7**	1·7	**90·9**	6·0	—	**6·0**
January 1956..	362	7·7	4·2	0·6	23·1	0·6	42·1	**65·2**	1·9	**83·0**	4·4	—	**4·4**
February ,, ..	372	7·8	4·2	0·3	24·3	0·4	43·1	**67·4**	1·7	**84·8**	4·4	—	**4·4**
March ,, ..	378	7·8	4·3	0·4	24·5	0·4	42·3	**66·8**	2·3	**84·6**	4·7	—	**4·7**
April ,, ..	365	7·7	4·3	0·3	25·5	0·4	42·1	**67·7**	1·9	**84·9**	4·9	—	**5·0**
May ,, ..	369	7·9	4·3	0·4	25·1	0·4	42·6	**67·7**	2·6	**86·1**	4·9	0·1	**4·9**
June ,, ..	361	7·6	4·3	0·4	22·9	0·6	45·4	**68·3**	2·2	**86·3**	5·4	—	**5·4**
July ,, ..	356	7·6	4·3	0·4	22·5	0·6	46·0	**68·4**	1·6	**85·4**	4·6	—	**4·7**
August ,, ..	359	7·6	4·3	0·4	22·5	0·3	46·6	**69·1**	1·5	**85·9**	4·8	0·1	**4·8**
September ,, ..	350	7·6	4·3	0·4	23·5	0·4	46·5	**70·0**	1·9	**87·0**	4·5	—	**4·5**
October ,, ..	352	7·6	4·4	0·3	23·7	0·3	46·5	**70·1**	2·3	**87·8**	4·5	—	**4·5**
November ,, ..	344	7·5	4·3	0·4	23·2	0·4	46·1	**69·3**	1·9	**86·7**	4·7	—	**4·7**
December ,, ..	354	7·7	4·4	0·4	26·0	0·3	46·7	**72·7**	1·7	**90·9**	6·0	—	**6·0**
													E. ALL
1951	398	39·3	29·5	27·9	524·0	3·1	309·7	**833·7**	35·5	**1,062·2**	46·5	45·6	**92·2**
1952	517	42·6	33·1	26·6	502·7	6·2	347·6	**850·3**	29·6	**1,051·0**	39·7	43·8	**83·5**
1953	504	41·1	34·2	24·1	500·4	3·8	363·4	**863·8**	20·6	**1,047·7**	36·5	44·7	**81·2**
1954	489	41·0	34·4	31·2	553·3	6·3	396·8	**950·1**	22·1	**1,153·7**	41·7	67·9	**109·5**
1955	476	40·6	35·6	32·8	597·0	5·8	446·8	**1,043·8**	49·2	**1,292·0**	45·3	61·1	**106·4**
1956	443	40·8	36·7	33·5	629·3	6·4	495·8	**1,125·1**	99·2	**1,435·4**	44·6	51·9	**96·5**
January 1956..	449	40·3	35·6	29·7	617·5	5·7	440·1	**1,057·6**	53·7	**1,317·4**	41·8	61·9	**103·7**
February ,, ..	461	40·5	35·6	28·5	613·0	5·6	449·0	**1,062·0**	61·8	**1,317·4**	39·0	53·3	**92·3**
March ,, ..	466	40·4	35·8	30·0	610·9	5·3	445·6	**1,056·4**	94·7	**1,365·2**	40·3	48·8	**89·1**
April ,, ..	452	40·3	35·7	30·3	622·4	8·2	453·9	**1,076·4**	76·9	**1,361·6**	42·2	48·8	**91·1**
May ,, ..	457	40·5	35·8	32·8	621·5	7·8	461·6	**1,083·1**	86·2	**1,381·9**	44·3	48·8	**93·1**
June ,, ..	448	40·2	36·0	37·5	614·5	9·0	479·2	**1,093·7**	69·6	**1,375·4**	46·3	52·7	**99·0**
July ,, ..	444	40·3	36·0	30·4	611·4	7·7	487·6	**1,099·0**	69·5	**1,367·8**	42·4	50·4	**92·8**
August ,, ..	445	40·1	35·8	32·3	619·2	7·1	492·6	**1,111·9**	59·2	**1,376·1**	42·1	51·6	**93·7**
September ,, ..	438	40·3	36·2	29·0	615·8	7·5	490·2	**1,106·0**	89·8	**1,398·5**	39·9	48·8	**88·7**
October ,, ..	441	40·2	36·4	30·5	618·5	7·1	489·1	**1,107·6**	88·4	**1,403·0**	42·7	49·1	**91·7**
November ,, ..	432	40·5	35·6	29·1	626·5	7·0	493·1	**1,119·6**	80·7	**1,404·0**	40·6	50·8	**91·4**
December ,, ..	443	40·8	36·7	33·5	629·3	6·4	495·8	**1,125·1**	99·2	**1,435·4**	44·6	51·9	**96·5**

Note :—As the figures of liabilities and assets of banking companies relate only to areas to which the Banking Companies Act extended, the total of liabilities may not agree with the total of assets.

† The figures of paid-up capital of banking companies incorporated outside India are excluded.

1ENT 5—(Contd.)

ANKING COMPANIES, 1951-56

(Amount in crores of rupees)

Percent-age of 14 to 9	Balances with the agent of the Reserve Bank and other banks	Money at call and short notice	Bills purchased and discounted††	Loans, advances, cash credits and overdrafts	Due from banks	Total advances (18+19)	Percentage of 21 to 9	Investments in Government securities*	Other investments	Total Investments (23+24)	Percentage of 25 to 9	Total assets
15	16	17	18	19	20	21	22	23	24	25	26	27
ED BANKS—(contd.)												
8·7	10·5	9·9	125·0	602·2	13·0	**727·2**	*71·6*	352·5	30·1	**382·5**	*37·7*	**1,262·0**
9·1	15·0	11·2	115·1	605·0	8·0	**720·0**	*70·2*	347·0	30·5	**377·6**	*36·8*	**1,257·8**
8·5	10·1	15·5	113·8	591·2	7·7	**705·0**	*68·4*	352·9	30·5	**383·5**	*37·2*	**1,258·5**
8·5	11·2	22·7	119·3	579·4	9·1	**698·6**	*67·0*	360·4	30·2	**390·6**	*37·5*	**1,255.9**
8·1	10·6	12·0	113·6	598·2	15·9	**711·8**	*68·7*	375·3	30·1	**405·4**	*39·1*	**1,276·5**
8·4	9·7	17·6	116·1	599·5	15·6	**715·5**	*69·0*	371·2	30·3	**401·4**	*38·7*	**1,285·0**
8·3	9·8	15·1	134·6	586·9	13·6	**721·5**	*68·7*	365·0	30·3	**395·3**	*37·6*	**1,280·1**
8·6	12·9	12·4	130·6	614·3	11·9	**744·9**	*70·8*	364·2	30·6	**394·8**	*37·5*	**1,304·9**
LED BANKS												
8·7	1·7	0·2	1·4	27·1	—	**28·5**	*80·3*	9·0	2·5	**11·5**	*32·4*	**47·8**
8·0	3·0	0·2	2·1	39·4	0·1	**41·5**	*70·5*	20·6	3·9	**24·6**	*41·8*	**78·3**
7·7	2.5	0·7	2·0	37·8	0·2	**39·8**	*67·0*	20·1	4·2	**24·2**	*40·7*	**76·2**
9·2	3·9	1·9	1·6	36·5	0·1	**38·1**	*59·6*	21·3	5·0	**26·3**	*41·2*	**80·7**
9·1	3·5	2·7	2·2	35·8	0·1	**38·0**	*55·8*	24·9	5·7	**30·5**	*44·8*	**85·7**
8·3	3·2	1·9	3·2	39·4	—	**42·6**	*58·6*	25·5	6·6	**32·1**	*44·2*	**90·7**
6·8	2·6	1·3	2·9	36·8	0·1	**39·7**	*60·9*	24·7	5·7	**30·4**	*46·6*	**82·9**
6·5	2·6	1·3	2·6	37·9	0·1	**40·6**	*60·2*	24·9	6·2	**31·1**	*46·1*	**84·7**
7.0	2·4	0·8	3·2	38·5	0·1	**41·7**	*62·4*	24·6	5·7	**30·3**	*45·4*	**84·4**
7·3	2·8	1·2	2·9	38·2	—	**41·1**	*60·7*	24·5	5·8	**30·3**	*44·8*	**84·8**
7·3	2·8	1·8	2·9	38·9	0·1	**41·8**	*61·8*	24·0	5·9	**29·9**	*44·1*	**85·9**
7·9	2·9	2·0	2·3	39·3	0·1	**41·6**	*61·0*	23·3	6·3	**29·6**	*43·3*	**86·2**
6·8	2·7	2·0	2·7	38·8	0·1	**41·5**	*60·6*	23·5	6·3	**29·8**	*43·6*	**85·3**
7·0	2·7	2·3	2·9	38·2	0·1	**41.0**	*59·4*	23·8	6·6	**30·3**	*43·9*	**85·8**
6·5	2·4	2·8	2·5	37·8	0·1	**40.3**	*57·6*	24·3	7·8	**32·1**	*45·9*	**86·9**
6·4	2·4	3·4	2·7	37·3	0·1	**40.1**	*57·1*	24·4	8·1	**32·5**	*46·3*	**87·7**
6·8	2·4	1·7	3·2	38·2	0·1	**41·3**	*59·6*	24·7	7·1	**31·8**	*45·9*	**86·6**
8·3	3·2	1·9	3·2	39·4	—	**42·6**	*58·6*	25·5	6·6	**32·1**	*44·2*	**90·7**
BANKS												
11·1	15·1	11·2	39·3	505·0	25·6	**544·3**	*65·3*	315·0	24·6	**339·6**	*40·7*	**1,064·7**
9·8	13·8	16·8	33·8	462·2	15·2	**496·0**	*58·3*	343·9	27·9	**371·8**	*43·7*	**1,030·7**
9·4	12·8	13·4	51·8	439·5	12·6	**491·3**	*56·9*	354·8	26·9	**381·7**	*44·2*	**1,024·3**
11·5	17·6	17·1	55·6	494·2	6·9	**549·8**	*57·9*	368·3	29·3	**397·6**	*41·8*	**1,138·0**
10·2	18·4	12·1	86·9	544·7	10·6	**631·6**	*60·5*	407·7	35·9	**443·6**	*42·5*	**1,250·1**
8·6	16·1	14·3	133·8	653·7	12·0	**787·5**	*70·0*	389·7	37·2	**426·9**	*37·9*	**1,395·5**
9·8	13·3	10·6	105·2	565·6	15·0	**670·9**	*63·4*	406·4	35·8	**442·2**	*41·8*	**1,288·2**
8·7	13·2	6·8	114·5	579·0	15·8	**693·5**	*65·3*	399·0	36·5	**435·5**	*41·0*	**1,289·2**
8.4	13·1	7·1	119·5	630·6	22·4	**750·1**	*71·0*	384·0	35·9	**419·9**	*39.7*	**1,335·3**
8·5	13·6	10·3	123·6	633·0	11·6	**756·6**	*70·3*	379·5	36·2	**415·8**	*38·6*	**1,332·9**
8·6	13·3	11·7	127·9	641·1	13·1	**769·0**	*71·0*	376·4	36·0	**412·4**	*38·1*	**1,348·0**
9·1	17·9	13·2	117·4	644·3	8·0	**761·7**	*69·6*	370·3	36·8	**407·1**	*37·2*	**1,344·0**
8·4	12·8	17·5	116·5	630·0	7·8	**746·5**	*67·9*	376·4	36·9	**413·3**	*37·6*	**1,343·8**
8·4	13·9	25·0	122·2	617·5	9·2	**739·7**	*66·5*	384·2	36·8	**421·0**	*37·9*	**1,341·7**
8·0	13·0	14·8	116·1	636·0	15·9	**752·1**	*68·0*	399·6	37·9	**437·5**	*39·6*	**1,363·4**
8·3	12·1	21·0	118·8	636·8	15·7	**755·6**	*68·2*	395·5	38·4	**433·9**	*39·2*	**1,372·7**
8·2	12·2	16·7	137·7	625·1	13·7	**762·8**	*68·1*	389·7	37·4	**427·1**	*38·1*	**1,366·6**
8·6	16·1	14·3	133·8	653·7	12·0	**787·5**	*70·0*	389·7	37·2	**426·9**	*37·9*	**1,395·5**

†† Relate to inland and such foreign import bills as are accounted through bills purchased and discounted account.
* Include Treasury Bills and TDRs.

STATEMENT 6

PRINCIPAL RATIOS OF BANKING COMPANIES, 1955 & 1956

(As on the last Friday of the year)

(Percentage)

Ratio of	Exchange Banks		Other Scheduled Banks		Non-Scheduled Banks		All Banks	
	1955	1956	1955	1956	1955	1956	1955	1956
1	2	3	4	5	6	7	8	9
1. Reserves to paid-up capital* ..			86	85	54	57	**88**	**90**
2. Demand deposits to total deposits ..	67	66	58	57	37	36	**58**	**57**
3. Time deposits to total deposits ..	33	34	42	43	63	64	**42**	**43**
4. Total paid-up capital and reserves to total deposits @			7	7	18	16	**7**	**7**
5. Borrowings from banks to total deposits	10	25	4	6	2	2	**5**	**9**
6. Cash in hand and balances with the Reserve Bank of India to total deposits	8	7	10	8	9	8	**10**	**8**
7. Balances with the agent of the Reserve Bank of India and with other banks to total deposits ..	1	1	2	1	5	4	**2**	**1**
8. Investments in Government securities to total deposits	25	22	41	36	36	35	**38**	**33**
9. Total investments to total deposits	26	23	44	39	44	44	**41**	**37**
10. Advances to total deposits ..	83	102	55	61	59	58	**60**	**68**
11. Capitalised expenses to total paid-up capital and reserves @ ..			1	1	4	4	**3**	**5**

* Exclude banks incorporated outside India.

@ In calculating the ratios under columns 8 and 9, paid-up capital of banks incorporated outside India has been excluded but their reserves have been included.

STATEMENT 7

RATIO OF PAID-UP CAPITAL AND RESERVES TO DEPOSITS OF COMMERCIAL BANKS IN INDIA, THE U. K., AND THE U. S. A., 1939-56

(Percentage)

End of	India (*Indian joint stock banks*)			United Kingdom	United States of America
	Scheduled banks	Non-Scheduled banks	All banking companies	(Eleven clearing banks)	(All commercial banks)
1	2	3	4	5	6
1939	13	25	14	6	14
1945	6	11	7	3	7
1949	9	20	9	2	8
1950	9	21	9	2	8
1951	9	22	10	2	8
1952	9	22	11	2	8
1953	9	21	10	3	8
1954	8	19	9	3	8
1955	7	18	8	3	8
1956	7	16	7	3	9

Note :—The ratios have been calculated from data available in the Statistical Tables relating to Banks in India for the years 1939 and 1945 and thereafter from returns received from the banking companies under the Banking Companies Act, in the case of India, and from figures available in the Bankers' Magazine and the Federal Reserve Bulletin in the case of the U. K. and the U. S. A., respectively.

STATEMENT 8

PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES CLASSIFIED ACCORDING TO THE SIZE OF THEIR PAID-UP CAPITAL AND RESERVES, 1956

(As on the last Friday of the year)

(Amount in crores of rupees)

Size of paid-up capital and reserves	No. of reporting banking companies*	Paid-up capital and reserves	Deposits: Demand	Deposits: Time	Deposits: Total	Cash in hand and balances with the Reserve Bank	Investments in Government securities†	Other investments	Loans and advances
1	2	3	4	5	6	7	8	9	10
A. SCHEDULED BANKS									
1. Rs. 5 lakhs and above but less than Rs. 50 lakhs	47	8·9 (*11·4*)	25·9 (*33·0*)	52·5 (*67·0*)	**78·4**	8·5 (*10·8*)	27·4 (*34·9*)	2·5 (*3·2*)	46·4 (*59·2*)
2. Rs. 50 lakhs and above ..	25	52·1 (*6·3*)	489·3 (*59·1*)	339·4 (*41·0*)	**828·6**	68·4 (*8·3*)	296·3 (*35·8*)	25·6 (*3·1*)	510·2 (*61·6*)
3. **Total of 1 and 2**	**72**	**61·0** (*6·7*)	**515·1** (*56·8*)	**391·9** (*43·2*)	**907·0**	**76·9** (*8·5*)	**323·6** (*35·7*)	**28·1** (*3·1*)	**556·6** (*61·4*)
B. NON-SCHEDULED BANKS									
4. Below Rs. 50,000	16	—	—	0·1 (*100·0*)	**0·1**	—	—	—	0·1 (*100·0*)
5. Rs. 50,000 and above but less than Rs. 1 lakh	99	0·7 (*28·0*)	0·7 (*28·0*)	1·8 (*72·0*)	**2·5**	0·3 (*12·0*)	0·4 (*16·0*)	0·3 (*12·0*)	2·0 (*80·0*)
6. Rs. 1 lakh and above but less than Rs. 5 lakhs	178	3·6 (*17·4*)	5·4 (*26·1*)	15·3 (*73·9*)	**20·7**	1·8 (*8·7*)	5·7 (*27·5*)	2·0 (*9·7*)	13·6 (*65·7*)
7. Rs. 5 lakhs and above but less than Rs. 50 lakhs	57	4·6 (*16·9*)	9·7 (*35·7*)	17·5 (*64·3*)	**27·2**	2·1 (*7·7*)	7·7 (*28·3*)	1·6 (*5·9*)	17·4 (*64·0*)
8. Rs. 50 lakhs and above ..	4	3·1 (*13·5*)	10·6 (*46·3*)	12·3 (*53·7*)	**22·9**	1·9 (*8·3*)	11·7 (*51·1*)	2·7 (*11·8*)	9·5 (*41·5*)
9. **Total of 4 to 8**	**354**	**12·0** (*16·3*)	**26·4** (*36·0*)	**47·0** (*64·0*)	**73·4**	**6·0** (*8·2*)	**25·5** (*34·7*)	**6·6** (*9·0*)	**42·6** (*58·0*)
C. ALL BANKS									
10. Below Rs. 50,000	16	—	—	0·1 (*100·0*)	**0·1**	—	—	—	0·1 (*100·0*)
11. Rs. 50,000 and above but less than Rs. 1 lakh	99	0·7 (*28·0*)	0·7 (*28·0*)	1·8 (*72·0*)	**2·5**	0·3 (*12·0*)	0·4 (*16·0*)	0·3 (*12·0*)	2·0 (*80·0*)
12. Rs. 1 lakh and above but less than Rs. 5 lakhs	178	3·6 (*17·4*)	5·4 (*26·1*)	15·3 (*73·9*)	**20·7**	1·8 (*8·7*)	5·7 (*27·5*)	2·0 (*9·7*)	13·6 (*65·7*)
13. Rs. 5 lakhs and above but less than Rs. 50 lakhs	104	13·5 (*12·8*)	35·5 (*33·6*)	70·0 (*66·3*)	**105·6**	10·6 (*10·0*)	35·1 (*33·2*)	4·1 (*3·9*)	63·8 (*60·4*)
14. Rs. 50 lakhs and above ..	29	55·2 (*6·5*)	499·8 (*58·7*)	351·7 (*41·3*)	**851·5**	70·3 (*8·3*)	307·9 (*36·2*)	28·3 (*3·3*)	519·8 (*61·0*)
15. **Total of 10 to 14**	**426**	**73·0** (*7·5*)	**541·5** (*55·2*)	**438·8** (*44·8*)	**980·4**	**82·9** (*8·5*)	**349·1** (*35·6*)	**34·7** (*3·5*)	**599·2** (*61·1*)

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

* Exclude banking companies incorporated outside India.

† Include Treasury Bills.

STATEMENT 9

CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES ACCORDING TO THE SIZE OF THEIR RESERVES IN RELATION TO THEIR PAID-UP CAPITAL, 1949-56

Class of banking companies	Last Friday of	No. of banking companies having: no reserves		reserves less than 50% of the paid-up capital		reserves equal to or more than 50% but less than the paid-up capital		reserves equal to or more than the paid-up capital		Total
		Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number
1	2	3	4	5	6	7	8	9	10	11
Scheduled banks ..	1949	3	*5*	41	*63*	10	*15*	11	*17*	65
	1950	1	*1*	45	*61*	9	*12*	19	*26*	74
	1951	—	—	45	*59*	10	*13*	21	*28*	76
	1952	3	*4*	40	*52*	11	*14*	23	*30*	77
	1953	1	*1*	38	*52*	12	*16*	22	*30*	73
	1954	2	*3*	31	*43*	19	*26*	20	*28*	72
	1955	2	*3*	32	*44*	16	*22*	22	*31*	72
	1956	2	*3*	29	*40*	17	*24*	24	*33*	72
Non-scheduled banks ..	1949	37	*11*	202	*60*	48	*14*	49	*15*	336
	1950	28	*8*	203	*61*	49	*15*	55	*16*	335
	1951	26	*9*	173	*57*	49	*16*	53	*18*	301
	1952	38	*9*	249	*59*	66	*16*	70	*17*	423
	1953	28	*7*	248	*60*	70	*17*	68	*16*	414
	1954	26	*7*	229	*57*	78	*20*	67	*17*	400
	1955	23	*6*	219	*57*	72	*19*	72	*19*	386
	1956	13	*4*	189	*53*	81	*23*	71	*20*	354
All banks	**1949**	**40**	*10*	**243**	*61*	**58**	*14*	**60**	*15*	**401**
	1950	**29**	*7*	**248**	*61*	**58**	*14*	**74**	*18*	**409**
	1951	**26**	*7*	**218**	*58*	**59**	*16*	**74**	*20*	**377**
	1952	**41**	*8*	**289**	*58*	**77**	*15*	**93**	*19*	**500**
	1953	**29**	*6*	**286**	*59*	**82**	*17*	**90**	*18*	**487**
	1954	**28**	*6*	**260**	*55*	**97**	*21*	**87**	*18*	**472**
	1955	**25**	*5*	**251**	*55*	**88**	*19*	**94**	*21*	**458**
	1956	**15**	*4*	**218**	*51*	**98**	*23*	**95**	*22*	**426**

Note :—(1) The statement excludes banking companies incorporated outside India.

(2) The statement is based on returns as on the last Friday of the year and figures may not tally with the year-end figures in audited balance sheets.

STATEMENT 10

UNCLAIMED DEPOSITS HELD BY BANKING COMPANIES, 1954 & 1955

(Amount in lakhs of rupees)

	December 31, 1954				December 31, 1955			
Number of reporting banking companies	504				488			
Number of banking companies showing unclaimed accounts	230				268			
Particulars	Number	*Percentage to total*	Amount	*Percentage to total*	Number	*Percentage to total*	Amount	*Percentage to total*
1	2	3	4	5	6	7	8	9
I. Nature of accounts								
1. Current.. ..	50,268	*26*	44	*25*	53,008	*26*	44	*24*
2. Savings.. ..	1,34,290	*71*	83	*47*	1,43,388	*71*	94	*52*
3. Fixed	916	—	42	*24*	943	—	37	*20*
4. Others	5,115	*3*	6	*4*	4,938	*2*	6	*3*
II. Interest credited ..			1				1	*1*
III. Incidental charges debited			*				*	
IV. TOTAL	**1,90,589**	*100*	**176**	*100*	**2,02,277**	*100*	**182**	*100*

* Less than Rs. 50,000.

STATEMENT II

PRINCIPAL LIABILITIES AND ASSETS IN INDIA OF BANKING COMPANIES CLASSIFIED ACCORDING TO THE SIZE OF THEIR DEPOSITS, 1956

(As on the last Friday of the year)

(Amount in crores of rupees)

Size of deposits	No. of reporting banking companies	Paid-up capital and reserves*	Deposits: Demand	Deposits: Time	Deposits: Total	Cash in hand and balances with the Reserve Bank	Investments in Government securities†	Other investments	Loans and advances
1	2	3	4	5	6	7	8	9	10
A. SCHEDULED BANKS									
1. Below Rs. 5 lakhs	4	0·3	—	—	—	—	—	—	0·2
2. Rs. 5 lakhs to Rs. 10 lakhs ..	1	0·1	—	0·1	**0·1**	—	—	—	0·1
		(100·0)		*(100·0)*					*(100·0)*
3. Rs. 10 lakhs to Rs. 50 lakhs ..	9	1·3	1·4	1·0	**2·4**	0·3	1·0	0·3	8·1
		(54·2)	*(58·3)*	*(41·7)*		*(12·5)*	*(41·7)*	*(12·5)*	*(337·5)*
4. Rs. 50 lakhs to Rs. 1 crore ..	15	2·4	4·1	6·5	**10·6**	1·3	4·2	0·7	7·1
		(22·6)	*(38·7)*	*(61·3)*		*(12·3)*	*(39·6)*	*(6·6)*	*(67·0)*
5. Rs. 1 crore to Rs. 5 crores ..	27	8·3	26·5	33·4	**59·9**	6·8	19·8	2·3	40·5
		(13·9)	*(44·2)*	*(55·8)*		*(11·4)*	*(33·1)*	*(3·8)*	*(67·6)*
6. Rs. 5 crores to Rs. 10 crores ..	12	5·9	39·9	46·7	**86·6**	7·9	25·0	1·5	67·5
		(6·8)	*(46·1)*	*(53·9)*		*(9·1)*	*(28·9)*	*(1·7)*	*(77·9)*
7. Rs. 10 crores to Rs. 20 crores	9	6·9	65·7	55·9	**121·5**	11·3	36·9	4·7	82·5
		(5·7)	*(54·1)*	*(46·0)*		*(9·3)*	*(30·4)*	*(3·9)*	*(67·9)*
8. Rs. 20 crores and above ..	12	40·2	498·7	311·7	**810·4**	63·0	277·2	21·0	538·9
		(5·0)	*(61·5)*	*(38·5)*		*(7·8)*	*(34·2)*	*(2·6)*	*(66·5)*
9. **Total of 1 to 8**	**89**	**65·5**	**636·4**	**455·2**	**1,091·6**	**90·5**	**364·2**	**30·6**	**744·9**
		(6·0)	*(58·3)*	*(41·7)*		*(8·3)*	*(33·4)*	*(2·8)*	*(68·2)*
B. NON-SCHEDULED BANKS									
10. Below Rs. 5 lakhs	183	2·6	0·9	2·1	**3·0**	0·4	0·6	0·3	3·7
		(86·7)	*(30·0)*	*(70·0)*		*(13·3)*	*(20·0)*	*(10·0)*	*(123·3)*
11. Rs. 5 lakhs to Rs. 10 lakhs ..	52	1·1	1.1	2·7	**3·8**	0·3	1·0	0·4	2·8
		(28·9)	*(28·9)*	*(71·1)*		*(7·9)*	*(26·3)*	*(10·5)*	*(73·7)*
12. Rs. 10 lakhs to Rs. 50 lakhs ..	89	2·9	5·0	11·9	**16·9**	1·5	4·7	1·5	11·3
		(17·2)	*(29·6)*	*(70·4)*		*(8·9)*	*(27·8)*	*(8·9)*	*(66·9)*
13. Rs. 50 lakhs to Rs. 1 crore ..	19	1·8	3·3	9·6	**12·9**	0·9	3·2	0·6	8·6
		(14·0)	*(25·6)*	*(74·4)*		*(7·0)*	*(24·8)*	*(4·7)*	*(66·7)*
14. Rs. 1 crore to Rs. 5 crores ..	9	1·1	5·8	8·9	**14·7**	1·2	4·6	1·0	7·6
		(7·5)	*(39·5)*	*(60·5)*		*(8·2)*	*(31·3)*	*(6·8)*	*(51·7)*
15. Rs. 5 crores to Rs. 10 crores ..	1	0·9	2·7	5·2	**7·9**	0·8	3·9	0·7	4·1
		(11·4)	*(34·2)*	*(65·8)*		*(10·1)*	*(49·4)*	*(8·9)*	*(51·9)*
16. Rs. 10 crores to Rs. 20 crores	1	1·6	7·8	6·4	**14·2**	1·0	7·6	2·0	4·4
		(11·3)	*(54·9)*	*(45·1)*		*(7·0)*	*(53·5)*	*(14·1)*	*(31·0)*
17. **Total of 10 to 16**	**354**	**12·0**	**26·4**	**47·0**	73·4	**6·0**	**25·5**	**6·6**	**42·6**
		(16·3)	*(36·0)*	*(64·0)*		*(8·2)*	*(34·7)*	*(9·0)*	*(58·0)*
C. ALL BANKS									
18. Below Rs. 5 lakhs	187	3·0	0·9	2·2	**3·1**	0·4	0·6	0·4	4·0
		(96·8)	*(29·0)*	*(71·0)*		*(12·9)*	*(19·4)*	*(12·9)*	*(129·0)*
19. Rs. 5 lakhs to Rs. 10 lakhs ..	53	1·2	1·1	2·8	**3·9**	0·3	1·0	0·4	2·9
		(30·8)	*(28·2)*	*(71·8)*		*(7·7)*	*(25·6)*	*(10·3)*	*(74·4)*
20. Rs. 10 lakhs to Rs. 50 lakhs ..	98	4·2	6·4	12·9	**19·3**	1·8	5·6	1·9	19·4
		(21·8)	*(33·2)*	*(66·8)*		*(9·3)*	*(29·0)*	*(9·8)*	*(100·5)*
21. Rs. 50 lakhs to Rs. 1 crore ..	34	4·3	7·3	16·1	**23·5**	2·1	7·5	1·3	15·8
		(18·3)	*(31·1)*	*(68·5)*		*(8·9)*	*(31·9)*	*(5·5)*	*(67·2)*
22. Rs. 1 crore to Rs. 5 crores ..	36	9·3	32·3	42·3	**74·6**	8·0	24·4	3·4	48·1
		(12·5)	*(43·3)*	*(56·7)*		*(10·7)*	*(32·7)*	*(4·6)*	*(64·5)*
23. Rs. 5 crores to Rs. 10 crores ..	13	6·8	42·6	51·9	**94·5**	8·6	28·9	2·2	71·6
		(7·2)	*(45·1)*	*(54·9)*		*(9·1)*	*(30·6)*	*(2·3)*	*(75·8)*
24. Rs. 10 crores to Rs. 20 crores	10	8·5	73·4	62·3	**135·7**	12·3	44·5	6·7	86·9
		(6·3)	*(54·1)*	*(45·9)*		*(9·1)*	*(32·8)*	*(4·9)*	*(64·0)*
25. Rs. 20 crores and above ..	12	40·2	498·7	311·7	**810·4**	63·0	277·2	21·0	538·9
		(5·0)	*(61·5)*	*(38·5)*		*(7·8)*	*(34·2)*	*(2·6)*	*(66·5)*
26. **Total of 18 to 25**	**443**	**77·5**	**662·8**	**502·1**	**1,164·9**	**96·5**	**389·7**	**37·2**	**787·5**
		(6·7)	*(56·9)*	*(43·1)*		*(8·3)*	*(33·5)*	*(3·2)*	*(67·6)*

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

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

† Include Treasury Bills.

STATEMENT 12

DEPOSITS* OF SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1956

(Amount in crores of rupees)

Rate of interest	Last day of		Major Indian Scheduled Banks† Amount	Major Indian Scheduled Banks† Percentage to total	Exchange Banks Amount	Exchange Banks Percentage to total	All Scheduled Banks Amount	All Scheduled Banks Percentage to total
1	2		3	4	5	6	7	8
1. Nil	Mar.	1956	215·1	*32·9*	50·2	*28·8*	276·4	*27·2*
	June	„	200·1	*29·8*	47·1	*26·8*	260·2	*24·8*
	Sept.	„	204·8	*30·6*	48·0	*27·5*	264·1	*25·3*
2. More than 0% but upto and including ¼%	Mar.	1956	78·2	*12·0*	45·1	*25·8*	153·8	*15·2*
	June	„	81·6	*12·2*	40·7	*23·2*	155·9	*14·8*
	Sept.	„	80·3	*12·0*	42·6	*24·4*	154·5	*14·7*
3. More than ¼% but upto and including ½%	Mar.	1956	4·7	*0·7*	0·3	*0·2*	12·1	*1·2*
	June	„	4·1	*0·6*	0·1	*0·1*	12·3	*1·2*
	Sept.	„	2·7	*0·4*	0·1	*0·1*	10·0	*0·9*
4. More than ½% but upto and including 1%	Mar.	1956	72·6	*11·1*	1·4	*0·8*	79·8	*7·9*
	June	„	67·9	*10·1*	1·0	*0·5*	75·2	*7·2*
	Sept.	„	67·1	*10·0*	0·7	*0·4*	73·4	*7·0*
5. More than 1% but upto and including 1½%	Mar.	1956	61·2	*9·4*	13·3	*7·6*	91·0	*9·0*
	June	„	57·5	*8·6*	13·4	*7·6*	87·6	*8·3*
	Sept.	„	56·6	*8·4*	14·2	*8·2*	87·8	*8·4*
6. More than 1½% but upto and including 2%	Mar.	1956	13·1	*2·0*	14·4	*8·2*	41·0	*4·0*
	June	„	31·9	*4·8*	7·4	*4·2*	54·1	*5·2*
	Sept.	„	31·9	*4·7*	5·5	*3·1*	52·8	*5·0*
7. More than 2% but upto and including 2½%	Mar.	1956	27·5	*4·2*	10·2	*5·8*	49·4	*4·9*
	June	„	23·6	*3·5*	18·8	*10·7*	55·0	*5·2*
	Sept.	„	23·1	*3·4*	18·6	*10·6*	54·9	*5·2*
8. More than 2½% but upto and including 3%	Mar.	1956	86·0	*13.2*	14·0	*8.0*	127·0	*12·5*
	June	„	65·7	*9·8*	9·8	*5·6*	101·8	*9·7*
	Sept.	„	61·3	*9·1*	6·2	*3·6*	91·7	*8·7*
9. More than 3% but upto and including 4%	Mar.	1956	89·4	*13·7*	25·0	*14·3*	170·0	*16·8*
	June	„	133·1	*19·8*	36·4	*20·7*	233·1	*22·2*
	Sept.	„	137·9	*20·6*	37·4	*21·4*	244·1	*23·4*
10. More than 4% but upto and including 5%	Mar.	1956	5·4	*0·8*	0·8	*0·5*	14·0	*1·3*
	June	„	5·4	*0·8*	1·0	*0·6*	14·6	*1·4*
	Sept.	„	5·3	*0·8*	1·2	*0·7*	15·0	*1·4*
11. Over 5%	Mar.	1956	—	—	—	—	0·3	—
	June	„	—	—	—	—	0·3	—
	Sept.	„	—	—	—	—	0·2	—
Total	Mar.	1956	**653·3**	*100·0*	**174·6**	*100·0*	**1,014·6**	*100·0*
	June	„	**670·8**	*100·0*	**175·6**	*100·0*	**1,050·1**	*100·0*
	Sept.	„	**670·9**	*100·0*	**174·5**	*100·0*	**1,048·4**	*100·0*

Note :—1. As the proforma of the survey of Interest Rates on Deposits and Advances has been completely revised and as the data cannot be presented on a comparable basis, the figures for the last quarter have not been shown.

2. Figures relate to 9 major Indian scheduled banks and to 15 exchange banks for each quarter ; *in the case of all scheduled banks, to 84 in March, 87 in June and 85 in September 1956.*

* Relate to deposits calculated on the same basis as for the return in Form XIII under the Banking Companies Act, but exclude contingency unadjusted accounts.

† Banks each with deposits of Rs. 25 crores and over.

STATEMENT 13

DEPOSITS* OF NON-SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1956

(Amount in lakhs of rupees)

Rate of interest / Last day of	March		June		September	
	Amount	*Percentage to total*	Amount	*Percentage to total*	Amount	*Percentage to total*
1	2	3	4	5	6	7
1. Nil	6,19	*9·3*	5,43	*7·8*	4,34	*6·2*
2. More than 0% but upto and including ¼%	1,80	*2·7*	1,94	*2·8*	2,12	*3·0*
3. More than ¼% but upto and including ½%	3,39	*5·1*	3,81	*5·5*	3,63	*5·2*
4. More than ½% but upto and including 1%	2,17	*3·2*	2,30	*3·3*	2,00	*2·9*
5. More than 1% but upto and including 1½%	3,55	*5·3*	3,70	*5·3*	3,64	*5·2*
6. More than 1½% but upto and including 2%	6,67	*10·0*	7,40	*10·6*	7,63	*10·9*
7. More than 2% but upto and including 2½%	4,83	*7·2*	4,85	*6·9*	4,95	*7·1*
8. More than 2½% but upto and including 3%	9,32	*14·0*	8,72	*12·5*	9,31	*13·3*
9. More than 3% but upto and including 4%	12,26	*18·4*	14,64	*21·0*	15,11	*21·6*
10. More than 4% but upto and including 5%	12,59	*18·8*	13,09	*18·7*	13,36	*19·1*
11. Over 5%	4,00	*6·0*	3,94	*5·6*	3,81	*5·5*
Total	**66,79**	*100·0*	**69,82**	*100·0*	**69,90**	*100·0*

Note :—1. As the proforma of the survey of Interest Rates on Deposits and Advances has been completely revised and as the data cannot be presented on a comparable basis, the figures for the last quarter have not been shown.

2. Figures relate to 340 banks for March, to 351 banks for June and to 328 banks for September 1956.

* Relate to deposits calculated on the same basis as for the return in Form XIII under the Banking Companies Act, but exclude contingency unadjusted accounts.

STATEMENT 14

OWNERSHIP OF DEPOSITS OF BANKS IN INDIA, 1956

(By Types of Deposits)

(Amount in lakhs of rupees)

	Scheduled Banks				Non-Scheduled Banks*			
	Dec. 31, 1955		Dec. 31, 1956		Dec. 31, 1955		Dec. 31, 1956	
Number of reporting banks	85		87		154		155	
	Amount	*Percentage to group total*	Amount	*Percentage to group total*	Amount	*Percentage to group total*	Amount	*Percentage to group total*
1	2	3	4	5	6	7	8	9
I. Demand deposits of								
1. Manufacturing concerns :	59,93	*12·1*	59,85	*11·5*	81	*5·0*	55	*3·7*
(a) Companies :	53,06	*10·7*	53,09	*10·2*	54	*3·4*	37	*2·5*
(i) Textile manufacturing companies (cotton, jute, silk, wool, etc.)	..	..	17,02	*3·3*	..	..	22	*1·5*
(ii) Iron and steel, engineering (heavy and light), metals and metal products companies	..	..	14,45	*2·8*	..	..	3	*0·2*
(iii) Chemicals, dyes, paints and pharmaceutical companies	..	..	4,56	*0·9*	..	..	1	*0·1*
(iv) Sugar and *gur* companies	..	..	2,22	*0·4*	..	..	1	*0·1*
(v) Vanaspati, soap, vegetable oil crushing and refining companies	..	..	3,12	*0·6*	..	..	4	*0·3*
(vi) Other manufacturing companies	..	..	11,72	*2·2*	..	..	7	*0·5*
(b) Partnerships and others	6,87	*1·4*	6,76	*1·3*	27	*1·7*	18	*1·2*
2. Trading concerns :	114,41	*23·0*	117,00	*22·4*	2,14	*13·3*	2,34	*15·8*
(a) Companies	40,55	*8·2*	39,33	*7·5*	36	*2·2*	31	*2·1*
(b) Others	73,86	*14·9*	77,67	*14·9*	1,78	*11·1*	2,03	*13·7*

3. Public utilities (*e.g.* transport and communications, gas, electricity, etc.)	11,43	*2·3*	12,74	*2·4*	38	*2·4*	36	*2·4*
4. Mining concerns	3,63	*0·7*	3,72	*0·7*	2	*0·1*	2	*0·1*
5. Plantation „	11,00	*2·2*	10,05	*2·0*	23	*1·4*	10	*0·7*
6. Financial „	59,69	*12·0*	51,98	*10·0*	1,22	*7·6*	1,52	*10·2*
(*a*) Banks	33,96	*6·8*	34,48	*6·6*	72	*4·5*	1,17	*7·9*
(*b*) Co-operative banks and societies	6,55	*1·3*	9,09	*1·7*	23	*1·4*	24	*1·6*
(*c*) Insurance companies (other than Life Insurance Corporation of India) and other financial institutions	19,18‡	*3·9*	8,41	*1·6*	27‡	*1·7*	11	*0·7*
7. Personal	125,57	*25·3*	127,70	*24·5*	3,10	*19·3*	3,11	*21·0*
8. Government and quasi-Government bodies :	39,35	*7·9*	60,72	*11·6*	6,15	*38·2*	4,62	*31·1*
(*a*) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc.	..	..	43,32	*8·3*	..	..	4,37	*29·4*
(*b*) Others	..	..	17,40	*3·3*	..	..	25	*1·7*
9. Others	61,66	*12·4*	66,47	*12·7*	1,22	*7·6*	1,40	*9·4*
10. Unclassified†	10,37	*2·1*	11,38	*2·2*	82	*5·1*	80	*5·4*
Total of I	**497,03**	*100·0*	**522,21**	*100·0*	**16,09**	*100·0*	**14,84**	*100·0*
II. Savings deposits of								
11. Personal	140,79	*86·6*	158,40	*86·3*	9,11	*75·8*	10,08	*77·5*
12. Others	4,70	*2·9*	5,70	*3·1*	82	*6·8*	83	*6·4*
13. Unclassified†	17,04	*10·5*	19,55	*10·6*	2,09	*17·4*	2,10	*16·1*
Total of II	**162,53**	*100·0*	**183,65**	*100·0*	**12,02**	*100·0*	**13,01**	*100·0*
III. Time deposits of								
14. Trading concerns	58,89	*17·6*	54,29	*14·7*	2,99	*8·8*	3,40	*9·5*
15. Financial „	15,87	*4·8*	14,63	*4·0*	82	*2·4*	89	*2·5*
16. Other business deposits	18,01	*5·4*	13,16	*3·6*	44	*1·3*	42	*1·2*
17. Personal	174,27	*52·2*	201,90	*54·7*	24,48	*71·9*	26,13	*72·9*
18. Government and quasi-Government bodies :	36,68	*11·0*	50,78	*13·8*	2,25	*6·6*	1,81	*5·0*
(*a*) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc.	..	..	41,60	*11·3*	..	..	1,37	*3·8*
(*b*) Others	..	..	9,18	*2·5*	..	..	44	*1·2*
19. Others	28,58	*8·5*	32,28	*8·7*	2,06	*6·1*	2,19	*6·1*
20. Unclassified†	1,78	*0·5*	1,91	*0.5*	99	*2·9*	1,02	*2·8*
Total of III	**334,09**	*100·0*	**368,95**	*100·0*	**34,04**	*100·0*	**35,86**	*100·0*
Total of I to III	**993,66**		**1074,81**		**62,15**		**63,72**	

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

‡ Including deposits of life insurance companies.

† Accounts of less than Rs. 500.

STATEMENT 15

OWNERSHIP OF DEPOSITS OF BANKS IN INDIA, 1956

(By Types of Depositors)

(Amount in lakhs of rupees)

	Scheduled Banks				Non-Scheduled Banks*			
Number of reporting banks	85		87		154		155	
	Dec. 31, 1955		Dec. 31, 1956		Dec. 31, 1955		Dec. 31, 1956	
	Amount	*Percentage to total deposits*	Amount	*Percentage to total deposits*	Amount	*Percentage to total deposits*	Amount	*Percentage to total deposits*
1	2	3	4	5	6	7	8	9
I. Business deposits of								
1. Manufacturing concerns :	59,93	*6·0*	59,85	*5·6*	81	*1·3*	55	*0·9*
(a) Companies :	53,06	*5·3*	53,09	*4·9*	54	*0·9*	37	*0·6*
(i) Textile manufacturing companies (cotton, jute, wool, silk etc.)	..	..	17,02	*1·6*	..	..	22	*0·3*
(ii) Iron and steel, engineering (heavy and light), metals and metal products companies	..	..	14,45	*1·3*	..	..	3	*0·1*
(iii) Chemicals, dyes, paints and pharmaceutical companies	..	..	4,56	*0·4*	..	..	1	—
(iv) Sugar and *gur* companies	..	..	2,22	*0·2*	..	..	1	—
(v) Vanaspati, soap, vegetable oil crushing and refining companies	..	..	3,12	*0·3*	..	..	4	*0·1*
(vi) Other manufacturing companies	..	..	11,72	*1·1*	..	..	7	*0·1*
(b) Partnerships and others	6,87	*0·7*	6,76	*0·6*	27	*0·4*	18	*0·3*
2. Trading concerns :	173,30¶	*17·4*	171,29¶	*15·9*	5,13¶	*8·3*	5,73¶	*9·0*
(a) Companies	40,55	*4·1*	39,33	*3·7*	36	*0·6*	31	*0·5*
(b) Others (individual proprietors and partnerships)	73,86	*7·4*	77,66	*7·2*	1,78	*2·9*	2,03	*3·2*
3. Public utilities (*e.g.*, transport and communications, gas, electricity etc.)	11,43	*1·2*	12,74	*1·2*	38	*0·6*	36	*0·6*
4. Mining concerns	3,63	*0·4*	3,72	*0·3*	2	—	2	—
5. Plantation ,,	11,00	*1·1*	10,65	*1·0*	23	*0·4*	10	*0·2*
6. Financial ,,	75,55**	*7·6*	66,61**	*6·2*	2,04**	*3·3*	2,42**	*3·8*
(a) Banks	33,96	*3·4*	34,48	*3·2*	72	*1·2*	1,17	*1·8*
(b) Co-operative banks and societies	6,55	*0·7*	9,09	*0·8*	23	*0·4*	24	*0·4*
(c) Insurance companies (other than the Life Insurance Corporation of India) and other financial institutions	19,18	*1·9*	8,41	*0·8*	27	*0·4*	11	*0·2*
7. Others	18,01	*1·8*	13,17	*1·2*	44	*0·7*	42	*0·7*
Total business deposits	**352,85**	*35·5*	**338,02**	*31·4*	**9,04**	*14·5*	**9,61**	*15·1*
II. Personal deposits	**440,63**	*44·3*	**487,99**	*45·4*	**36,69**	*59·0*	**39,32**	*61·7*
III. Government and quasi-Govt. bodies:	**76,04**	*7·7*	**111,50**	*10·4*	**8,40**	*13·5*	**6,43**	*10·1*
(a) Municipalities, municipal corporations, port trusts, Life Insurance Corporation of India, Industrial Finance Corporation of India, etc.	..	..	84,91	*7·9*	..	..	5,74	*9·0*
(b) Others	..	..	26,59	*2·5*	..	..	69	*1·1*
IV. Others	**94,94**	*9·6*	**104,45**	*9·7*	**4,10**	*6·6*	**4,43**	*7·0*
V. Unclassified†	**29,20**	*2·9*	**32,84**	*3.1*	**3,91**	*6·3*	**3,93**	*6·7*
Total of I to V	**993,66**	*100·0*	**1074,81**	*100.0*	**62,15**	*100·0*	**63,72**	*100·0*

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

† Accounts of less than Rs. 500.

¶ Includes time deposits of trading concerns.

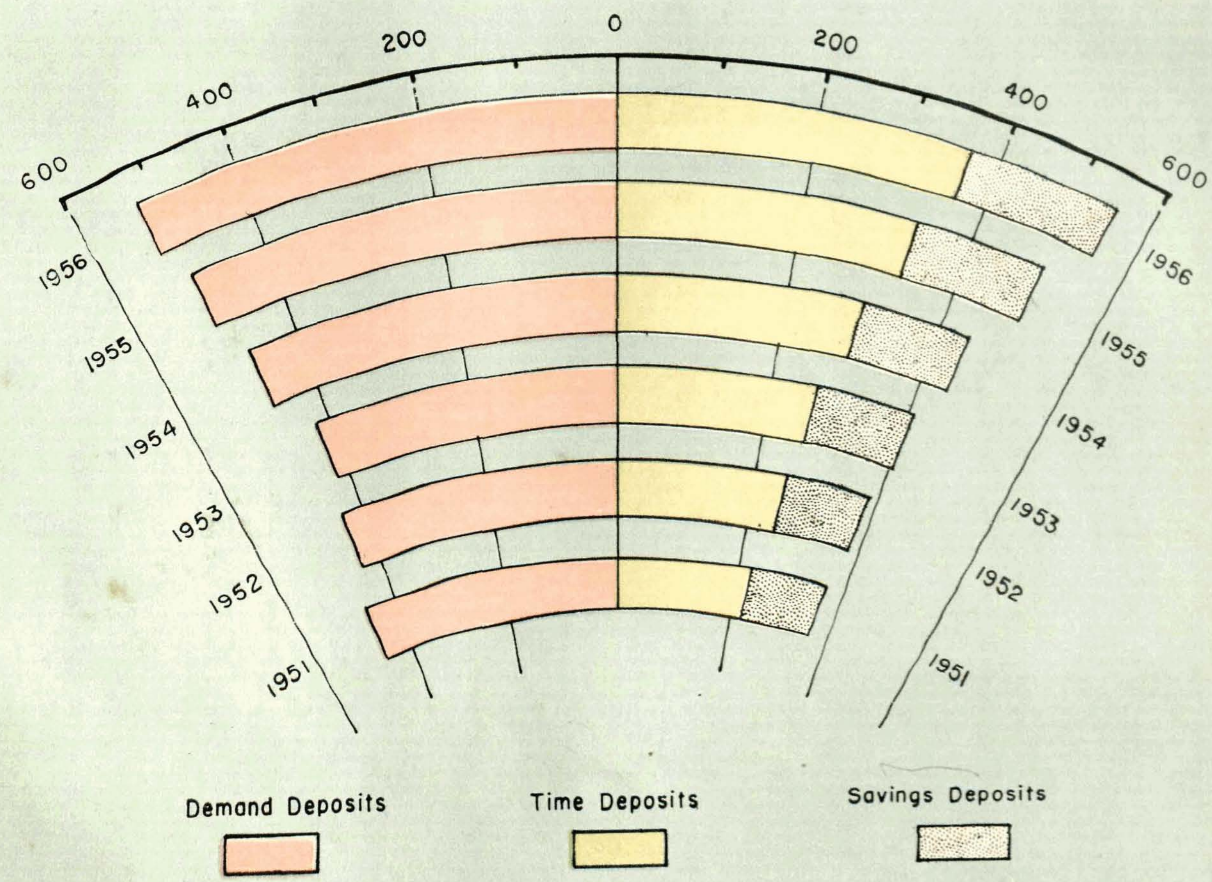
** Includes time deposits of financial concerns.

GRAPH 7

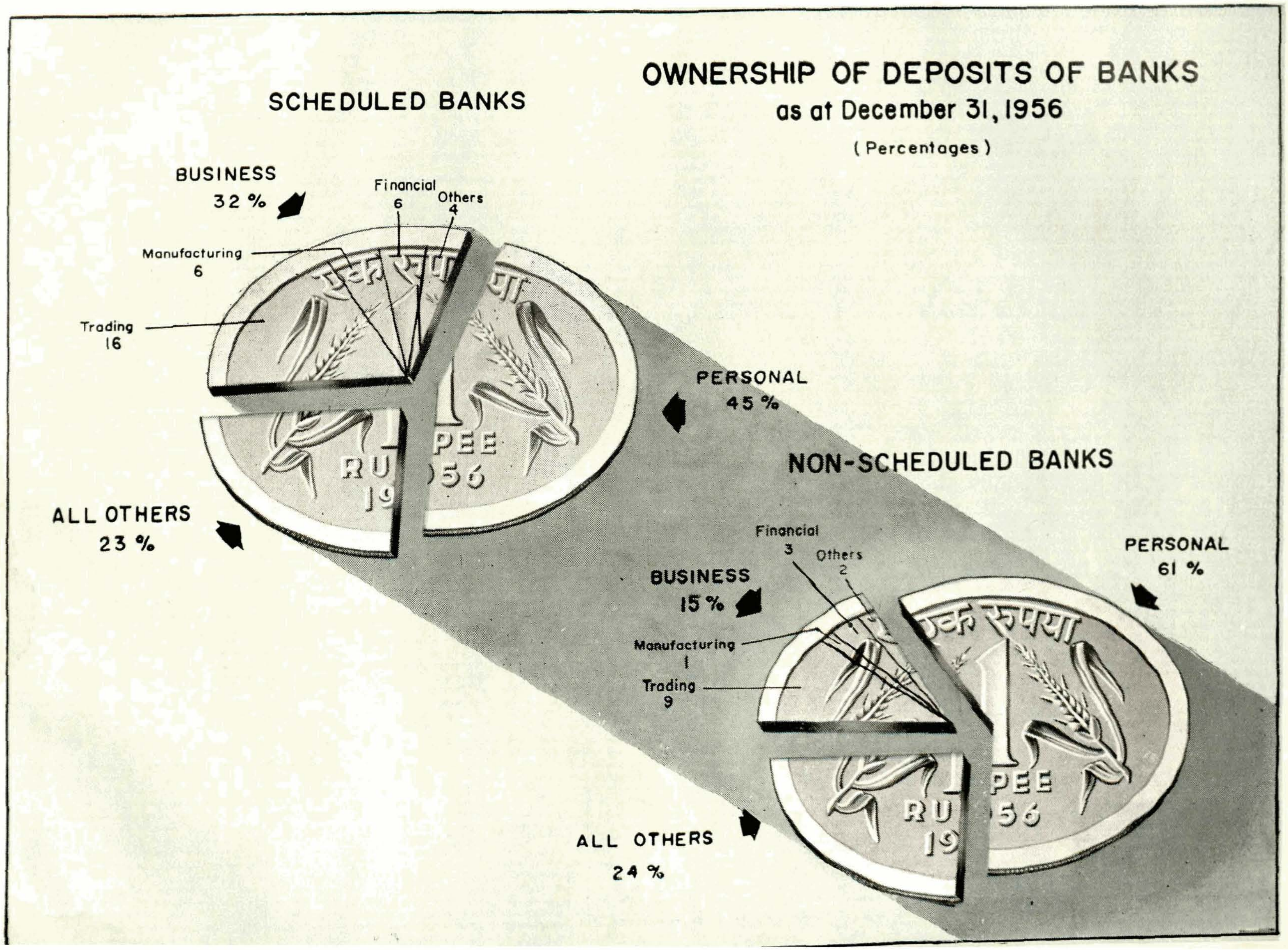
COMPOSITION OF DEPOSITS OF SCHEDULED BANKS IN INDIA

1951 - 1956

(Crores of Rupees)



GRAPH 8



OWNERSHIP OF DEPOSITS OF BANKS
as at December 31, 1956
(Percentages)
SCHEDULED BANKS
BUSINESS 32 %
Financial 6
Others 4
Manufacturing 6
Trading 16
PERSONAL 45 %
ALL OTHERS 23 %
NON-SCHEDULED BANKS
Financial 3
Others 2
BUSINESS 15 %
Manufacturing 1
Trading 9
PERSONAL 61 %
ALL OTHERS 24 %

STATEMENT 16

USUAL INTEREST RATES ALLOWED BY MAJOR* INDIAN SCHEDULED BANKS ON DEPOSITS, 1956

(Rate per cent per annum)

	BOMBAY				CALCUTTA				MADRAS			
	31-3-56	30-6-56	30-9-56	31-12-56	31-3-56	30-6-56	30-9-56	31-12-56	31-3-56	30-6-56	30-9-56	31-12-56
Call deposits :												
Inter-bank	2¼—3¼	2¼—3¼	2¼—3¼	3¼—4 7/16	2½—3¼	2½—3½	2½—3¼	3⅜—4½	2½—3¼	2½—3¼	2½—3¼	3⅜
Public	3 —3½	3¼—3⅜	3¼—3½	3¼—4	3 —3¼	1½—3¼	1½—3¼	1½—4	2¼—3¼	2 —3¼	3 —3½	3¼—3¾
Current account ..	1/4	1/4	1/4	1/4	1/4	1/4	1/4	1/4	1/4	1/4	1/4	1/4
Savings bank	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1 —2	1½—2
Fixed deposits for :												
Three months	2 —3½	2 —3¼	2 —3¼	2½—4	1½—3¼	1½—3½	2¼—3¼	3 —3½	2¼—3¼	2½—3¼	2½—3½	3 —3½
Six months	2½—3½	2½—3½	2½—4¼	2¾—3¾	1½—3¼	1½—3¼	1½—3⅜	2 —3¾	2¼—3½	2½—3½	2½—3½	2 —3⅝
One year..	1½—3½	1½—3½	1½—3½	1½—3¾	1½—3	1½—3¼	1½—3¼	1½—4	1½—3½	1½—3½	1½—3½	1½—3½
Three years	2½—3¼	2½—3½	2½—3½	2½—3¼	2½—3¼	2½—3½	2½—3½	2½—3¾	2¼—3¼	2½—3½	2½—3½	3 —3¾

Note :—Usual rate means the rate paid on the largest portion of deposits.

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

STATEMENT 17

USUAL INTEREST RATES ALLOWED BY EXCHANGE BANKS ON DEPOSITS, 1956

(Rate per cent per annum)

	BOMBAY				CALCUTTA				MADRAS			
	31-3-56	30-6-56	30-9-56	31-12-56	31-3-56	30-6-56	30-9-56	31-12-56	31-3-56	30-6-56	30-9-56	31-12-56
Call deposits :												
Inter-bank	3 —3¼	3 —3¼	3 —3½	3½—4¼	3¼—4	3¼—4	3¼—3¾	3⅝—4½	3¼—3½	3¼	3¼—3½	3¼—3⅝
Public	3 —3½	3¼	3 —3½	3 —4 1/16	1½	1 —1½	1½—3¾	2 —3½	¼	¼	¼	—
Current account ..	¼	¼	¼	¼	¼	¼	¼	¼	¼	¼	¼	¼
Savings bank	1½—2	1½—2	1½—2	1½ —2	1½—2	1½—2	1½—2	1½—2	1½—2	1½—2	1½—2	1½—2
Fixed deposits for :												
Three months	1 —3½	1 —3½	1 —3½	2 —3⅞	1 —2¾	1 —2¾	1 —3½	2 —4	2½	2½	2½—3	2 —3½
Six months	1½—3½	1½—3½	1½—3½	2 —4	1½—2½	1½—2½	1½—2½	2 —3	2 —2½	2 —2½	2 —3	2½—3
One year..	2 —3½	2 —3½	2½—3½	2¼—3 1/16	2 —2½	2 —2½	2 —2½	2½—4	2½	2 —2½	2 —3	2½—4
Three years	—	3½	3¼—3½	—	—	3½	2½—3½	—	2½	2½	2½—3	—

Note :—Usual rate means the rate paid on the largest portion of deposits.

STATEMENT 18

CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES ACCORDING TO THE RATIO OF THEIR INVESTMENTS IN GOVERNMENT SECURITIES TO TOTAL DEPOSITS, 1955 & 1956

(As on the last Friday of the year)

Percentage of investments in Government securities to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1955		1956		1955		1956		1955		1956	
	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*
1	2	3	4	5	6	7	8	9	10	11	12	13
Below 1 ..	1	*1*	2	*2*	63	*16*	47	*13*	64	*13*	49	*11*
From 1 to 10 ..	4	*5*	4	*4*	61	*16*	48	*14*	65	*14*	52	*12*
From 11 to 20 ..	16	*18*	17	*19*	104	*27*	93	*26*	120	*25*	110	*25*
From 21 to 30 ..	19	*21*	15	*17*	77	*20*	85	*24*	96	*20*	100	*23*
From 31 to 40 ..	18	*20*	29	*33*	30	*8*	32	*9*	48	*10*	61	*14*
From 41 to 50 ..	19	*21*	12	*13*	18	*5*	24	*7*	37	*8*	36	*8*
From 51 to 80 ..	8	*9*	6	*7*	22	*6*	19	*5*	30	*6*	25	*6*
81 and above ..	4	*5*	4	*4*	12	*3*	6	*2*	16	*3*	10	*2*
Total ..	**89**		**89**		**387**		**354**		**476**		**443**	

STATEMENT 19

CLASSIFICATION OF THE NUMBER OF BANKING COMPANIES ACCORDING TO THE RATIO OF THEIR ADVANCES TO TOTAL DEPOSITS, 1955 & 1956

(As on the last Friday of the year)

Percentage of advances to total deposits	Scheduled Banks				Non-Scheduled Banks				All Banks			
	1955		1956		1955		1956		1955		1956	
	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*	Number	*Percentage to total*
1	2	3	4	5	6	7	8	9	10	11	12	13
Less than 31 ..	3	*3*	1	*1*	14	*4*	13	*4*	17	*4*	14	*3*
From 31 to 50 ..	18	*20*	12	*13*	26	*7*	24	*7*	44	*9*	36	*8*
From 51 to 70 ..	43	*48*	39	*44*	106	*27*	85	*24*	149	*31*	124	*28*
From 71 to 100	11	*12*	21	*24*	102	*26*	111	*31*	113	*24*	132	*30*
Above 100 ..	14	*16*	16	*18*	139	*36*	121	*34*	153	*32*	137	*31*
Total ..	**89**		**89**		**387**		**354**		**476**		**443**	

STATE

VELOCITY OF CIRCULATION

Classification	Average of current deposits: Of business and individuals		Total	
	1955	1956	1955	1956
1	2	3	4	5
I. All Scheduled Banks:	**338·0**	**353·7**	**363·4**	**384·5**
(a) Major Indian**	207·2	216·5	228·3	242·8
(b) Exchange	92·2	96·9	93·5	98·3
(c) Others	38·6	40·3	41·6	43·3
II. States†				
Group I				
Andhra	3·2	3·4	3·2	3·5
Bihar	6·5	5·7	7·0	6·2
Bombay	132·9	143·2	139·2	151·8
Madhya Pradesh	3·7	3·8	4·4	4·9
Madras	25·5	24·6	26·7	26·3
Orissa	0·8	1·1	0·8	1·2
Punjab	5·1	5·3	6·6	6·4
Uttar Pradesh	16·4	16·3	18·8	19·1
West Bengal	99·6	101·9	103·6	107·6
Total of group I	**293·6**	**305·3**	**310·4**	**32[illegible]·9**
Group II				
Hyderabad	4·7	6·0	5·7	6·8
Madhya Bharat	2·7	3·0	3·0	3·6
Mysore	5·2	5·5	5·8	6·2
Rajasthan	2·4	2·3	2·8	2·8
Saurashtra	4·9	4·8	5·0	4·8
Travancore-Cochin	3·6	3·8	4·7	4·9
Total of group II	**23·4**	**25·4**	**27·0**	**29·1**
Group III				
Delhi	19·1	21·4	23·3	26·7
Ajmer and Bhopal	0·9	1·0	1·1	1·2
Total of group III	**20·0**	**22·4**	**24·4**	**27·9**
Group IV				
Jammu and Kashmir	1·0	0·6	1·6	0·6
III. Population Groups				
Ten lakhs and over	250·9	264·3	265·2	283·9
Five lakhs to ten lakhs	25·1	27·0	27·6	29·4
Two lakhs to five lakhs	34·2	34·4	39·5	40·1
One lakh to two lakhs	27·7	28·0	31·1	31·1
IV. Major Cities				
Bombay	115·4	124·9	120·6	132·2
Calcutta	98·5	100·7	102·5	106·3
Delhi	19·1	21·4	23·3	26·7
Madras	18·0	17·2	18·9	18·7
Total of IV	**250·9**	**264·3**	**265·2**	**283·9**

Note : Figures for 1956 are provisional and cover the period January to October 1956 ; while the average of current deposits is based on the month-end figures for the first ten months, debits to such accounts refer to the total of the first ten months of the year. The rate of turnover of current deposits is, however, calculated on an annual basis.

† The data for States are on pre-reorganisation basis.

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

MENT 20

OF DEPOSIT MONEY,* 1955 & 1956

(Amount in crores of rupees)

Total of debits to current deposit accounts				*Rate of turnover of current deposits@*			
Of business and individuals		Total		*Of business and individuals*		*Overall rate*	
1955	1956	1955	1956	1955	1956	1955	1956
6	7	8	9	10	11	12	13
15,937·1	**13,968·2**	**16,437·3**	**14,504·2**	*47·2*	*47·4*	*45·2*	*45·3*
8,308·6	7,474·9	8,751·1	7,943·0	*40·1*	*41·4*	*38·3*	*39·3*
4,648·0	4,009·0	4,656·5	4,016·4	*50·4*	*49·7*	*49·8*	*49·0*
2,980·5	2,484·3	3,029·7	2,544·7	*77·3*	*74·0*	*72·8*	*70·5*
102·6	106·0	103·5	107·5	*32·6*	*37·2*	*32·2*	*36·5*
133·1	91·7	135·4	93·2	*20·5*	*19·2*	*19·3*	*18·1*
5,901·6	5,317·0	6,074·4	5,487·2	*44·4*	*44·6*	*43·6*	*43·4*
153·2	151·2	167·6	168·6	*41·4*	*48·3*	*38·1*	*41·7*
1,130·1	1,081·0	1,154·4	1,106·9	*44·3*	*52·7*	*43·3*	*50·5*
9·6	10·2	9·8	10·5	*12·3*	*11·4*	*11·9*	*10·7*
168·4	160·9	186·8	168·2	*32·8*	*36·3*	*28·1*	*31·4*
675·4	547·7	708·6	579·9	*41·1*	*40·3*	*37·6*	*36·5*
5,795·8	4,794·2	5,872·8	4,899·7	*58·2*	*56·5*	*56·7*	*54·6*
14,069·8	**12,259·8**	**14,413·2**	**12,621·7**	*47·9*	*48·2*	*46·4*	*46·3*
284·0	241·5	287·7	243·8	*60·7*	*48·7*	*50·6*	*42·9*
159·3	151·5	162·4	155·2	*59·9*	*60·3*	*54·9*	*52·2*
157·9	150·3	188·6	176·5	*30·7*	*32·8*	*32·5*	*34·4*
105·2	101·2	163·9	174·2	*43·8*	*52·5*	*58·2*	*74·9*
119·5	121·3	120·2	122·0	*24·4*	*30·6*	*24·2*	*30·3*
171·3	160·2	178·5	168·6	*47·7*	*50·4*	*37·7*	*41·0*
997·3	**926·1**	**1,101·3**	**1,040·2**	*42·6*	*43·8*	*40·8*	*42·9*
839·2	755·5	881·3	814·6	*44·0*	*42·3*	*37·9*	*36·6*
18·9	17·9	19·9	18·8	*20·6*	*22·4*	*18·6*	*19·5*
858·1	**773·4**	**901·3**	**833·3**	*42·9*	*41·5*	*37·0*	*35·9*
11·7	8·8	21·4	8·9	*11·3*	*16·6*	*13·2*	*16·5*
12,477·5	10,777·6	12,762·2	11,107·2	*49·7*	*48·9*	*48·1*	*47·0*
1,332·9	1,198·5	1,392·5	1,251·1	*53·0*	*53·2*	*50·5*	*51·1*
1,193·4	1,090·1	1,305·9	1,210·3	*34·9*	*38·1*	*33·1*	*36·2*
933·2	902·1	976·5	935·7	*33·7*	*38·6*	*31·4*	*36·1*
5,085·7	4,519·6	5,232·8	4,664·9	*44·1*	*43·4*	*43·4*	*42·3*
5,776·6	4,774·6	5,852·5	4,879·5	*58·6*	*56·9*	*57·1*	*55·1*
839·2	755·5	881·3	814·6	*44·0*	*42·3*	*37·9*	*36·6*
776·0	727·9	795·5	748·2	*43·2*	*50·7*	*42·0*	*48·1*
12,477·5	**10,777·6**	**12,762·2**	**11,107·2**	*49·7*	*48·9*	*48·1*	*47·0*

* Relates to scheduled bank offices operating in towns with a population of one lakh and over.
@ Total of debits to current accounts for twelve months divided by the monthly average of current deposits for the year.

STATE

DEBITS TO DEPOSIT ACCOUNTS

Bank-wise

As at the close of	Number of reporting		Current deposits	
	Banks	Offices	Of business and individuals	Total
	1	2	3	4
			A. MAJOR INDIAN **	
1955	9	602	214·2	**234·3**
1956	9	588	209·8	**238·8**
1956—(Monthly)				
January	9	577	224·0	**247·3**
February	9	580	219·8	**242·9**
March	9	582	221·5	**251·1**
April	9	582	215·3	**241·8**
May	9	581	217·5	**242·9**
June	9	582	215·7	**241·3**
July	9	584	213·9	**238·8**
August	9	586	216·2	**242·8**
September	9	587	211·6	**240·7**
October	9	588	209·8	**238·8**
			B. EXCHANGE	
1955	15	62	103·1	**104·3**
1956	15	62	92·0	**93·7**
1956—(Monthly)				
January	15	62	104·2	**105·5**
February	15	62	103·2	**104·6**
March	15	62	99·0	**100·6**
April	15	62	100·3	**101·8**
May	15	62	99·0	**100·3**
June	15	62	91·0	**92·4**
July	15	62	94·8	**96·3**
August	15	62	93·5	**94·9**
September	15	62	91·5	**93·1**
October	15	62	92·0	**93·7**

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

MENT 21

WITH SCHEDULED BANKS,* 1955 & 1956

Classification

(Amount in crores of rupees)

Debits to current deposit accounts: Of business and individuals	Debits to current deposit accounts: Total	Total of approved cash credit and/or overdraft limits	Total credit outstanding	*Rate of turnover of Current deposits@*: *Of business and individuals*	*Rate of turnover of Current deposits@*: *Overall rate*
5	6	7	8	9	10
BANKS					
8,308·6	**8,751·1**	346·5	279·3	*40·1*	*38·3*
7,475·0	**7,943·0**	380·1	347·5	*41·4*	*39·3*
712·2	**750·9**	347·0	289·8	*38·2*	*36·4*
780·3	**828·2**	352·6	295·7	*42·6*	*40·9*
813·8	**862·8**	374·3	320·2	*44·1*	*41·2*
770·2	**818·5**	370·4	324·4	*42·9*	*40·6*
782·7	**826·5**	379·9	329·0	*43·2*	*40·8*
698·3	**741·9**	381·6	333·9	*38·9*	*36·9*
730·0	**773·5**	368·5	327·8	*41·0*	*38·9*
685·5	**727·3**	383·5	331·7	*38·0*	*35·9*
735·2	**792·6**	379·0	344·0	*41·7*	*39·5*
766·8	**820·8**	380·1	347·5	*43·9*	*41·2*
BANKS					
4,648·0	**4,656·5**	206·4	168·3	*50·4*	*49·8*
4,009·0	**4,016·4**	221·7	192·7	*49·7*	*49·0*
383·0	**383·7**	209·9	173·1	*44·1*	*43·6*
431·9	**432·6**	221·3	188·7	*50·2*	*49·6*
444·2	**445·0**	214·7	177·2	*53·8*	*53·1*
427·3	**428·1**	218·9	186·2	*51·1*	*50·5*
414·0	**414·8**	223·1	190·7	*50·2*	*49·6*
386·5	**387·1**	221·2	191·0	*50·9*	*50·3*
361·6	**362·4**	224·0	189·2	*45·8*	*45·2*
369·9	**370·4**	219·1	187·8	*47·5*	*46·8*
387·9	**388·7**	221·4	190·8	*50·9*	*50·1*
402·7	**403·6**	221·7	192·7	*52·5*	*51·7*

STATE

DEBITS TO DEPOSIT ACCOUNTS

Bank-wise

As at the close of	Number of reporting		Current deposits	
	Banks	Offices	Of business and individuals	Total
	1	2	3	4
C. OTHER				
1955	57	460	43·7	46·9
1956	56	413	41·9	44·6
1956—(Monthly)				
January	56	400	37·9	40·9
February	56	402	36·5	39·7
March	56	403	37·6	41·0
April	56	403	41·5	44·6
May	56	405	40·1	43·6
June	56	404	43·3	46·3
July	55	404	41·6	44·6
August	56	406	41·8	44·7
September	56	407	40·5	43·4
October	56	413	41·9	44·6
D. ALL				
1955	81	1,124	361·0	385·5
1956	80	1,063	343·7	377·1
1956—(Monthly)				
January	80	1,039	366·1	393·7
February	80	1,044	359·5	387·2
March	80	1,047	358·1	392·7
April	80	1,047	357·1	388·2
May	80	1,048	356·6	386·8
June	80	1,048	350·0	380·0
July	79	1,050	350·3	379·7
August	80	1,054	351·5	382·4
September	80	1,056	343·6	377·2
October	80	1,063	343·7	377·1

Note :—Figures for 1956 are provisional and cover the period January to October; while the current deposit figures are as at the close of October 1956, debits to such accounts refer to the total of the first ten months of the year.

MENT 21—(*Contd.*)

WITH SCHEDULED BANKS,* 1955 & 1956

Classification

(Amount in crores of rupees)

Debits to current deposit accounts: Of business and individuals	Debits to current deposit accounts: Total	Total of approved cash credit and/or overdraft limits	Total credit outstanding	*Rate of turnover of current deposits@: Of business and individuals*	*Rate of turnover of current deposits@: Overall rate*
5	6	7	8	9	10
BANKS					
2,980·5	**3,029·7**	65·1	74·8	*77·3*	*72·8*
2,484·2	**2,544·7**	73·1	88·5	*74·0*	*70·5*
223·6	**229·9**	63·5	75·7	*70·7*	*67·5*
242·1	**246·9**	64·2	77·7	*79·6*	*74·7*
261·9	**275·6**	65·3	79·4	*83·7*	*80·7*
240·8	**247·7**	65·6	78·1	*69·6*	*66·6*
249·6	**253·3**	65·6	78·4	*74·7*	*69·8*
236·2	**240·4**	65·4	77·6	*65·4*	*62·4*
249·5	**254·1**	67·0	79·7	*72·1*	*68·3*
247·4	**253·6**	68·9	83·4	*71·0*	*68·1*
267·1	**273·4**	71·6	85·8	*79·1*	*75·5*
266·0	**269·8**	73·1	88·5	*76·2*	*72·6*
BANKS					
15,937·1	**16,437·3**	618·0	522·4	*47·2*	*45·2*
13,968·2	**14,504·1**	674·9	628·7	*47·4*	*45·3*
1,318·8	**1,364·5**	620·4	538·6	*43·2*	*41·6*
1,454·3	**1,507·7**	638·1	562·1	*48·5*	*46·7*
1,519·9	**1,583·4**	654·3	576·8	*50·9*	*48·4*
1,438·3	**1,494·3**	654·9	588·7	*48·3*	*46·2*
1,446·3	**1,494·6**	668·6	598·1	*48·7*	*46·4*
1,321·0	**1,369·4**	668·2	602·5	*45·3*	*43·3*
1,341·1	**1,390·0**	659·5	596·7	*45·9*	*43·9*
1,302·8	**1,351·3**	671·5	602·9	*44·5*	*42·4*
1,390·2	**1,454·7**	672·0	620·6	*48·5*	*46·3*
1,435·5	**1,494·2**	674·9	628·7	*50·1*	*47·5*

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

@ Total of debits to current accounts for twelve months divided by the monthly average of current deposits for 1955 ; for 1956 the estimated total of debits for twelve months divided by the average of current deposits for ten months. Monthly rates of turnover are calculated on an annual basis.

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

STATE

ADVANCES OF SCHEDULED BANKS AGAINST

	INDIAN SCHEDU				
Last Friday of	Jan. 1	Feb. 2	Mar. 3	Apr. 4	May 5
Number of reporting offices	†	†	†	†	2,649
I. Food articles :					
1. Paddy and rice	14,10	19,30	24,56	26,07	22,09
2. Wheat, gram, other grains and pulses	7,96	6,94	7,80	9,94	14,81
II. Industrial raw materials :					
3. Groundnuts	8,72	9,74	9,72	9,62	7,01
4. Other oilseeds@	9,88	9,26	11,25	14,05	15,26
5. Raw jute*	13,63	13,72	15,85	10,58	9,20
6. Cotton and kapas	35,75	37,63	49,79	38,62	38,93
7. Hides and skins	..	..	..	1,28	86
III. Plantation products :					
8. Pepper**	1,09	1,14	1,35	60	52
9. Cashewnuts	..	..	..	4,28	3,99
10. Tea, coffee and rubber	..	..	..	10,98	10,46
TOTAL (I+II+III)	**91,13**	**97,73**	**120,32**	**126,02**	**123,13**
IV. Manufactures and minerals :					
11. Cotton textiles‡	30,85	32,59	33,95	45,27	43,71
12. Jute textiles	..	..	..	6,41	5,93
13. Other textiles	..	..	..	5,62	6,03
14. Sugar and *gur*	28,82	36,51	46,69	51,74	52,39
15. Chemicals, dyes and pharmaceuticals	..	..	..	4,11	4,32
16. Iron, steel and engineering	..	..	..	28,53	27,83
17. Other metals and metal products	..	..	..	8,76	8,21
18. Coal, manganese, mica and other minerals	..	..	..	4,38	4,57
TOTAL OF IV	**59,67**	**69,10**	**80,64**	**154,82**	**152,99**
V. Other securities :					
19. Government and other trustee securities	..	..	..	32,45	36,84
(*a*) Of which to share and stock brokers and dealers	..	..	..	1,98	1,50
(*b*) To others	..	..	..	30,47	35,34
20. Shares and debentures of joint stock companies ..	..	..	..	43,07	47,19
(*a*) Of which to share and stock brokers and dealers	..	..	..	14,62	14,45
(*b*) To others	..	..	..	28,45	32,74
21. Gold and silver bullion (other than to banks) ..	2,11	1,40	1,28	86	1,15
22. Assets of industrial concerns (other than those specified above)	..	..	..	21,53	22,06
23. Composite advances	1,72	1,51	1,88	32,81	34,54
TOTAL OF V	**3,83**	**2,91**	**3,16**	**130,72**	**141,78**
TOTAL of I to V	**154,63**	**169,74**	**204,12**	**411,56**	**417,89**

Note:—For footnotes see at the end of the statement.

MENT 22

PRINCIPAL TYPES OF SECURITIES, 1956

(Amount in lakhs of rupees)

LED BANKS							EXCHANGE BANKS					
June 6	July 7	Aug. 8	Sept. 9	Oct. 10	Nov. 11	Dec. 12	Jan. 13	Feb. 14	Mar. 15	Apr. 16	May 17	June 18
2,549	2,611	2,668	2,680	2,680	2,680	2,741	†	†	†	†	65	60
15,31	11,51	7,41	5,33	4,29	6,26	9,51	10	13	15	23	29	21
20,29	18,54	16,55	12,32	9,11	8,76	9,07	15	14	17	21	20	33
4,37	2,73	1,56	97	68	1,90	5,55	64	66	66	1,04	80	58
14,34	12,03	10,89	9,00	7,43	7,10	7,37	86	91	95	83	71	57
8,37	6,28	6,12	6,15	7,34	9,97	13,24	8,30	9,72	11,14	2,37	2,47	1,87
36,15	33,66	28,80	27,09	24,94	27,85	33,64	9,98	11,68	13,20	16,19	17,17	16,58
87	1,08	2,60	2,36	2,35	2,27	2,57	..	..	..	3,25	3,22	2,56
43	39	44	37	43	51	65	62	60	27	21	15	7
3,47	3,48	2,80	2,29	2,11	1,43	1,39	..	..	..	23	25	25
9,61	10,17	10,11	10,14	9,96	9,16	8,80	..	..	..	17,50	16,79	16,80
113,21	**99,87**	**87,28**	**76,02**	**68,64**	**75,21**	**91,79**	**20,65**	**23,84**	**26,54**	**42,06**	**42,05**	**39,82**
46,30	49,62	52,59	55,30	59,93	58,70	67,47	6,54	7,07	7,61	9,95	10,03	10,63
5,70	6,85	7,73	8,66	9,65	9,91	9,63	..	..	..	8,92	9,59	8,38
7,42	8,00	11,20	11,33	10,69	9,67	9,42	..	..	..	2,96	3,48	3,50
47,80	44,17	37,25	34,20	28,07	23,47	28,99	82	1,42	1,93	2,10	2,12	2,07
4,56	4,58	4,86	4,83	5,26	5,27	5,56	..	..	..	6,03	5,58	5,33
30,28	35,47	40,23	42,36	49,09	50,62	51,98	..	..	..	21,85	24,22	23,52
8,04	9,14	10,10	9,37	10,13	9,73	10,40	..	..	..	4,36	3,89	3,67
4,23	7,44	4,44	4,61	4,47	5,41	5,52	..	..	..	3,87	3,62	3,65
154,33	**165,27**	**168,40**	**170,66**	**177,29**	**172,78**	**188,97**	**7,36**	**8,49**	**9,54**	**60,04**	**62,53**	**60,75**
33,38	34,11	36,94	58,46	58,96	53,92	48,09	..	..	..	1,51	1,60	1,41
1,51	2,64	2,47	2,67	2,67	3,48	2,81	..	..	..	29	32	22
31,87	31,47	34,47	55,79	56,29	50,44	45,28	..	..	..	1,22	1,28	1,19
51,09	50,98	50,35	55,91	59,42	57,28	58,08	..	..	..	8,58	9,48	8,69
11,80	12,50	13,58	13,58	13,42	13,90	13,09	..	..	..	77	2,05	1,25
39,29	38,48	36,77	42,33	46,00	43,38	44,99	..	..	..	7,81	7,43	7,44
1,51	1,98	1,92	2,07	1,72	2,05	2,13	56	27	26	24	24	21
23,02	20,36	24,62	24,77	25,12	25,68	22,81	..	..	..	9,11	9,22	8,89
29,32	29,34	25,48	22,29	20,78	20,63	20,37	18	23	20	7,54	6,22	5,52
138,32	**136,77**	**139,31**	**163,50**	**166,00**	**159,56**	**151,48**	**74**	**50**	**46**	**26,98**	**26,76**	**24,72**
405,87	**401,91**	**394,99**	**410,18**	**411,94**	**407,55**	**432,24**	**28,75**	**32,83**	**36,54**	**129,08**	**131,34**	**125,29**

STATE

ADVANCES OF SCHEDULED BANKS

Last Friday of	EXCHANGE BANKS (Contd.) July 19	Aug. 20	Sept. 21	Oct. 22	Nov. 23
Number of reporting offices	63	64	62	62	62
I. Food articles :					
1. Paddy and rice	18	8	6	5	8
2. Wheat, gram, other grains and pulses	34	25	34	23	13
II. Industrial raw materials :					
3. Groundnuts	52	7	6	3	4
4. Other oilseeds@	58	42	30	25	21
5. Raw jute*	1,56	1,51	1,37	1,57	1,67
6. Cotton and kapas	14,17	12,31	11,79	9,90	12,66
7. Hides and skins	2,79	2,67	2,78	2,57	2,74
III. Plantation products :					
8. Pepper**	10	10	12	16	12
9. Cashewnuts	23	18	31	23	19
10. Tea, coffee and rubber	16,52	16,59	17,63	17,97	17,62
TOTAL (I+II+III)	**36,99**	**34,18**	**34,76**	**32,96**	**35,46**
IV. Manufactures and minerals:					
11. Cotton textiles‡	11,52	11,19	11,43	12,64	13,28
12. Jute textiles	9,56	8,98	9,54	9,61	11,51
13. Other textiles	3,83	4,26	4,23	4,17	3,56
14. Sugar and *gur*	2,01	1,75	1,24	1,03	26
15. Chemicals, dyes and pharmaceuticals	6,16	6,73	7,15	7,76	7,92
16. Iron, steel and engineering	27,08	27,38	26,85	28,35	28,15
17. Other metals and metal products	4,24	3,70	3,79	3,76	4,19
18. Coal, manganese, mica and other minerals	3,67	3,85	3,54	3,74	4,28
TOTAL OF IV	**68,07**	**67,84**	**67,77**	**71,06**	**73,15**
V. Other securities :					
19. Government and other trustee securities	1,84	1,58	1,81	2,13	1,74
(*a*) Of which to share and stock brokers and dealers	41	27	33	47	51
(*b*) To others	1,43	1,31	1,48	1,66	1,23
20. Shares and debentures of joint stock companies	9,19	9,70	12,42	12,95	12,95
(*a*) Of which to share and stock brokers and dealers	1,20	1,07	1,37	79	80
(*b*) To others	7,99	8,63	11,05	12,16	12,15
21. Gold and silver bullion (other than to banks)	27	21	20	20	13
22. Assets of industrial concerns (other than those specified above)	8,00	7,34	8,46	8,68	9,40
23. Composite advances	4,77	5,16	5,76	5,54	5,75
TOTAL OF V	**24,07**	**23,99**	**28,65**	**29,50**	**29,97**
TOTAL of I to V	**129,13**	**126,01**	**131,18**	**133,52**	**138,58**

@ Includes copra and other coconut products upto and including March 1956.
* Includes hessian upto and including March 1956.
** Includes other export spices upto and including March 1956.
‡ Includes yarn upto and including March 1956.

MENT 22—(*Contd.*)

AGAINST PRINCIPAL TYPES OF SECURITIES, 1956

(Amount in lakhs of rupees)

	ALL SCHEDULED BANKS											
Dec. 24	Jan. 25	Feb. 26	Mar. 27	Apr. 28	May 29	June 30	July 31	Aug. 32	Sept. 33	Oct. 34	Nov. 35	Dec. 36
64	†	†	†	†	2,714	2,609	2,674	2,732	2,742	2,742	2,742	2,805
10	14,20	19,43	24,71	26,30	22,38	15,52	11,69	7,49	5,38	4,34	6,35	9,61
11	8,11	7,08	7,97	10,15	15,00	20,62	18,88	16,80	12,68	9,35	8,88	9,19
6	9,36	10,40	10,38	10,66	7,81	4,95	3,25	1,63	1,03	71	1,04	5,61
25	10,74	10,17	12,20	14,88	15,97	14,91	12,61	11,31	9,30	7,68	7,31	7,63
2,16	21,93	23,44	26,99	12,95	11,66	10,24	7,84	7,63	7,53	8,91	11,63	15,41
16,85	45,73	49,31	62,99	54,81	56,11	52,73	47,83	41,11	38,88	34,84	40,51	50,49
2,62	..	..	..	4,53	4,08	3,43	3,87	5,27	5,15	4,92	5,01	5,19
24	1,71	1,74	1,62	81	67	51	49	54	50	59	63	90
14	..	..	..	4,51	4,24	3,72	3,71	2,98	2,60	2,34	1,62	1,54
18,11	..	..	..	28,48	27,25	26,41	26,69	26,70	27,77	27,93	26,78	26,90
40,64	**111,78**	**121,57**	**146,86**	**168,08**	**165,17**	**153,04**	**136,86**	**121,46**	**110,82**	**101,61**	**110,66**	**132,47**
13,65	37,39	39,66	41,56	55,22	53,74	56,93	61,14	63,78	66,73	72,57	71,98	81,12
11,19	..	..	..	15,33	15,52	14,08	16,41	16,71	18,18	19,26	21,42	20,82
3,44	..	..	..	8,58	9,51	10,92	11,83	15,46	15,57	14,86	13,23	12,86
30	29,64	37,93	48,62	53,84	54,51	49,87	46,18	39,00	35,44	29,10	23,73	29,29
10,21	..	..	..	10,14	9,90	9,89	10,74	11,59	11,98	13,02	13,18	15,78
27,47	..	..	..	50,38	52,04	53,80	62,55	67,61	69,21	77,44	78,77	79,45
4,66	..	..	..	13,12	12,11	11,71	13,38	13,80	13,18	13,88	13,93	15,06
4,14	..	..	..	8,25	8,19	7,88	11,11	8,29	8,15	8,21	9,68	9,66
75,06	**67,03**	**77,59**	**90,18**	**214,86**	**215,52**	**215,08**	**233,34**	**236,24**	**238,44**	**248,34**	**245,92**	**264,04**
1,70	..	..	..	33,96	38,44	34,79	35,95	38,52	60,27	61,11	55,66	49,79
47	..	..	..	2,27	1,81	1,73	3,05	2,74	3,00	3,15	3,98	3,28
1,23	..	..	..	31,69	36,63	33,06	32,90	35,78	57,27	57,96	51,68	46,51
12,87	..	..	..	51,65	56,67	59,78	60,17	60,05	68,32	72,38	70,23	70,95
77	..	..	..	15,39	16,50	13,05	13,70	14,65	14,94	14,22	14,70	13,86
12,10	..	..	..	36,26	40,17	46,73	46,47	45,40	53,38	58,16	55,53	57,09
13	2,67	1,67	1,54	1,10	1,39	1,72	2,25	2,13	2,27	1,92	2,18	2,25
10,16	..	..	..	30,64	31,27	31,91	28,36	31,96	33,23	33,80	35,08	32,97
6,66	1,90	1,74	2,08	40,35	40,76	34,84	34,11	30,64	28,05	26,32	26,38	27,04
31,52	**4,57**	**3,41**	**3,62**	**157,70**	**168,53**	**163,04**	**160,84**	**163,30**	**192,14**	**195,53**	**189,53**	**183,00**
147,22	**183,38**	**202,57**	**240,66**	**540,64**	**549,24**	**531,16**	**531,04**	**521,00**	**541,40**	**545,48**	**546,11**	**579,49**

N.B. From April 1956, figures are based on the Fortnightly Survey conducted by the Reserve Bank and relate to the last Friday of each month ; data for the first quarter are based on returns submitted by banks to the Bank's Department of Banking Operations.

†Not available since data were obtained from head offices of banks.

STATE

ANALYSIS OF ADVANCES OF SCHEDULED

Number of reporting banks	December 31, 1955		
	85		
	Amount	*Percentage to group total*	*Percentage to total advances*
1	2	3	4
I. Industry:			
1. Cotton (ginning, pressing and weaving, etc.)	49·7	*22·5*	*7·7*
2. Jute	14·5	*6·6*	*2·3*
3. Other textiles	15·5	*7·0*	*2·4*
4. Iron and steel	7·1	*3·2*	*1·1*
5. Coal, other mining and quarrying	6·8	*3·1*	*1·1*
6. Engineering	31·1	*14·1*	*4·8*
(*i*) Heavy industries and structurals	..	..	..
(*ii*) Light engineering	..	..	..
7. Sugar and *gur*	25·3*	*11·5*	*3·9*
8. Vegetable oil crushing and refining (including vanaspati, soap, etc.)	11·3	*5·1*	*1·8*
9. Chemicals, dyes, paints and pharmaceuticals	9·7†	*4·4*	*1·5*
10. Cement	4·0	*1·8*	*0·6*
11. Public utilities (*e.g.* transport and communications, gas, electricity, etc.)	10·6	*4·8*	*1·7*
12. Others	35·4	*16·0*	*5·5*
Total of I	**221·0**	*100·0*	*34·3*
II. Commerce:			
13. Wholesale trade	215·0	*66·5*	*33·3*
(*i*) Agricultural commodities	91·0	*28·2*	*14·1*
(*a*) Foodgrains	..	..	..
(1) Paddy and Rice	..	..	..
(2) Wheat	..	..	..
(3) Other foodgrains, grams and pulses	..	..	..
(*b*) Cotton	23·5	*7·3*	*3·6*
(*c*) Jute	10·7	*3·3*	*1·7*
(*d*) Oilseeds	8·2	*2·5*	*1·3*
(*e*) Tea	9·3	*2·9*	*1·5*
(*f*) Sugar and *gur*	2·9**	*0·9*	*0·5*
(*g*) Other agricultural commodities	36·5	*11·3*	*5·7*
(*ii*) Non-agricultural commodities	124·0	*38·4*	*19·2*
(*a*) Wholesalers in textiles (cotton, jute, wool, silk, etc.)	..	..	..
(*b*) Hardware, machinery, engineering products and metal products	..	..	..
(*c*) Chemicals, dyes, paints and pharmaceuticals	..	..	..
(*d*) All others	..	..	..
14. Retail trade	14·3	*4·4*	*2·2*
15. Dealers in government securities, stocks, shares, etc.	22·3	*6·9*	*3·5*
16. Dealers in bullion	3·7	*1·1*	*0·6*
17. Shroffs	12·9	*4·0*	*2·0*
18. Joint stock ebanks	15·1	*4·7*	*2·4*
19. Co-operative banks	1·3	*0·4*	*0·2*
20. Other financial institutions	6·0	*1·9*	*0·9*
21. Others	32·6	*10·1*	*5·1*
Total of II	**323·2**	*100·0*	*50·1*
III. Agriculture:			
22. Food crops (wheat, rice, other cereals, pulses etc.)	0·6	*5·3*	*0·1*
23. Other agricultural produce (jute, cotton, tobacco, oilseeds, tea, coffee, etc.)	9·8	*86·7*	*1·5*
24. Others	0·9	*8·0*	*0·1*
Total of III	**11·3**	*100·0*	*1·8*
IV. 25. Personal	**55·4**		*8·6*
V. 26. Professional			
VI. 27. All others	**34·1**		*5·3*
Total of I to VI	**644·9**		*100·0*

† Excluding advances to pharmaceuticals industry. * Relate to advances to sugar industry only.
** Relate to advances to wholesale traders in sugar only.

MENT 23

BANKS ACCORDING TO PURPOSE, 1956

(Amount in crores of rupees)

March 31, 1956			June 30, 1956			December 31, 1956		
84			86			86		
Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*
5	6	7	8	9	10	11	12	13
62·7	*22·5*	*8·1*	72·9	*24·3*	*9·5*	81·5	*26·7*	*10·3*
23·1	*8·3*	*3·0*	19·4	*6·5*	*2·5*	26·5	*8·7*	*3·3*
18·9	*6·8*	*2·4*	22·3	*7·4*	*2·9*	21·0	*6·9*	*2·6*
7·7	*2·8*	*1·0*	8·3	*2·8*	*1·1*	7·7	*2·5*	*1·0*
7·1	*2·5*	*0·9*	6·7	*2·2*	*0·9*	7·9	*2·6*	*1·0*
32·9	*11·8*	*4·3*	40·5	*13·5*	*5·3*	58·4	*19·1*	*7·4*
..	..	..	..	..	..	19·8	*6·5*	*2.5*
..	..	..	..	..	..	38·6	*12·6*	*4·9*
48·8*	*17·5*	*6·3*	50·7*	*16·9*	*6·6*	32·5	*10·6*	*4·1*
13·8	*5·0*	*1·8*	12·7	*4·2*	*1·7*	10·6	*3.5*	*1·3*
10·3†	*3·7*	*1·3*	11·0†	*3·7*	*1·4*	14·6	*4.8*	*1·8*
2·5	*0·9*	*0·3*	4·1	*1·4*	*0·5*	2.8	*0·9*	*0·4*
8·5	*3·1*	*1·1*	7·2	*2·4*	*0·9*	6·0	*1·9*	*0.8*
42·3	*15·2*	*5·5*	44·6	*14·8*	*5·8*	36·2	*11·8*	*4.6*
278·5	*100·0*	*36·2*	**300·4**	*100·0*	*39·3*	**305·5**	*100·0*	*38.5*
265·8	*68·5*	*34·5*	248·3	*69·7*	*32·5*	270·8	*71·9*	*34.1*
132·1	*34·0*	*17·1*	123·5	*34·7*	*16·2*	104·9	*27·8*	*13.2*
..	..	..	37·2	*10·4*	*4·9*	19·4	*5·1*	*2.4*
..	..	..	14·5	*4·1*	*1·9*	9·2	*2·4*	*1.2*
..	..	..	5·5	*1·5*	*0·7*	1·8	*0.5*	*0.2*
..	..	..	17·1	*4·8*	*2·2*	8·3	*2·2*	*1.0*
34·4	*8·9*	*4·4*	29·6	*8·3*	*3·9*	34·9	*9.3*	*4·4*
11·9	*3·1*	*1·6*	9·7	*2·7*	*1·3*	10·3	*2.7*	*1.3*
12·4	*3·2*	*1·6*	13·3	*3·7*	*1·7*	7·1	*1·9*	*0.9*
9·5	*2·4*	*1·2*	7·7	*2·2*	*1·0*	14·7	*3·9*	*1.9*
5·2**	*1·3*	*0·7*	3·6**	*1·0*	*0·5*	3.9	*1·0*	*0.5*
58·6	*15·1*	*7·6*	22·5	*6·3*	*2·9*	14·6	*3·9*	*1·8*
133·7	*34·4*	*17·4*	124·7	*35·0*	*16·3*	165·9	*44·0*	*20·9*
..	..	..	..	..	..	50·1	*13·3*	*6·3*
..	..	..	..	..	..	48·5	*12·9*	*6·1*
..	..	..	..	..	..	6·3	*1·7*	*0·8*
..	..	..	..	..	..	61·0	*16.2*	*7·7*
15·2	*3·9*	*2·0*	14·3	*4·0*	*1·9*	14·2	*3·8*	*1·8*
21·4	*5·5*	*2·8*	20·3	*5·7*	*2·7*	21·0	*5·6*	*2·6*
3·0	*0·8*	*0·4*	1·9	*0·5*	*0·2*	2·7	*0·7*	*0·3*
13·1	*3·4*	*1·7*	12·8	*3·6*	*1·7*	12·2	*3·2*	*1·5*
27·4	*7·1*	*3·6*	10·3	*2·9*	*1·4*	14·1	*3·7*	*1·8*
0·9	*0·2*	—	0·7	*0·2*	*0·1*	2·2	*0·6*	*0·3*
6·1	*1·6*	*0·8*	6·6	*1·9*	*0·9*	6·7	*1.8*	*0·8*
35·2	*9·1*	*4·6*	41·2	*11·6*	*5·4*	32·9	*8·7*	*4·1*
388·1	*100·0*	*50·4*	**356·3**	*100·0*	*46·6*	**376·8**	*100·0*	*47·5*
1·3	*8·3*	*0·2*	0·9	*5·1*	*0·1*	0·6	*4·3*	*0·1*
13·7	*87·8*	*1·8*	16·2	*91·5*	*2·1*	12·5	*90.6*	*1·6*
0·6	*3·8*	—	0·6	*3·4*	*0·1*	0.7	*5·1*	*0·1*
15·6	*100·0*	*2·0*	**17·7**	*100·0*	*2·3*	**13·8**	*100·0*	*1·7*
58·3		*7·6*	**58·2**		*7·6*	**59·1**		*7·4*
						8·4		*1.1*
29·7		*3·9*	**31·3**		*4·1*	29·9		*3·8*
710·2		*100·0*	**763·9**		*100·0*	**793·6**		*100·0*

STATE
ANALYSIS OF ADVANCES OF NON-SCHE

Number of reporting banks	December 31, 1955		
	349		
	Amount	*Percentage to group total*	*Percentage to total advances*
1	2	3	4
I. Industry			
1. Cotton (ginning, pressing and weaving etc.)	2,13	*30·8*	*5·5*
2. Jute	7	*1·0*	*0·2*
3. Other textiles	23	*3·3*	*0·6*
4. Iron and steel	24	*3·5*	*0·6*
5. Coal, other mining and quarrying	20	*2·9*	*0·5*
6. Engineering	32	*4·6*	*0·8*
(i) Heavy engineering and structurals	..	..	..
(ii) Light engineering	..	..	..
7. Sugar and *gur*	14*	*2·0*	*0·4*
8. Vegetable oil crushing and refining (including vanaspati, soap, etc.)	76	*11·0*	*2·0*
9. Chemicals, dyes, paints and pharmaceuticals	10†	*1·4*	*0·3*
10. Cement	—	—	—
11. Public utilities (*e.g.* transport and communications, gas, electricity etc.)	62	*9·0*	*1·6*
12. Others	2,11	*30·5*	*5·4*
Total of I	**6,91**	*100·0*	*17·7*
II. Commerce			
13. Wholesale trade	7,52	*43·0*	*19·3*
(i) Agricultural commodities	4,48	*25·6*	*11·5*
(a) Foodgrains	..	..	..
(1) Paddy and rice	..	..	..
(2) Wheat	..	..	..
(3) Other foodgrains, gram and pulses	..	..	..
(b) Cotton	93	*5·3*	*2·4*
(c) Jute	2	*0·1*	*0·1*
(d) Oilseeds	65	*3·7*	*1·7*
(e) Tea	13	*0·7*	*0·3*
(f) Sugar and *gur*	24**	*1·4*	*0·6*
(g) Other agricultural commodities	2,51	*14·4*	*6·5*
(ii) Non-agricultural commodities	3,04	*17·4*	*7·8*
(a) Wholesalers in textiles (cotton, jute, wool and silk etc.)	..	..	..
(b) Hardware, machinery, engineering products and metal products.	..	..	..
(c) Chemicals, dyes, paints and pharmaceuticals	..	..	..
(d) All others	..	..	..
14. Retail trade	3,35	*19·2*	*8·6*
15. Dealers in Government securities, stocks, shares etc.	69	*3·9*	*1·8*
16. Dealers in bullion	20	*1·1*	*0·5*
17. Shroffs	29	*1·7*	*0·8*
18. Joint stock banks	2,44	*14·0*	*6·3*
19. Co-operative banks	16	*0·9*	*0·4*
20. Other financial institutions	27	*1·5*	*0·7*
21. Others	2,57	*14·7*	*6·6*
Total of II	**17,51**	*100·0*	*45·0*
III. Agriculture			
22. Food crops (wheat, rice, other cereals, pulses etc.)	71	*34·1*	*1·8*
23. Other agricultural produce (jute, cotton, tobacco, oil-seeds, tea, coffee, etc.)	55	*26·4*	*1·4*
24. Others	82	*39·4*	*2·1*
Total of III	**2,08**	*100·0*	*5·3*
IV. 25. Personal } **V. 26. Professional**	**9,91**		*25·4*
VI. 27. All others	**2,54**		*6·5*
TOTAL OF I to VI	**38,95**		*100·0*

* Relate to advances to sugar industry only.
† Excluding advances to pharmaceutical industry.
** Relate to advances to wholesale traders in sugar.

MENT 24

DULED BANKS ACCORDING TO PURPOSE, 1956

(Amount in lakhs of rupees)

March 31, 1956			June 30, 1956			December 31, 1956		
336			344			320		
Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*
5	6	7	8	9	10	11	12	13
1,54	*21·4*	*3·8*	1,61	*23·7*	*3·8*	2,16	*26·3*	*5·5*
9	*1·3*	*0·2*	10	*1·5*	*0·2*	10	*1·2*	*0·3*
28	*3·9*	*0·7*	20	*2·9*	*0·5*	17	*2·1*	*0·4*
26	*3·6*	*0·6*	26	*3·8*	*0·6*	26	*3·2*	*0·7*
17	*2·4*	*0·4*	19	*2·8*	*0·4*	26	*3·2*	*0·7*
33	*4·6*	*0·8*	31	*4·6*	*0·7*	17	*2·1*	*0·4*
..	..	..	..	..	..	2	*0·2*	*0·1*
..	..	..	..	..	..	15	*1·8*	*0·4*
22*	*3·1*	*0·5*	20*	*2·9*	*0·5*	20	*2·4*	*0·5*
1,42	*19·7*	*3·5*	1,16	*17·1*	*2·7*	1,45	*17·6*	*3·7*
5	*0·7*	*0·1*	5	*0·7*	*0·1*	4	*0·5*	*0·1*
10	*1·4*	*0·3*	37	*5·4*	*0·9*	57	*6·9*	*1·4*
86	*12·0*	*2·1*	56	*8·2*	*1·3*	56	*6·8*	*1·4*
1,87	*26·0*	*4·6*	1,79	*26·3*	*4·2*	2,28	*27·7*	*5·8*
7,19	***100·0***	***17·6***	**6,80**	***100·0***	***16·1***	**8,22**	***100·0***	***20·8***
9,52	*50·8*	*23·3*	9,99	*49·2*	*23·6*	7,75	*47·6*	*19·6*
5,92	*31·6*	*14·5*	6,98	*34·4*	*16·5*	4,73	*29·1*	*12·0*
..	..	..	3,35	*16·5*	*7·9*	1,69	*10·4*	*4·3*
..	..	..	66	*3·2*	*1·5*	48	*2·9*	*1·2*
..	..	..	85	*4·2*	*2·0*	19	*1·2*	*0·5*
..	..	..	1,84	*9·1*	*4·4*	1,02	*6·3*	*2·6*
46	*2·5*	*1·1*	31	*1·5*	*0·8*	39	*2·4*	*1·0*
4	*0·2*	*0·1*	3	*0·1*	—	4	*0·2*	*0·1*
1,31	*7·0*	*3·2*	96	*4·7*	*2·3*	67	*4·1*	*1·7*
15	*0·8*	*0·4*	19	*0·9*	*0·4*	13	*0·8*	*0·3*
24**	*1·3*	*0·6*	24**	*1·2*	*0·6*	27	*1·7*	*0.7*
3,71	*19·8*	*9·1*	1,90	*9·4*	*4·5*	1,54	*9·5*	*3·9*
3,60	*19·2*	*8·8*	3,01	*14·8*	*7·1*	3,02	*18·6*	*7·6*
..	..	..	..	..	..	**41**	***2·5***	***1·0***
..	..	..	..	..	..	67	*4·1*	*1·7*
..	..	..	..	..	..	6	*0·4*	*0·2*
..	..	..	..	..	..	1,88	*11·5*	*4·8*
3,99	*21·3*	*9·8*	3,77	*18·6*	*8·9*	3,30	*20·3*	*8·4*
83	*4·4*	*2·0*	88	*4·3*	*2·1*	85	*5·2*	*2·2*
22	*1·2*	*0·5*	23	*1·1*	*0·6*	20	*1·2*	*0·5*
31	*1·7*	*0·8*	29	*1·4*	*0·7*	34	*2·1*	*0·9*
57	*3·0*	*1·4*	1,05	*5·2*	*2·5*	1,06	*6·5*	*2·7*
25	*1·3*	*0·6*	92	*4·5*	*2·2*	1	*0·1*	—
29	*1·5*	*0·7*	29	*1·4*	*0·7*	26	*1·6*	*0·7*
2,76	*14·7*	*6·8*	2,90	*14·3*	*6·9*	2,53	*15·5*	*6·4*
18,74	***100·0***	***45·8***	**20,32**	***100·0***	***48·0***	**16,28**	***100·0***	***41·2***
67	***32·2***	***1·6***	**63**	***31·0***	***1·5***	**75**	***34·4***	***1·9***
68	*32·7*	*1·7*	68	*33·5*	*1·6*	62	*28·4*	*1·6*
73	*35·1*	*1·8*	72	*35·5*	*1·7*	81	*37·2*	*2·1*
2,08	***100·0***	***5·1***	**2,03**	***100·0***	***4·8***	**2,18**	***100·0***	***5·5***
9,80		***24·0***	**10,02**		***23·7***	**9,27**		***23·5***
						84		***2·1***
3,07		***7·5***	**3,13**		***7·4***	**2,73**		***6·9***
40,89		***100·0***	**42,30**		***100·0***	**39,51**		***100·0***

STATEMENT 25

ANALYSIS OF ADVANCES OF SCHEDULED BANKS ACCORDING TO SECURITY, 1956

(Amount in crores of rupees)

	December 31, 1955			March 31, 1956			June 30, 1956		
Number of reporting banks	85			84			86		
	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*
1	2	3	4	5	6	7	8	9	10
I. Secured advances									
1. Government and other trustee securities ..	43·6	*8·0*	*6·8*	51·1	*7·7*	*6·6*	37·9	*5·7*	*5·0*
2. Gold and silver bullion	2·4	*0·4*	*0·4*	1·9	*0·3*	*0·2*	0·9	*0·1*	*0·1*
3. Gold and silver ornaments	13·4	*2·5*	*2·1*	12·9	*2·0*	*1·7*	13·0	*2·0*	*1·7*
4. Shares of joint stock companies etc. ..	64·0	*11·8*	*9·9*	64·9	*9·8*	*8·4*	68·2	*10·3*	*8·9*
5. Merchandise :	3,08·2	*56·7*	*47·8*	4,14·3	*62·6*	*53·8*	4,24·8	*64·2*	*55·6*
(i) Pledged to the banking company under the banking company's lock and key :	1,29·5	*23·8*	*20·1*	1,87·9	*28·4*	*24·4*	2,00·1	*30·3*	*26·2*
(a) Foodgrains	13·9	*2·6*	*2·2*	26·8	*4·1*	*3·5*	30·3	*4·6*	*4·0*
(b) Other agricultural commodities ..	41·6	*7·7*	*6·5*	62·4	*9·4*	*8·1*	65·2	*9·9*	*8·5*
(c) Non-agricultural commodities ..	74·0	*13·6*	*11·5*	98·8	*14·9*	*12·8*	1,04·7	*15·8*	*13·7*
(ii) Hypothecated to the banking company :	1,78·6	*32·9*	*27·7*	2,26·4	*34·2*	*29·4*	2,24·7	*34·0*	*29·4*
(a) Foodgrains	5·1	*0·9*	*0·8*	4·7	*0·7*	*0·6*	5·6	*0·8*	*0·7*
(b) Other agricultural commodities ..	52·4	*9·6*	*8·1*	78·3	*11·8*	*10·2*	69·1	*10·4*	*9·0*
(c) Non-agricultural commodities ..	1,21·1	*22·3*	*18·8*	1,43·4	*21·7*	*18·6*	1,50·0	*22·7*	*19·6*
6. Real estate :	22·7	*4·2*	*3·5*	22·7	*3·4*	*2·9*	24·0	*3·6*	*3·1*
(a) Agricultural land	1·5	*0·3*	*0·2*	1·3	*0·2*	*0·2*	1·3	*0·2*	*0·2*
(b) Other properties	21·2	*3·9*	*3·3*	21·4	*3·2*	*2·8*	22·7	*3·4*	*2·9*
7. Fixed deposits :	12·3	*2·3*	*1·9*	11·7	*1·8*	*1·5*	11·5	*1·7*	*1·5*
(a) With the banking company ..	12·0	*2·2*	*1·9*	11·4	*1·7*	*1·4*	11·1	*1·7*	*1·5*
(b) With other banking companies ..	0·3	*0·1*	*0·1*	0·3	—	—	0·4	*0·1*	—
8. Other secured advances	76·6	*14·1*	*11·9*	81·8	*12·4*	*10·6*	81·1	*12·3*	*10·6*
Total of I	**5,43·1**	*100·0*	*84·2*	**6,61·3**	*100·0*	*85·9*	**6,61·4**	*100·0*	*86·6*
II. Unsecured advances	**1,01·9**		*15·8*	**1,08·9**		*14·1*	**1,02·5**		*13·4*
Total of I and II	**6,44.9**		*100.0*	**7,70.2**		*100.0*	**7,63.9**		*100·0*

Note :—As the survey of bank advances according to security on this basis has been discontinued, data for subsequent quarters are not available.

STATEMENT 26

ANALYSIS OF ADVANCES OF NON-SCHEDULED BANKS ACCORDING TO SECURITY, 1956

(Amount in lakhs of rupees)

	December 31, 1955			March 31, 1956			June 30, 1956		
Number of reporting banks	349			336			344		
	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*	Amount	*Percentage to group total*	*Percentage to total advances*
1	2	3	4	5	6	7	8	9	10
I. Secured advances									
1. Government and other trustee securities	22	*0·8*	*0·6*	19	*0·6*	*0·5*	19	*0·6*	*0·4*
2. Gold and silver bullion	9	*0·3*	*0·2*	3	*0·1*	*0·1*	9	*0·3*	*0·2*
3. Gold and silver ornaments	6,87	*24·0*	*17·7*	6,80	*22·1*	*16·6*	6,92	*21·6*	*16·4*
4. Shares of joint stock companies etc. ..	94	*3·3*	*2·4*	1,10	*3·6*	*2·7*	1,09	*3·4*	*2·6*
5. Merchandise :	8,05	*28·2*	*20·7*	9,42	*30·6*	*23·0*	10,64	*33·2*	*25·2*
(*i*) Pledged to the banking company under the banking company's lock and key :	5,79	*20·3*	*14·9*	6,96	*22·6*	*17·0*	7,60	*23·7*	*18·0*
(*a*) Foodgrains	91	*3·2*	*2·3*	1,21	*3·9*	*3·0*	2,70	*8·4*	*6·4*
(*b*) Other agricultural commodities ..	3,15	*11·0*	*8·1*	3,60	*11·7*	*8·8*	2,85	*8·9*	*6·7*
(*c*) Non-agricultural commodities ..	1,73	*6·1*	*4·5*	2,15	*7·0*	*5·3*	2,05	*6·4*	*4·9*
(*ii*) Hypothecated to the banking company:	2,26	*7·9*	*5·8*	2,46	*8·0*	*6·0*	3,04	*9·5*	*7·2*
(*a*) Foodgrains	15	*0·5*	*0·4*	15	*0·5*	*0·4*	19	*0·6*	*0·5*
(*b*) Other agricultural commodities ..	46	*1·6*	*1·2*	60	*2·0*	*1·5*	1,06	*3·3*	*2·5*
(*c*) Non-agricultural commodities ..	1,65	*5·8*	*4·2*	1,71	*5·6*	*4·2*	1,78	*5·6*	*4·2*
6. Real estate :	7,94	*27·8*	*20·4*	7,70	*25·0*	*18·8*	7,60	*23·7*	*18·0*
(*a*) Agricultural land	1,61	*5·6*	*4·1*	1,61	*5·2*	*3·9*	1,55	*4·8*	*3·7*
(*b*) Other properties	6,33	*22·1*	*16·2*	6,09	*19·8*	*14·9*	6,05	*18·9*	*14·3*
7. Fixed deposits :	2,10	*7·3*	*5·4*	2,35	*7·6*	*5·7*	2,54	*7·9*	*6·0*
(*a*) With the banking company ..	2,09	*7·3*	*5·4*	2,34	*7·6*	*5·7*	2,50	*7·8*	*5·9*
(*b*) With other banking companies ..	1	—	—	—	—	—	3	*0·1*	*0·1*
8. Other secured advances	2,38	*8·3*	*6·1*	3,16	*10·3*	*7·7*	3,00	*9·4*	*7·1*
Total of I	**28,58**	*100·0*	*73·4*	**30,76**	*100·0*	*75·2*	**32,07**	*100·0*	*75·8*
II. 9. Unsecured advances	**10,37**		*26·6*	**10,13**		*24·8*	**10,24**		*24·2*
Total of I and II	**38,95**		*100·0*	**40,89**		*100·0*	**42,30**		*100·0*

Note:—As the survey of bank advances according to security on this basis has been discontinued, data for subsequent quarters are not available.

STATE

ANALYSIS OF INVEST

	SCHEDULED		
Number of reporting banks	84		
	December 31, 1955		
	Amount 1	*Percentage to group total* 2	*Percentage to total investments* 3
I. Investments in Indian securities :			
A. Government securities* :			
1. Central Government	345,00	*87·1*	*76·1*
2. State Governments	50,91	*12·9*	*11·2*
3. Others, mainly postal††	18	—	—
Total of A	**396,09**	*100·0*	*87·3*
B. Other investments :			
1. Other trustee securities	13,86	*38·2*	*3·1*
2. Fixed deposits	3,37	*9·3*	*0·7*
3. Shares of joint stock companies	7,66	*21·1*	*1·7*
4. Debentures of joint stock companies	4,20	*11·6*	*0·9*
5. Real estate	6,80	*18·7*	*1·5*
6. Bullion	2	*0·1*	—
7. Others	39	*1·1*	*0·1*
Total of B	**36,30**	*100·0*	*8·0*
Total of I	**432,39**		*95·3*
II. Investments in foreign securities :			
1 Pakistan securities	5,94	*28·1*	*1·3*
2 United Kingdom securities	5,73	*27·1*	*1·3*
3 Securities of other countries	9,47	*44·8*	*2·1*
Total of II	**21,14**	*100·0*	*4·7*
Total of I and II	**453,53**		*100·0*

* Face value.

†† Include Treasury Savings Deposit Certificates and postal obligations.

MENT 27

MENTS OF BANKS, 1956

(Amount in lakhs of rupees)

BANKS			NON-SCHEDULED BANKS					
88			349			319		
December 31, 1956			December 31, 1955			December 31, 1956		
Amount	*Percentage to group total*	*Percentage to total investments*	Amount	*Percentage to group total*	*Percentage to total investments*	Amount	*Percentage to group total*	*Percentage to total investments*
4	5	6	7	8	9	10	11	12
311,73	*82·5*	*70·5*	17,14	*68·8*	*55·8*	14,61	*58·2*	*45·3*
65,87	*17·4*	*14·9*	6,97	*28·0*	*22·7*	9,72	*38·7*	*30·2*
17	—	—	79	*3·2*	*2·6*	76	*3·0*	*2·4*
377,77	*100·0*	*85·4*	**24,90**	*100·0*	*81·1*	**25,09**	*100·0*	*77·9*
15,50	*41·9*	*3·5*	1,72	*31·6*	*5·6*	2,89	*41·1*	*9·0*
3,29	*8·9*	*0·7*	1,30	*23·9*	*4·2*	1,79	*25·4*	*5·6*
7,34	*19·9*	*1·7*	70	*12·8*	*2·3*	72	*10·2*	*2·2*
3,89	*10·5*	*0·9*	46	*8·4*	*1·5*	37	*5·3*	*1·1*
6,79	*18·4*	*1·5*	1,13	*20·7*	*3·7*	1,05	*14·9*	*3·3*
2	*0·1*	—	4	*0·7*	*0·1*	8	*1·1*	*0·2*
14	*0·4*	—	10	*1·8*	*0·3*	14	*2·0*	*0·4*
36,96	*100·0*	*8·4*	**5,45**	*100·0*	*17·7*	**7,04**	*100·0*	*21·8*
415,95**		*94·0*	**30,35**		*98·8*	**32,13**		*99·7*
8,99	*34·0*	*2·0*	36	*98·1*	*1·2*	8	*88·9*	*0·2*
5,26	*19·9*	*1·2*	1	*1·7*	—	1	*11·1*	—
12,20	*46·1*	*2·8*	—	—	—	—	—	—
26,44	*100·0*	*6·0*	**36**	*100·0*	*1·2*	**9**	*100·0*	*0·3*
442,39		*100·0*	**30,71**		*100·0*	**32,22**		*100·0*

** Include Rs. 1,22 lakhs of Indian securities held at foreign offices.

STATEMENT 28

INVESTMENTS OF INDIAN OFFICES OF BANKS IN GOVERNMENT SECURITIES, 1956

(Amount in lakhs of rupees)

	Scheduled Banks				Non-Scheduled Banks			
Number of reporting banks	84		88		349		319	
	Dec. 31, 1955		Dec. 31, 1956		Dec. 31, 1955		Dec. 31, 1956	
	Amount @	*Percentage to total*	Amount	*Percentage to total*	Amount	*Percentage to total*	Amount	*Percentage to total*
1	2	3	4	5	6	7	8	9
I. Treasury bills	9,99	*2·5*	—	—	—	—	—	—
II. Securities* maturing :								
(i) Within five years	84,65	*21·4*	140,77	*37·3*	4,64	*18·6*	6,22	*24·8*
(ii) Between five and ten years	239,59	*60·5*	153,16	*40·5*	13,40	*53·8*	9,05	*36·1*
(iii) Between ten and fifteen years	46,52	*11·7*	66,43	*17·6*	3,50	*14·1*	6,42	*25·6*
(iv) After fifteen years	15,34	*3·9*	17,40	*4·6*	3,36	*13·5*	3,39	*13·5*
Total of I and II	**396,09**	***100·0***	**377,77**	***100·0***	**24,90**	***100·0***	**25,09**	***100·0***

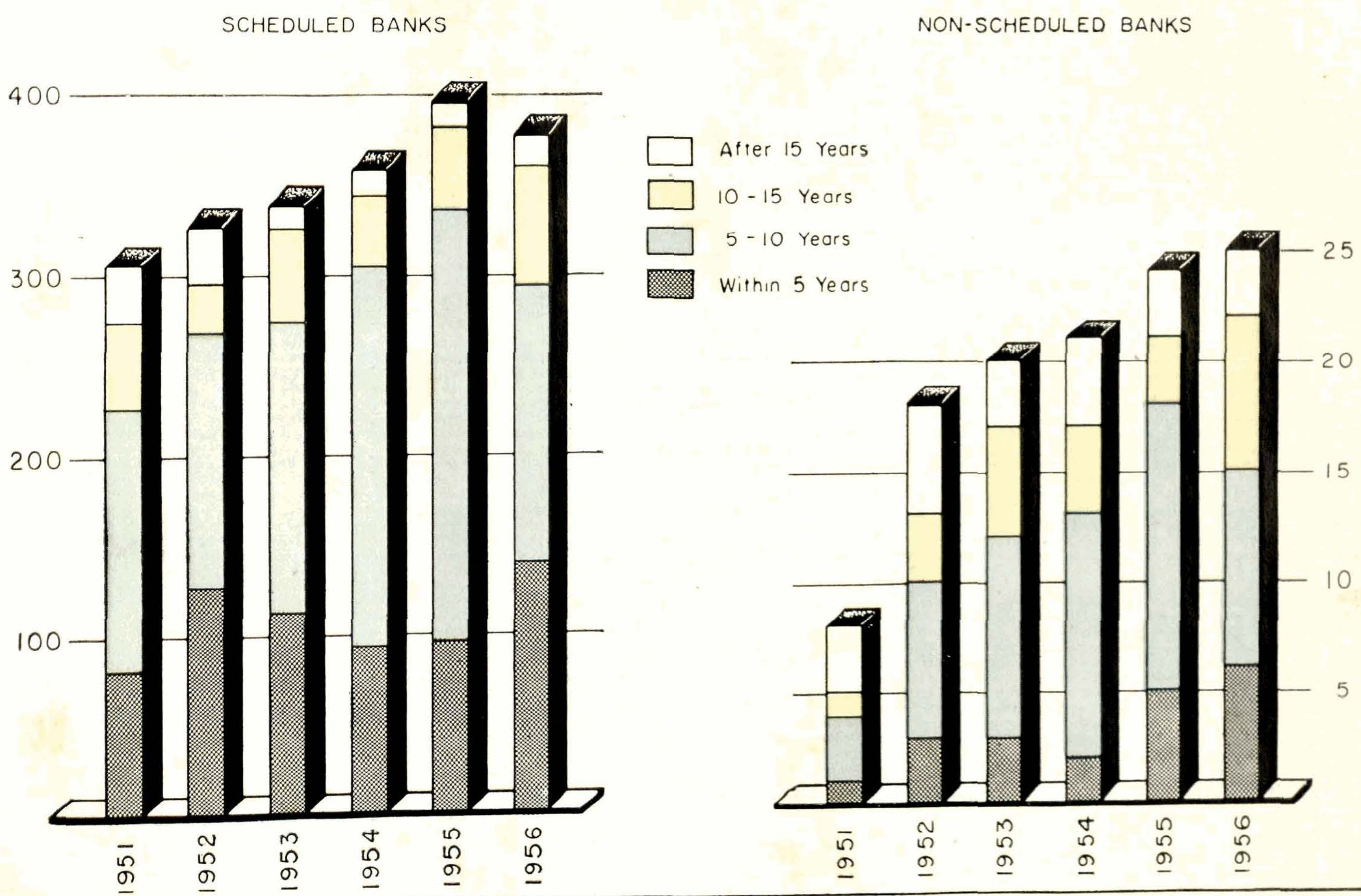
* Face value.

@ Include Indian Government securities held abroad.

GRAPH 9

MATURITY DISTRIBUTION OF INVESTMENTS IN GOVERNMENT SECURITIES

(Crores of Rupees)

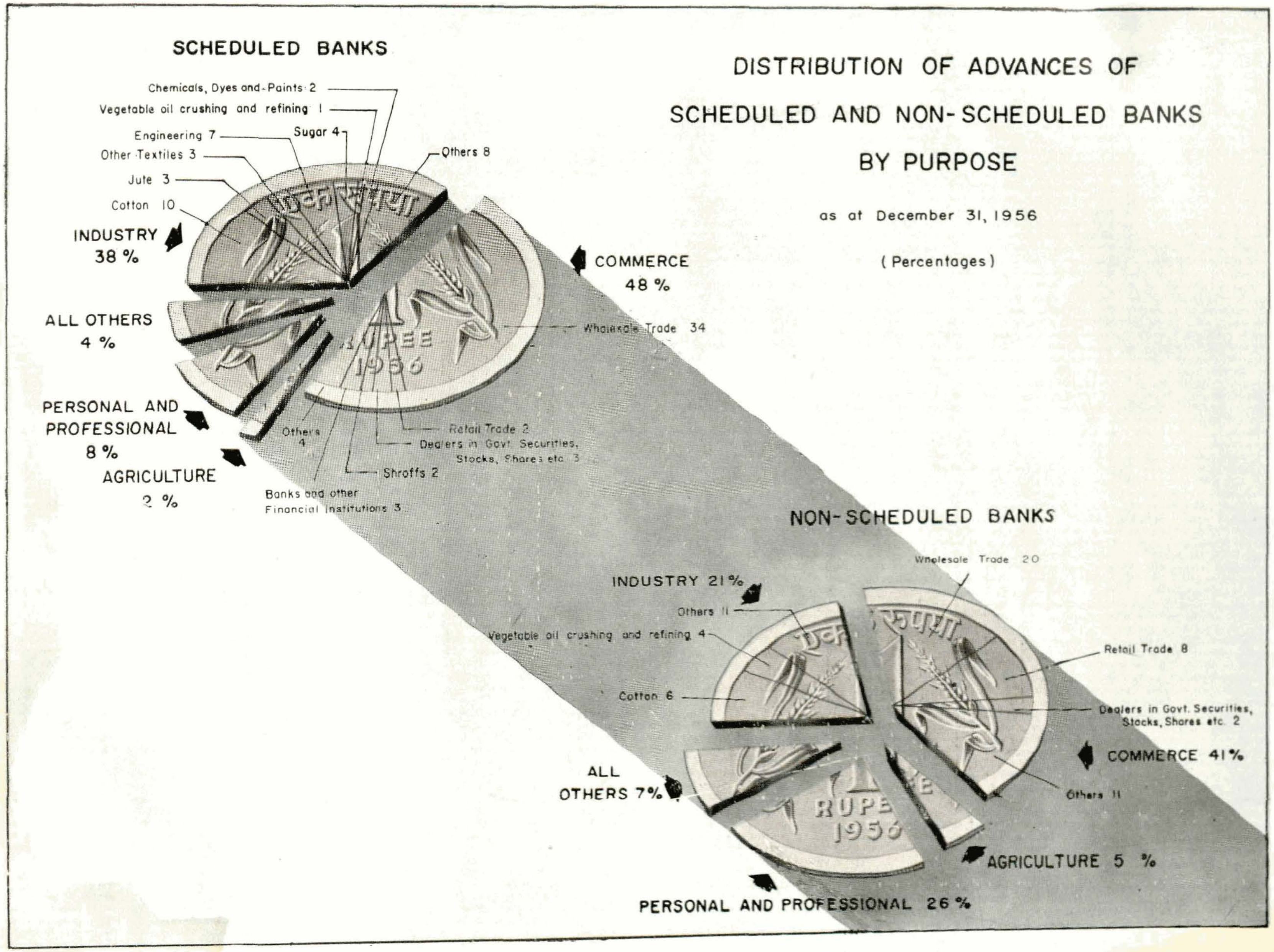


GRAPH 10

DISTRIBUTION OF ADVANCES OF SCHEDULED AND NON-SCHEDULED BANKS BY PURPOSE

as at December 31, 1956

(Percentages)



STATEMENT 29

ADVANCES* OF SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1956

(Amount in crores of rupees)

Rate of interest	Last day of	Major Indian Scheduled Banks@		Exchange Banks		All Scheduled Banks	
		Amount	*Percentage to total*	Amount	*Percentage to total*	Amount	*Percentage to total*
1	2	3	4	5	6	7	8
1. Nil	Mar. 1956	0·3	*0·1*	0·2	*0·1*	0·8	*0·1*
	June „	0·2	*0·1*	0·2	*0·1*	0·8	*0·1*
	Sept. „	0·5	*0·1*	0·2	*0·1*	0·9	*0·1*
2. More than 0% but upto and including 3%	Mar. 1956	1·3	*0·3*	0·3	*0·2*	2·4	*0·4*
	June „	1·3	*0·4*	0·2	*0·1*	2·6	*0·4*
	Sept. „	1·3	*0·4*	0·2	*0·1*	2·3	*0·4*
3. More than 3% but upto and including 4%	Mar. 1956	116·4	*32·3*	46·9	*29·5*	168·1	*26·9*
	June „	103·7	*28·9*	38·7	*24·2*	149·3	*23·9*
	Sept. „	115·8	*32·1*	35·6	*22·1*	160·7	*25·6*
4. More than 4% but upto and including 5%	Mar. 1956	136·9	*38·0*	91·1	*57·3*	252·8	*40·5*
	June „	133·2	*37·1*	96·0	*59·9*	251·9	*40·3*
	Sept. „	136·3	*37·9*	98·2	*61·1*	255·5	*40·8*
5. More than 5% but upto and including 6%	Mar. 1956	84·5	*23·5*	19·5	*12·2*	139·2	*22·3*
	June „	97·3	*27·1*	24·1	*15·0*	155·9	*25·0*
	Sept. „	87·5	*24·2*	25·7	*16·0*	147·4	*23·5*
6. More than 6% but upto and including 7%	Mar. 1956	16·2	*4·5*	0·9	*0·6*	34·3	*5·5*
	June „	19·4	*5·4*	0·9	*0·6*	39·0	*6·2*
	Sept. „	15·6	*4·3*	0·7	*0·5*	34·3	*5·5*
7. More than 7% but upto and including 8%	Mar. 1956	3·0	*0·9*	0·1	*0·1*	14·2	*2·3*
	June „	2·9	*0·8*	0·1	—	13·6	*2·2*
	Sept. „	2·4	*0·7*	0·1	*0·1*	13·2	*2·1*
8. More than 8% but upto and including 9%	Mar. 1956	1·3	*0·4*	—	—	11·3	*1·8*
	June „	1·0	*0·3*	—	—	10·6	*1·7*
	Sept. „	1·1	*0·3*	—	—	11·5	*1·8*
9. More than 9% but upto and including 10%	Mar. 1956	0·1	—	—	—	0·8	*0·1*
	June „	0·1	—	—	—	0·6	*0·1*
	Sept. „	0·1	—	—	—	0·6	*0·1*
10. Over 10%	Mar. 1956	—	—	—	—	0·8	*0·1*
	June „	—	—	—	—	0·8	*0·1*
	Sept. „	—	—	—	—	0·9	*0·1*
Total	Mar. 1956	**359·9**	*100·0*	**159·0**	*100·0*	**624·6**	*100·0*
	June „	**359·0**	*100·0*	**160·2**	*100·0*	**625·0**	*100·0*
	Sept. „	**360·4**	*100·0*	**160·8**	*100·0*	**627·4**	*100·0*

Note :—1. As the proforma of the survey of Interest Rates on Deposits and Advances has been completely revised and as the data cannot be presented on a comparable basis, the figures for the last quarter have not been shown.

2. Figures relate to 9 major Indian scheduled banks and to 15 exchange banks for each quarter; in the case of all scheduled banks, to 84 in March, 87 in June and 85 in September, 1956.

* Advances include money at call and short notice and due from banking companies, but exclude bills purchased and discounted.

@ Banks each with deposits of Rs. 25 crores and over.

STATE

INTEREST* CHARGED BY SCHEDU

	Major Scheduled			
	December 1955		March 1956	
	H	L	H	L
	1	2	3	4
I. Secured advances :				
1. Government and other trustee securities	6	3½	6	3½
2. Gold and silver bullion	7½	4	6½	4
3. Gold and silver ornaments	6	4	6	4
4. Shares of joint stock companies etc.	6½	4½	7	4½
5. Merchandise : (i) Pledged to the banking company under the banking company's lock and key:				
(a) Foodgrains	6	5	6½	5
(b) Other agricultural commodities	6½	4	6½	4
(c) Non-agricultural commodities	7	5	7	5
(ii) Hypothecated to the banking company :				
(a) Foodgrains	9	3½	9	3½
(b) Other agricultural commodites	12⅗	3½	12⅗	3½
(c) Non-agricultural commodities	8	3½	7	3½
6. Real estate :				
(a) Agricultural land	6½	4½	6½	4
(b) Other properties	8	3½	8	3½
7. Fixed deposits :				
(a) With the banking company	6½	4	6½	4
(b) With other banking companies	6½	6	6½	6
8. Other secured advances	9	3½	8	4½
II. Unsecured advances :				
9. Clean advances	12⅗	4	9	4

* Rate of interest charged on the majority of accounts.

** Indian scheduled banks each with deposits of Rs. 25 crores and over and exchange banks.

MENT 30

LED BANKS ON ADVANCES, 1956

(Rate per cent per annum)

Banks**		Other Scheduled Banks					
June 1956		December 1955		March 1956		June 1956	
H	L	H	L	H	L	H	L
5	6	7	8	9	10	11	12
6	3½	8½	4	8½	4	8½	4
6½	4	9	4½	9	4½	9	5
7	5	12	6	12	6	12	6
7	4½	9¾	5	9¾	5	9¾	5
6½	5	9	6	9	5¼	9	6
6½	4	9	5	9	5	9	5½
7	5	9	5¾	9	5½	9	5¾
9	3½	9	5½	9	6	9	6
12⅗	3½	9	5	9¾	5	9¾	5
9	3½	9½	4½	9¾	4½	9¾	5
6½	4	10	3	10	3	10	3
8	3½	10	4	10½	4	10½	4
6½	4	8	3	8	3	8	3
—	—	7	4¾	8	3	8	4½
9	4½	9½	4½	9½	3	9½	3
9	4½	12	3	12	3	12	3

H = Highest L=Lowest

STATEMENT 31

ADVANCES* OF NON-SCHEDULED BANKS AT VARIOUS RATES OF INTEREST, 1956

(Amount in lakhs of rupees)

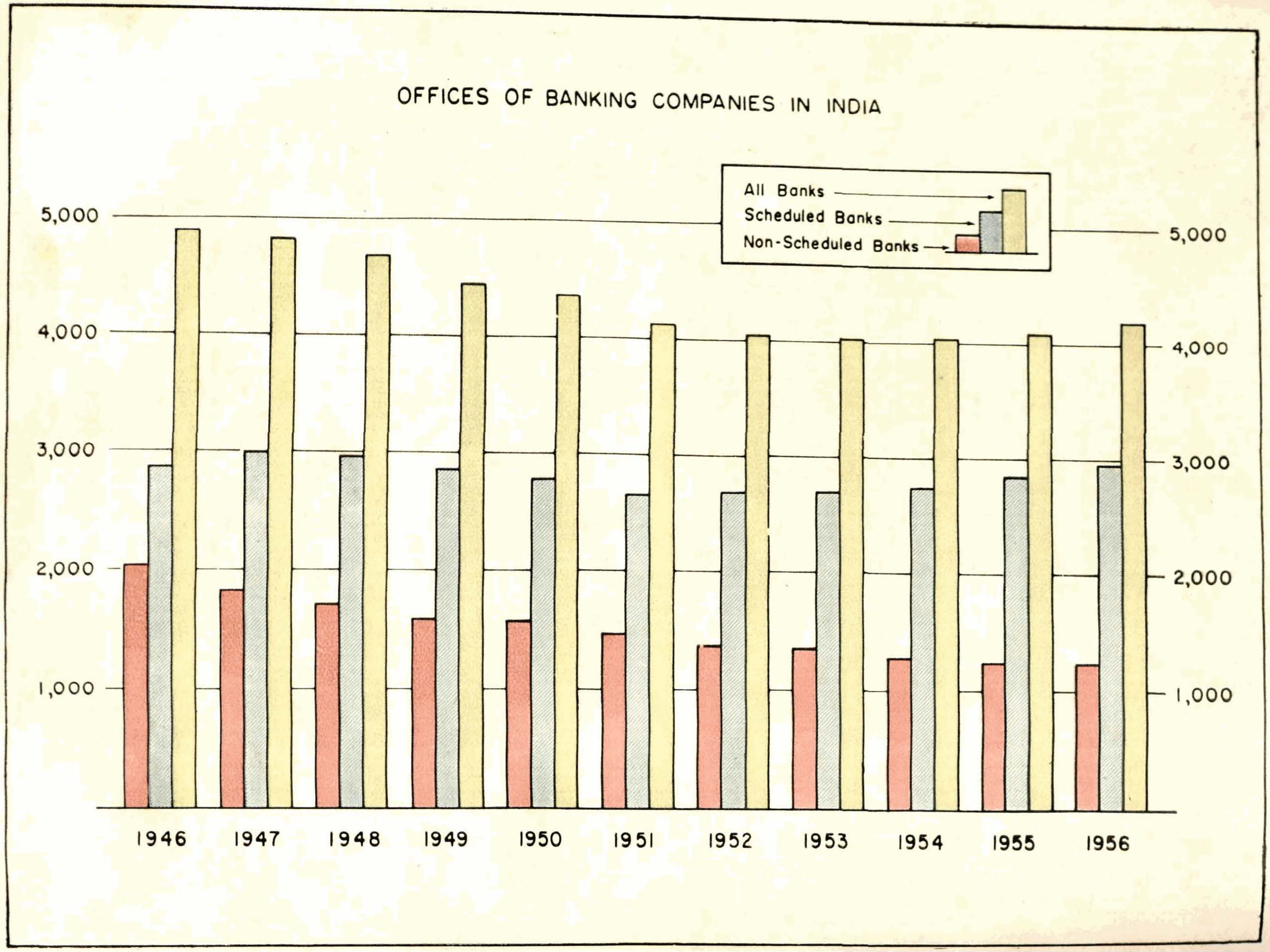
Last day of	March		June		September	
Rate of interest	Amount	*Percentage to total*	Amount	*Percentage to total*	Amount	*Percentage to total*
1	2	3	4	5	6	7
1. Nil	53	*1·4*	72	*1·7*	52	*1·3*
2. More than 0% but upto and including 3%	68	*1·8*	68	*1·6*	68	*1·7*
3. More than 3% but upto and including 4%	1,73	*4·5*	3,29	*8·0*	4,83	*12·0*
4. More than 4% but upto and including 5%	4,94	*13·0*	4,47	*10·8*	3,14	*7·9*
5. More than 5% but upto and including 6%	6,71	*17·6*	8,15	*19·6*	6,48	*16·0*
6. More than 6% but upto and including 7%	2,40	*6·3*	2,66	*6·4*	2,65	*6·6*
7. More than 7% but upto and including 8%	4,63	*12·1*	4,86	*11·7*	4,86	*12·1*
8. More than 8% but upto and including 9%	9,55	*25·1*	9,85	*23·7*	10,16	*25·2*
9. More than 9% but upto and including 10%	1,31	*3·4*	1,18	*2·8*	1,16	*2·9*
10. Over 10%	5,63	*14·8*	5,63	*13·6*	5,74	*14·3*
Total	**38,11**	*100·0*	**41,48**	*100·0*	**40,22**	*100·0*

Note :—1. As the proforma of the Survey of Interest Rates on Deposits and Advances has been completely revised and as the data cannot be presented on a comparable basis, the figures for the last quarter have not been shown.

2. Figures relate to 340 banks for March, to 351 banks for June, and to 328 banks for September, 1956.

* Advances include money at call and short notice and due from banking companies, but exclude bills purchased and discounted.

GRAPH 11


OFFICES OF BANKING COMPANIES IN INDIA
All Banks
Scheduled Banks
Non-Scheduled Banks
5,000
4,000
3,000
2,000
1,000
1946
1947
1948
1949
1950
1951
1952
1953
1954
1955
1956

STATEMENT 32

OFFICES OF SCHEDULED AND NON-SCHEDULED BANKS, 1938-56

End of	SCHEDULED BANKS State Bank of India	Exchange banks	Other scheduled banks	Total	Non-Scheduled banks	All banks
1	2	3	4	5	6	7
			INDIA AND BURMA			
1938	358	93	677	**1,128**	343	**1,471**
1939	381	99	798	**1,278**	673	**1,951**
1940	390	101	860	**1,351**	811	**2,162**
1941	401	99	954	**1,454**	1,014	**2,468**
			UNDIVIDED INDIA			
1942	392	82	974	**1,448**	1,260	**2,708**
1943	398	84	1,400	**1,882**	1,531	**3,413**
1944	419	79	1,977	**2,475**	1,985	**4,460**
1945	426	77	2,454	**2,957**	2,378	**5,335**
			INDIAN UNION			
1946	358	58	2,441	**2,857**	2,029	**4,886**
1947	362	60	2,565	**2,987**	1,832	**4,819**
1948	367	62	2,534	**2,963**	1,711	**4,674**
1949	377	64	2,411	**2,852**	1,589	**4,441**
1950	382	62	2,335	**2,779**	1,574	**4,353**
1951	391	61	2,194	**2,646**	1,473	**4,119**
1952	408	61	2,202	**2,671**	1,369	**4,040**
1953	422	63	2,185	**2,670**	1,351	**4,021**
1954	453	63	2,230	**2,746**	1,286	**4,032**
1955†	480	64	2,294	**2,838**	1,247	**4,085**
1956	536	65	2,350	**2,951**	1,241	**4,192**

Note:—1. Figures for the years 1938 to 1950 have been taken from the Statistical Tables relating to Banks in India; offices of non-scheduled banks having paid-up capital and reserves of less than Rs. 50,000 have been excluded upto 1945. Figures for the years 1951 to 1956 are based on the returns in Form IX submitted under the Banking Companies Act and exclude administrative, seasonal, temporary and non-banking offices in the case of scheduled banks.

2. Offices of banks operating in Jammu and Kashmir have been included in 1956 as the Banking Companies Act was extended to that State from November 1, 1956.

† Figures have been revised.

STATE

DISTRIBUTION BY STATE AND BY POPULATION OF OFFICES, DE-

State/Union Territory	Population*	Number of banks operating in the State		1955			1956		
		1955	1956	Offices	*Percentage of 5 to total offices*	Population per office	Offices	*Percentage of 8 to total offices*	Population per office
1	2	3	4	5	6	7	8	9	10
States:									
Andhra Pradesh ..	3,22,00,000	18	19	216	*8*	1,49,074	237	*8*	1,35,865
Assam	90,00,000	5	5	21	*1*	4,28,571	22	*1*	4,09,091
Bihar	3,89,00,000	12	12	126	*4*	3,08,730	131	*4*	2,96,947
Bombay	4,78,00,000	52	53	567	*20*	84,303	591	*20*	80,880
Kerala	1,36,00,000	22	22	170	*6*	80,000	174	*6*	78,161
Madhya Pradesh ..	2,61,00,000	13	13	139	*5*	1,87,770	147	*5*	1,77,551
Madras	3,00,00,000	39	40	344	*12*	87,209	370	*13*	81,081
Mysore	1,90,00,000	23	24	233	*8*	81,545	239	*8*	79,498
Orissa	1,46,00,000	5	5	13	—	11,23,077	16	*1*	9,12,500
Punjab	1,60,00,000	21	21	215	*8*	74,419	215	*7*	74,419
Rajasthan	1,60,00,000	11	11	124	*4*	1,29,032	125	*4*	1,28,000
Uttar Pradesh ..	6,32,00,000	24	24	384	*13*	1,64,583	377	*13*	1,67,639
West Bengal	2,62,00,000	37	37	182	*6*	1,43,956	184	*6*	1,42,391
Jammu and Kashmir	44,00,000	5	5	9	—	4,88,889	9	—	4,88,889
Union Territories:									
Delhi	17,00,000	32	33	91	*3*	18,681	96	*3*	17,708
Himachal Pradesh ..	10,00,000	3	3	5	—	2,00,000	7	—	1,42,857
Pondicherry	83,000	3	3	4	—	20,750	5	—	16,600
Tripura	6,00,000	2	2	2	—	3,00,000	2	—	3,00,000
Total	**36,03,83,000**			**2,845**		**1,26,672**	**2,947**		**1,22,288**

Note :—1. Figures are as on the last Friday of the year and relate to 87 banks.
2. Population figures are based on the 1951 census and have been adjusted for changes in states' boundaries; that of Jammu and Kashmir is according to the statutory estimates of the Registrar General.
3. Administrative, seasonal, temporary and non-banking offices have been excluded.

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

MENT 33

POSITS AND ADVANCES IN INDIA OF SCHEDULED BANKS, 1955 & 1956

1955			1956			1955			1956		
Deposits (In lakhs of rupees)	*Percentage of 11 to total deposits*	Per capita deposits Rs.	Deposits (In lakhs of rupees)	*Percentage of 14 to total deposits*	Per capita deposits Rs.	Advances (In lakhs of rupees)	*Percentage of 17 to total advances*	Per capita advances Rs.	Advances (In lakhs of rupees)	*Percentage of 20 to total advances*	Per capita advances Rs.
11	12	13	14	15	16	17	18	19	20	21	22
31,48	*3*	9·8	35,66	*3*	11·1	27,54	*4*	8·6	31,57	*4*	9·8
6,54	*1*	7·3	7,21	*1*	8·0	1,59	—	1·8	1,98	—	2·2
28,44	*3*	7·3	31,44	*3*	8·1	12,69	*2*	3·3	14,49	*2*	3·7
353,52	*35*	74·0	363,10	*33*	76·0	212,66	*34*	44·5	270,63	*35*	56·6
31,98	*3*	23·5	35,04	*3*	25·8	15,14	*2*	11·1	17,85	*2*	13·1
23,55	*2*	9·0	25,21	*2*	9·7	11,03	*2*	4·2	15,61	*2*	6·0
73,32	*7*	24·4	76,95	*7*	25·6	55,74	*9*	18·6	74,22	*10*	24·7
32,91	*3*	17·3	37,71	*3*	19·8	17,67	*3*	9·3	21,83	*3*	11·5
2,45	—	1·7	3,34	—	2·3	38	—	0·3	69	—	0·5
51,86	*5*	32·4	56,90	*5*	35·6	16,71	*3*	10·4	17,64	*2*	11·0
22,65	*2*	14·2	26,19	*2*	16·4	16,37	*3*	10·2	16,67	*2*	10·4
74,12	*7*	11·7	83,14	*8*	13·2	48,63	*8*	7·7	54,33	*7*	8·6
218,23	*21*	83·3	225,48	*21*	86·1	165,97	*27*	63·3	216,22	*28*	82·5
4,77	—	10·8	6,06	*1*	13·8	18	—	0·4	24	—	0·5
64,00	*6*	376·5	79,48	*7*	467·5	19,54	*3*	114·9	23,19	*3*	136·4
55	—	5·5	64	—	6·4	3	—	0·3	4	—	0·4
1,62	—	195·2	1,68	—	202·4	49	—	59·0	1,40	—	168·7
33	—	5·5	38	—	6·3	1	—	1·7	2	—	3·3
1,022.32		**28·4**	**1,095,61**		**30·4**	**622,37**		**17·3**	**778,62**		**21·6**

STATE

DISTRIBUTION OF BANKING OFFICES BY POPULATION

State/Union Territory	Unclassified		Less than 5,000		5,000 to 10,000	
	No. of Places	No. of Offices	No. of Places	No. of Offices	No. of Places	No. of Offices
1	2	3	4	5	6	7
States :						
Andhra Pradesh	2	2	1	1	18	19
Assam	—	—	—	—	1	1
Bihar	5	5	6	7	5	10
Bombay	23	23	14	15	45	51
Kerala	42	45	33	57	44	97
Madhya Pradesh	5	5	9	9	10	11
Madras	19	20	9	12	29	39
Mysore	6	7	20	22	32	47
Orissa	1	2	1	1	1	1
Punjab	—	—	26	32	28	39
Rajasthan	—	—	5	5	16	18
Uttar Pradesh	7	7	16	18	11	15
West Bengal	1	1	1	2	3	3
Jammu & Kashmir	4	4	—	—	1	1
Union Territories :						
Delhi	—	—	—	—	—	—
Himachal Pradesh	—	—	2	3	2	4
Manipur	—	—	—	—	—	—
Pondicherry	—	—	—	—	—	—
Tripura	—	—	—	—	—	—
Total ..	**115**	**121**	**143**	**184**	**246**	**356**

Note :—1. Population figures are from the 1951 census data or as supplied by banks.
2. The statement has been compiled from information available in returns in Form IX submitted by banking companies under the Banking Companies Act and relate to their offices in the whole of India.
3. Administrative, seasonal, temporary and non-banking offices have been excluded in the case of scheduled banks.

MENT 34

IN THE SEVERAL STATES AS AT THE END OF 1956

10,000 to 25,000		25,000 to 50,000		50,000 to 1,00,000		1,00,000 and over		Total	
No. of Places 8	No. of Offices 9	No. of Places 10	No. of Offices 11	No. of Places 12	No. of Offices 13	No. of Places 14	No. of Offices 15	**No. of Places 16**	**No. of Offices 17**
59	87	14	40	10	40	7	69	**111**	**258**
7	12	4	18	1	5	—	—	**13**	**36**
21	37	12	29	7	24	5	41	**61**	**153**
79	102	43	125	18	80	13	315	**235**	**711**
57	198	8	49	5	101	4	109	**193**	**656**
33	59	13	29	5	19	5	37	**80**	**169**
53	114	30	116	11	93	7	221	**158**	**615**
57	120	9	26	7	41	6	98	**137**	**361**
4	6	1	1	1	3	1	6	**10**	**20**
36	77	16	51	7	28	4	61	**117**	**288**
28	38	11	21	4	14	4	35	**68**	**131**
50	84	25	68	12	48	16	171	**137**	**411**
16	20	12	39	9	21	3	153	**45**	**239**
3	4	—	—	1	5	1	9	**10**	**23**
—	—	—	—	—	—	1	105	**1**	**105**
—	—	—	—	—	—	—	—	**4**	**7**
—	—	—	—	—	—	1	1	**1**	**1**
1	2	—	—	1	3	—	—	**2**	**5**
—	—	1	3	—	—	—	—	**1**	**3**
504	**960**	**199**	**615**	**99**	**525**	**78**	**1,431**	**1,384**	**4,192**

STATE

REGIONAL DISTRIBUTION OF OFFICES IN INDIA

State/Union Territory	Number of offices opened during 1956				Number of offices closed during 1956			
	Exchange banks	Other scheduled banks	Non-scheduled banks	Total	Exchange banks	Other scheduled banks	Non-scheduled banks	Total
1	2	3	4	5	6	7	8	9
States:								
Andhra Pradesh	—	26	—	**26**	—	5	1	**6**
Assam	—	1	—	**1**	—	—	2	**2**
Bihar	—	6	—	**6**	—	1	—	**1**
Bombay	—	29	7	**36**	—	5	4	**9**
Kerala	—	4	1	**5**	—	—	8	**8**
Madhya Pradesh	—	9	—	**9**	—	1	1	**2**
Madras	—	27	7	**34**	1	—	7	**8**
Mysore	—	11	2	**13**	—	5	10	**15**
Orissa	—	3	—	**3**	—	—	—	—
Punjab	—	2	—	**2**	—	2	—	**2**
Rajasthan	—	5	—	**5**	—	4	—	**4**
Uttar Pradesh	—	5	—	**5**	—	12	1	**13**
West Bengal	—	3	—	**3**	—	1	—	**1**
Jammu and Kashmir ..	—	—	—	—	—	—	—	—
Union Territories :								
Delhi	1	4	—	**5**	—	—	1	**1**
Himachal Pradesh ..	—	2	—	**2**	—	—	—	—
Manipur	—	—	—	—	—	—	—	—
Pondicherry	—	1	—	**1**	—	—	—	—
Tripura	—	—	—	—	—	—	—	—
Total ..	**1**	**138**	**17**	**156**	**1**	**36**	**35**	**72**
Number of reporting banks								

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

MENT 35

OF BANKING COMPANIES, 1956

Net increase (+) or decrease (—) during 1956				Number of offices as on December 31, 1956			
Exchange banks	Other scheduled banks	Non-scheduled banks	Total	Exchange banks	Other scheduled banks	Non-scheduled banks	Total
10	11	12	13	14	15	16	17
—	+ 21	— 1	+ 20	—	237	21	258
—	+ 1	— 2	— 1	—	22	14	36
—	+ 5	—	+ 5	—	131	22	153
—	+ 24	+ 3	+ 27	16	577	118	711
—	+ 4	— 7	— 3	4	170	482	656
—	+ 8	— 1	+ 7	—	147	22	169
— 1	+ 27	—	+ 26	8	362	245	615
—	+ 6	— 8	— 2	1	238	122	361
—	+ 3	—	+ 3	—	16	4	20
—	—	—	—	4	211	73	288
—	+ 1	—	+ 1	—	125	6	131
—	— 7	— 1	— 8	2	375	34	411
—	+ 2	—	+ 2	19	166	54	239
—	—	—	—	1	8	14	23
+ 1	+ 4	— 1	+ 4	10	87	8	105
—	+ 2	—	+ 2	—	7	—	7
—	—	—	—	—	—	1	1
—	+ 1	—	+ 1	—	5	—	5
—	—	—	—	—	2	1	3
—	+102	— 18	+ 84	65	2,886	1,241	4,192
				15	74	405	494

STATEMENT 36

REGIONAL DISTRIBUTION OF THE NUMBER OF PLACES IN INDIA AT WHICH BANKING COMPANIES WERE GRANTED OR REFUSED PERMISSION TO OPEN OFFICES DURING 1956

State/Union Territory 1	No. of places in respect of which permission was granted 2	No. of places in respect of which permission was refused 3
Andhra Pradesh	35 (5)	1
Assam	1	
Bihar	6 (1)	
Bombay	41 (1)	5
Kerala	4	1
Madhya Pradesh	22 (2)	3
Madras	46 (6)	29(1)
Mysore	6	1
Orissa	8 (6)	
Punjab	4	1
Rajasthan	5 (2)	
Uttar Pradesh	15 (1)	
West Bengal	7 (3)	
Jammu and Kashmir	1 (1)	
Delhi	7 (1)	6
Himachal Pradesh	2	
Tripura	1	
Total	**211 (29)**	**47 (1)**

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

STATEMENT 37

OFFICES OF INDIAN BANKS OUTSIDE INDIA, 1954-56

Country	1954		1955		1956	
	No. of banking companies operating	No. of offices	No. of banking companies operating	No. of offices	No. of banking companies operating	No. of offices
1	2	3	4	5	6	7
Aden	1	1	1	1	1	1
British East Africa	2	7	2	8	2	9
Burma	5	9	5	9	5	9
Ceylon	3	3	3	3	3	3
Hongkong	1	1	2	2	2	2
Japan	1	2	1	2	1	2
Malaya	4	12	4	12	4	13
Pakistan	27	66	27	66	27	63
Thailand	1	1	1	1	1	1
United Kingdom	4	4	4	4	4	4
Total		**106**		**108**		**107**

STATEMENT 38

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

	1949	1950	1951	1952	1953	1954	1955	1956	Total
1. Classification of companies into banking and non-banking companies (Section 5 (*1*) (*b*) *and* (*c*))									
(*i*) Number of cases reported	72	23	73	40	27	3	1	2	**241**
(*ii*) Number of companies classified as banking companies ..	4	1	—	1	3	—	—	2	**11**
(*iii*) Number of companies classified as non-banking companies or gone into liquidation or struck off	41	29	57	47	15	4	1	5	**199**
(*iv*) Number of companies taking suitable action or under consideration	27	20	36	28	37	36	36	31	
2. Use of words 'bank', 'banker' or 'banking' (Section 7)									
(*i*) Number of companies affected by the provisions and reported to the Reserve Bank	6	31	47	32	2	12	—	1	**131**
(*ii*) Number of companies which added one of the words *to their* names	4	15	18	1	1	—	—	—	**39**
(*iii*) Number of non-banking companies which deleted the words 'bank', 'banker', etc., from their names or went into liquidation or were struck off	2	8	9	13	12	5	1	5	**55**
(*iv*) Number of companies granted exemption	—	—	4	—	—	—	—	—	**4**
(*v*) Number of companies taking suitable action	—	8	24	42	31	38	37	33	
3. Disposal of non-banking assets (Section 9)									
(*i*) Number of companies reported to have contravened the section	—	—	2	—	—	—	—	47	**49**
(*ii*) Number of companies which regularised their holdings ..	—	—	1	—	—	—	—	7	**8**
(*iii*) Number of companies allowed time to regularise their holdings	—	—	—	—	—	—	—	37	**37**
(*iv*) Number of companies converted into non-banking companies or went into liquidation	—	—	—	—	—	—	—	—	
(*v*) Number of banks whose cases were under consideration or which were taking steps	—	—	—	—	—	—	—	3	
4. Restriction on certain forms of employment (Section 10 (*1*) (*c*) (*i*) *and* (*ii*))									
(*i*) Number of companies contravening the section	42	23	4	12	11	17	14	7	**130**
(*ii*) Number of companies which regularised their position or were exempted	29	21	4	6	6	12	5	7	**90**
(*iii*) Number of companies classified as non-banking companies ..	—	—	2	—	—	—	—	—	**2**
(*iv*) Number of companies which became defunct or were wound up	—	—	2	1	2	1	2	5	**13**
(*v*) Number of companies which were under consideration or were taking steps to regularise their position	13	15	11	16	19	23	30	25	

STATEMENT 38—(*Contd.*)

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

	1949	1950	1951	1952	1953	1954	1955	1956	Total
Note :— All banking companies were exempted from the provisions of these sub-sections for a period of six months from the commencement of the Act ; the exemption for a further period of three years granted to 14 displaced banks expired during the year 1952 ; the exemption in respect of 11 out of them was extended by a further period of three years. Of these 11 banks, 3 banks were exempted from both the sub-sections for a further period of three years while 2 banks each were further exempted for a similar period from the sub-sections 10(*1*)(*c*)(*i*) *and* (*ii*) respectively.									
5. Minimum capital requirements (Section 11)									
(*i*) Number of applications received for issue of additional capital	19	36	49	40	32	7	10	8	**201**
(*ii*) Number of applications recommended for the issue of additional capital	14	24	54	31	17	5	6	4	**155**
(*iii*) Number of applications recommended for rejection	—	—	5	16	14	3	4	4	**46**
(*iv*) Number of applications pending and under consideration ..	5	17	7	—	1	—	—	—	
(*v*) Number of companies which raised the capital to the prescribed level	—	—	14	26	2	1	1	5	**49**
(*vi*) Number of companies which conformed to the provisions of the section by reducing the area of operation	1	—	2	11	—	—	—	—	**14**
(*vii*) Number of companies which converted themselves into non-banking companies or went into liquidation	—	—	32	32	8	3	22	27	**124**
6. Regulation of capital and restrictions on voting rights (Section 12 (*1*) (*i*) *and* (*ii*))									
(*i*) Number of companies contravening the section	11	1	4	2	26	1	2	5	**52**
(*ii*) Number of companies which complied with the provisions of the section or were exempted	1	3	3	1	13	6	2	7	**36**
(*iii*) Number of companies converted into non-banking companies or wound up	—	—	1	1	2	1	—	—	**5**
(*iv*) Number of companies taking steps to comply with the provisions	10	8	8	8	19	13	13	11	

7. Prohibition of interlocking directorates (Section 16)									
(*i*) Number of companies contravening the section	25	27	6	7	1	4	—	—	70
(*ii*) Number of companies which complied with the provisions of the section	17	20	4	4	2	2	1	—	50
(*iii*) Number of companies exempted	*	3	3	—	—	—	—	—	6
(*iv*) Number of companies which became defunct or went into liquidation or were classified as non-banking companies ..	—	2	1	2	1	—	—	1	7
(*v*) Number of companies whose cases were under consideration or which were taking action	8	10	8	9	7	9	8	7	
8. Restrictions on the nature of subsidiary companies or holding shares of other companies (Section 19)									
Sub-section (1)									
(*i*) Number of companies permitted to form subsidiary companies	—	1	1	—	—	—	—	—	2
(*ii*) Number of companies which were exempted	—	1	—	—	—	—	—	—	1
(*iii*) Number of companies which regularised their position ..	—	1	—	—	—	—	—	—	1
Sub-section (2)									
(*i*) Number of companies reported to have contravened the section	34	6	20	8	9	8	6	2	93
(*ii*) Number of companies whose cases came up for reconsideration	—	6	5	7	4	5	1	5	33
(*iii*) Number of companies which regularised the holdings ..	11	7	15	8	7	6	2	4†	60
(*iv*) Number of companies allowed time to regularise the holdings	7	9	2	4	4	1	—	—	27
(*v*) Number of companies exempted	—	3	1	6	2	2	2	4	20
(*vi*) Number of companies converted into non-banking companies or went into liquidation	—	—	2	—	1	—	—	—	3
(*vii*) Number of cases under consideration	16	9	14	11	10	14	17	17	
Sub-section (3)									
(*i*) Number of cases reported	—	5	1	3	4	—	—	—	13
(*ii*) Number of companies exempted	—	5	—	—	—	—	—	—	5
(*iii*) Number of companies taking action	—	—	1	—	—	—	—	—	

*All banking companies were exempted from the provisions of this section for a period of six months from the commencement of the Act; the exemption for a further period of three years granted to 14 displaced banks expired during the year 1952. The exemption in the case of 10 out of them was extended by a further period of three years. These banks have reported compliance with the provisions of the section.

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

STATEMENT 39

PART A

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

(Amount in lakhs of rupees)

Nature of defect	Number of banks	Amount outstanding as on the date of inspection when the defects were first observed	Amount outstanding as on the date of inspection when the defects were found to have been rectified	Increase (+) or decrease (−) (per cent)
1	2	3	4	5
1. Inadequate and poor reserves	38	50·49	89·90	+ *78·1*
2. Insufficient reserves against bad and doubtful debts	4	0·56	0·74	+ *32·1*
3. Frequent borrowings	22	1,76·11	30·15	− *82·9*
4. (*a*) Large investments in shares and debentures of joint stock companies	2	3·60	0·21	− *94·2*
(*b*) Investments in unquoted shares and debentures	4	6·89	4·01	− *41·8*
5. Investments in shares and debentures of companies in which banks' directors are interested	4	8·66	2·20	− *74·6*
6. Inadequate investments in Government securities	16	4·97	14·09	+*183·5*
7. Meagre liquid assets	27	64·63	1,12·93	+ *74·7*
8. Total of advances (of banks whose advances were high in relation to their total resources)	61	9,40·97	10,42·06	+ *10·7**
9. Unsecured advances (high proportion in relation to total advances)	20	67·37	56·44	− *16·2*
10. Granting large advances against immovable properties	13	1,07·05	85·24	− *20·4*
11. Large proportion of decreed and doubtful debts	4	3·06	1·01	− *67·0*
12. Large number of irregular and dormant advances including advances having undesirable features ..	15	95·90	12·75	− *86·7*
13. Concentration of advances in the hands of a few borrowers	11	59·93	33·23	− *44·6*
14. Large advances to directors, their relations and associates and concerns in which any of them is interested	8	22·28	11·89	− *46·6*

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

STATEMENT 39

PART B

PROGRESS MADE BY BANKS IN THE RECTIFICATION OF DEFECTS POINTED OUT TO THEM

(Amount in lakhs of rupees)

Nature of defect	Number of banks	Amount outstanding as on the date of inspection when the defects were first observed	Amount outstanding as on Dec. 31, 1956 (on the basis of the progress reports)	Increase (+) or decrease (−) (per cent)
	2	3	4	5
1. Inadequate and poor reserves	155	72·01	91·04	+ *26·4*
2. Insufficient reserves against bad and doubtful debts	29	5·42	6·32	+ *16·6*
3. Frequent borrowings	37	5,01·35	2,76·16	− *44·9*
4. (*a*) Large investments in shares and debentures of joint stock companies	12	74·48	62·22	− *16·5*
(*b*) Investments in unquoted shares and debentures	39	64·71	45·42	− *29·8*
5. Investments in shares and debentures of companies in which banks' directors are interested	16	71·10	44·54	− *37·4*
6. Inadequate investments in Government securities	55	11·72	51·87	+*342·6*
7. Meagre liquid assets	36	85·04	1,51·87	+ *78·6*
8. Total of advances (of banks whose advances were high in relation to their total resources)	183	45,97·99	50,65·98	+ *10·2*
9. Unsecured advances (high proportion in relation to total advances)	174	11,21·05	9,87·53	− *11·9*
10. Granting large advances against immovable properties	116	6,65·21	5,41·48	− *18·6*
11. Large proportion of decreed and doubtful debts	176	4,65·32	5,37·86	+ *15.6*
12. Large number of irregular and dormant advances including advances having undesirable features ..	232	23,38·82	19,91·53	− *14·9*
13. Concentration of advances in the hands of a few borrowers	98	18,21·23	14,18·46	− *22·1*
14. Large advances to directors, their relations and associates and concerns in which any of them is interested	65	5,96·50	5,73·07	− *3·9*

STATEMENT 40

LIABILITIES AND ASSETS OF COMMERCIAL BANKS IN SELECTED COUNTRIES

(Amount in millions of national currency)

Country	End of	Deposits: Demand: Amount	Deposits: Demand: Percentage of 2 to 6	Deposits: Others: Amount	Deposits: Others: Percentage of 4 to 6	Deposits: Total	Cash balances	Percentage of 7 to 6	Investments	Percentage of 9 to 6	Loans and advances including bills discounted	Percentage of 11 to 6
	1	2	3	4	5	6	7	8	9	10	11	12
Australia (£A)	..1955	1,203	*79·7*	306	*20·3*	1,509	82	*5·4*	203	*13·4*	919	*60·9*
(Major Trading Banks) (a)	..1956	1,186	*77·5*	344	*22·5*	1,530	75	*4·9*	254	*16·6*	870	*56·9*
Canada ($C)	..1955	4,595	*42·4*	6,253	*57·6*	10,848	840	*7·7*	4,081	*37·6*	5,264	*48·5*
(Chartered Banks)	..1956	4,613	*41·3*	6,549	*58·7*	11,162	882	*7·9*	3,379	*30·3*	5,964	*53·4*
India (Rs.)	..1955	6,206	*59·8*	4,174	*40·2*	10,380	1,002	*9·7*	3,830(b)	*36·9*	6,356	*61·2*
(Scheduled Banks)	..1956	6,527	*58·7*	4,599	*41·3*	11,125	905	*8·1*	3,644(b)	*32·8*	7,884	*70·9*
Japan (Yen)	..1955	657,536	*18·4*	2,921,797	*81·6*	3,579,333	451,580(c)	*12·6*	497,411	*13·9*	2,834,506	*79·2*
(City Banks and Local Banks)	1956	945,924	*20·6*	3,646,676	*79·4*	4,592,600	702,488(c)	*15·3*	620,794	*13·5*	3,570,244	*77·7*
New Zealand (£NZ)	..1955	241	*82·8*	50	*17·2*	291	74	*25·4*	24	*8·2*	176	*60·5*
(Trading Banks)	..1956	242	*87·1*	36	*12·9*	278	71	*25·5*	24	*8·6*	163	*58·6*
Pakistan (Pak. Rs.)	..1955	1,424	*71·8*	558	*28·2*	1,983	183	*9·2*	794	*40·0*	1,200(d)	*60·5*
(Scheduled Banks)	..1956	1,574	*72·1*	610	*27·9*	2,184	219	*10·0*	822	*37·6*	1,254(d)	*57·4*
Union of South Africa (£SA)	1955†	326	*70·4*	137	*29·6*	463	78(e)	*16·8*	118	*25·5*	274	*59.2*
(Commercial Banks)	..1956	334	*65·5*	176	*34·5*	510	101(e)	*19·8*	130	*25·5*	279	*54·7*
United Kingdom (£)	..1955	4,321	*65·4*	2,291	*34·6*	6,612	565	*8·5*	3,287	*49·7*	2,486(d)	*37·6*
(London Clearing Banks)	..1956	4,270	*64·2*	2,386	*35·8*	6,656	571	*8·6*	3,255	*48·9*	2,558(d)	*38·4*
United States of America($)	1955†	141,955	*73·8*	50,300	*26·2*	192,254	46,838(g)	*24·4*	78,280	*40·7*	82,601	*43·0*
(All Commercial Banks)	..1956(h)	125,410	*65.3*	66,650(f)	*34·7*	192,060	44,470(g)	*23·2*	74,450	*38·8*	91,240	*47·5*
Western Germany (DM)	..1955	10,187	*46·8*	11,592	*53·2*	21,779	2,299	*10·6*	2,467(i)	*11·3*	19,782	*90·8*
(Commercial Banks)	..1956	11,298	*45·4*	13,572	*54·6*	24,870	2,709	*10·9*	2,869(i)	*11·5*	22,647	*91·1*

(a) Average of weekly figures in December excepting the fourth week. (b) Relate to Central and State Government securities and Treasury Bills. (c) Include bills and cheques. (d) Include money at call and short notice. (e) Include gold coin, bullion, notes of Reserve Bank, subsidiary coin and balances with the South African Reserve Bank and the National Finance Corporation. (f) Include demand and time inter-bank deposits. (g) Include cash in vault, reserves with Federal Reserve Banks, balances with domestic banks, balances with foreign banks and cash items in process of collection. (h) Preliminary. (i) Include Treasury Bills and non-interest bearing Treasury bonds of the Federal Republic and the Lands, and securities and syndicate participations. † Revised.

APPENDIX II

NOTIFICATIONS

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

1. No. F. 7 (146)-B/53 dated March 17, 1956

In exercise of the powers conferred by sub-section (*2*) of section 1 of the Negotiable Instruments (Amendment) Act, 1955 (37 of 1955), the Central Government hereby appoints the 1st day of April, 1956, as the date on which the said Act shall come into force.

2. No. F. 4 (6)-F.I./56 dated March 19, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of clause (*i*) of section 12 of the said Act shall not apply, upto and including the 31st day of March 1957, to

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

3. No. F. 4 (222)-F.I./55 dated March 20, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of the undernoted banking companies, the provisions of section 11 of the said Act shall not apply upto and including the 31st March 1957 :—

1. Adoor Bank Ltd., Adoor
2. Bank of Deccan Ltd., Kottayam
3. Bank of Konkan Ltd., Malvan
4. Bank of New India Ltd., Trivandrum
5. Catholic Syrian Vyavasaya Bank Ltd., Narakal
6. Champakulam Catholic Bank Ltd., Champakulam
7. Cochin Nayar Bank Ltd., Trichur
8. Cochin Union Bank Ltd., Trichur
9. Colony Bank Ltd., Ludhiana
10. Commonwealth Bank Ltd., Kanjirapally
11. Dharmapuri Taluk Kadagathur Sree Ananda Bank Ltd., Dharmapuri
12. Gadodia Bank Ltd., Delhi

13. G. Raghunathmull Bank Ltd., Hyderabad (Deccan)
14. Indian Traders Bank Ltd., Alwaye
15. Kerala Commercial Bank Ltd., Trivandrum
16. Kerala Service Bank Ltd., Trivandrum
17. Kishanganj Bank Ltd., Kishanganj
18. Koppa Bank Ltd., Koppa
19. Mandayam Banking Co. Ltd., Mysore
20. Martandam Commercial Bank Ltd., Martandam
21. Moolankuzhi Union Bank Ltd., Thoppumpady
22. National Trust Bank Ltd., Calcutta
23. Nataraja Bank Ltd., Bangalore
24. Nayar Union Bank Ltd., Trichur
25. New Citizen Bank of India Ltd., Bombay
26. Oriental Union Bank Ltd., Kaduthuruthy
27. Prabartak Bank Ltd., Calcutta
28. Premier Bank of India, Ltd., Madras
29. Rayalaseema Bank Ltd., Bellary
30. South Indian National Bank Ltd., Mavelikara
31. South Travancore Bank Ltd., Neyyoor
32. Suburban Bank Ltd., Trichur
33. Swadesi Bank Ltd., Pathanamthitta
34. Travancore General Bank Ltd., Kottayam
35. Tirukattupalli Bank Ltd., Tanjore
36. Tripunithura Union Bank Ltd., Tripunithura
37. United India Bank Ltd., Chengannur
38. Vysya Mercantile Bank Ltd., Ramanagaram

4. No. F. 4 (222)-F.I./55 dated March 28, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of the undernoted banking companies, the provisions of section 11 of the said Act shall not apply upto and including the 31st March 1957 :—

1. Jaya Bharath Bank Ltd., Monipally
2. Society Bank Ltd., Tiruvalla

5. No. F. 4 (12)-F.I./56 dated March 28, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that in the case of any banking company which has been incorporated in the State of Travancore-Cochin and which has been confining its activities to that State, the provisions of sub-section *(1)* of section 24 of the said Act, shall not apply for the period from the 1st April 1956, to the 31st March, 1957, insofar as such provisions require such banking company to maintain in cash, gold or unencumbered approved securities, valued at a price not exceeding the current market price, an amount in excess of fifteen per cent of the total of its demand and time liabilities in India.

6. No. F. 8 (35)-F.I./RO/56 dated May 25, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (*ii*) of clause (*c*) of sub-section (*1*) of Section 10 of the said Act shall not apply to the State Bank of India before the 1st July, 1957.

7. No. F. 4 (43)-F.I./56 dated May 30, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares in continuation of the notification of the Government of India, in the Ministry of Finance No. S.R.O. 1076 dated the 13th May 1955, that the provisions of section 24 of the said Act shall not apply to any banking company for a further period of one year from the 9th June 1956 insofar as such provisions —

(*a*) require the inclusion of borrowings by the banking company from the State Bank of India in computing the time and demand liabilities in India of the banking company ; and

(*b*) preclude the maintenance by the banking company of the amount specified in that section in the form of approved securities which are lodged with another institution for an advance or other credit arrangement, such securities being valued at a price not exceeding the current market price less the extent to which they have been drawn against or credit arrangements in regard to them have been availed of.

8. No. F. 4 (60)-F.I./56 dated June 5, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949) and Rule 16 of the Banking Companies Rules, 1949, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 31 of the said Act and Rule 15 of the said Rules shall not apply to the undernoted banking companies insofar as they relate to the publication of their balance sheets and profit and loss accounts for the year ended the 31st December 1955, together with the auditors' reports in a newspaper :—

1. Madras City Bank Ltd., Coimbatore
2. Lakshmi Banking Corporation Ltd., Pudukkottai
3. Vasudeva Vilasam Bank Ltd., Perintalmanna
4. Kannivadi Bank (Private) Ltd., Dindigul
5. Koppa Bank Ltd., Koppa
6. National Banking Corporation Ltd., Kachwa
7. Ajodhia Bank Ltd., Faizabad
8. Oudh Commercial Bank Ltd., Faizabad
9. Bank of Travancore Ltd., Trivandrum
10. Kamalodayam Bank Ltd., Ponkunnam

11. Madappaly Sri Vilasom Bank Ltd., Mundakayam
12. Malankara Bank Ltd., Tiruvalla
13. Oriental Bankers Ltd., Munnar
14. Pioneer National Bank Ltd., Kidangoor
15. Prabatha Tharaka Bank Ltd., Kuravilangad
16. Sree Vardhana Bank Ltd., Kottayam
17. Union Bank Ltd., Alleppey

9. No. F. 4 (65)-F.I./56, dated June 19, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section *(2)* of section 19 of the said Act shall not, upto the period ending with the 30th June 1957, apply to the Gauhati Bank Ltd., Gauhati, in respect of the shares of the Nirmala Tea Co. Ltd. held by the bank on the 2nd July 1955.

10. No. F. 4 (60)-F.I./56 dated June 27, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), and Rule 16 of the Banking Companies Rules, 1949, the Central Government on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 31 of the said Act and Rule 15 of the said Rules shall not apply up to the 30th September 1956 to the Indo-Commercial Bank Ltd., insofar as the said provisions relate to the publication of its balance sheet and profit and loss account for the period ended the 31st December 1955 together with the auditor's report in a newspaper.

11. No. F. 4 (71)-F.I./56 dated June 27, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section *(2)* of section 19 of the said Act shall not, for the period ending with the 31st December 1956, apply to the Hongkong and Shanghai Banking Corporation, Calcutta, in respect of the shares of the Sun Jute Press, Ltd. held by the bank on the 12th June 1956.

12. No. F. 4 (90)-F.I./56 dated August 27, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section *(2)* of section 19 of the said Act shall not apply to the Indo-Commercial Bank Ltd., till the 31st July 1957, insofar as they relate to its holdings in the Palar Mills Ltd.

13. No. F. 4 (81)-F.I./56 dated August 28, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Bareilly Bank (Private) Ltd., Bareilly, for a period upto and including the 31st March 1957.

14. No. 4 (145)-F.I./56 dated October 19, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not be applicable to banking companies till the expiry of the 31st day of October 1957, insofar as the said section would, by reason only of the territorial changes and formation of new States under the provisions of the States Reorganisation Act, 1956 (37 of 1956), require such banking companies to have paid-up capital and reserves of an aggregate value which is higher than the aggregate value of paid-up capital and reserves which they are required to have under the said section on the 31st day of October 1956.

15. No. 4 (129)-F.I./56 dated November 9, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-clause (*i*) of clause (*c*) of sub-section (*1*) of section 10 of the said Act shall not apply to the Sangli Bank Ltd. till the 21st May 1957, insofar as the said provisions prohibit its manager from being a director of the Spices and Oilseeds Exchange Ltd., Sangli.

16. No. 4 (199)-F.I./55 dated November 27, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sub-section (*2*) of section 19 of the said Act shall not, for the period ending with the 31st December 1957, apply to the Bank of Jaipur Ltd. in respect of the shares of the Howrah Soap Co. Ltd. and the J. K. Eastern Industries Ltd. held by it on the 28th October 1955.

17. No. 4 (175)-F.I./56 dated December 3, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 11 of the said Act shall not apply to the Cochin Commercial Bank Ltd., Cochin for a period upto and including the 31st March 1957.

18. No. 4 (172)-F.I./56 dated December 7, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of note (*f*) appended to Form A in the Third Schedule to the said Act shall not apply, until the 1st January 1958, to a banking company which, when the value shown in the inner column against any of the sub-heads (*ii*), (*iii*), (*iv*) and (*v*) of item 4 on the Property and Assets side of the said form exceeds the market value of the investments under that sub-head, shows separately within brackets the market value of the investments under that sub-head.

19. No. 4 (172) F.I./56-I dated December 7, 1956

In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (X of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 17 of the said Act shall not apply to any banking company insofar as the said provisions have the effect of preventing appropriation from the reserve fund maintained in terms of the said section for the purposes of writing off the amount of losses on its investments in Government securities before declaring a dividend out of its net profits for the calendar years 1956 and 1957.

STATEMENT 1

The Banking Companies Act, 1949 [Section 27 (*2*)]

Name of the banking company :————————

Provisional statement showing the amount of net profit (subject to audit) for the year ended the 31st December 1956 and the appropriations proposed to be made therefrom

	Amount Rs.
1. Balance of profit carried forward from the last year's account	
2. Add net profit for the year ended the 31st December 1956	
3. Less interim appropriations made	
4. Balance available for appropriation	
5. Proposed appropriations :	
(*a*) To be transferred to the Reserve Fund	
(*b*) To be paid dividend @————————per annum (indicate the %)	
(*c*) Any other appropriations proposed to be made (give details)	
(*d*) Balance to be carried forward	

STATEMENT 2

Statement showing the position of reserves as on the 31st December 1956

Nature of reserves	Amount Rs.
1. General reserves including statutory reserves under section 17 of the Banking Companies Act but excluding reserves specially earmarked such as depreciation on investments or deadstock, bad debts etc.	
2. Statutory reserves under section 17 included in item 1 above.	
3. Reserves for investment fluctuations or security depreciation reserves.	
4. Other reserves specially earmarked but not applicable to depreciation in investments—details of each reserve to be given separately.	
5. Balances in contingency accounts in the nature of reserves:	
(*a*) not specially earmarked	
(*b*) earmarked for depreciation in investments	
6. Secret reserves	

Note : Information under items 5 and 6 need not be given if the total of items 1 and 3 is sufficient to cover the depreciation on investments.

APPENDIX III

PRESS COMMUNIQUES

1. Dated February 3, 1956

It was stated in the press communique issued by the Reserve Bank on the 16th January 1952 that the Bill Market Scheme would be introduced as an experimental measure. Since it was found that even in the earlier years the scheme had produced significant results, it was decided to make it a permanent feature of the Indian credit system.

2. According to the scheme as originally formulated by the Reserve Bank, it was restricted during the first year to scheduled banks having deposits of Rs. 10 crores or more, and the minimum limit of a loan and the minimum amount of each individual bill were fixed at Rs. 25 lakhs and Rs. 1 lakh, respectively. The original intention was to charge interest at ½ per cent below the Bank rate on advances under the Bill Market Scheme, but strong representations were received from the bankers, who had been consulted, that a lower rate of interest should be fixed in the earlier years in order to popularise the scheme. The Reserve Bank, therefore, decided to charge interest at ½ per cent below the Bank rate, but made it clear that it might subsequently raise at its discretion the rate of interest. The Bank also decided to bear half the cost of the stamp duty incurred in converting demand bills into usance bills, although, with the reduction of the stamp duty on bills payable in less than one year to two annas for every thousand rupees or part thereof in January 1940, the incidence of the stamp duty was negligible. A further concession in this connection was made when, in respect of usance bills drawn in Part 'B' States, the Bank agreed to refund with effect from October 1953 such portion of the stamp duty on these bills as was in excess of one anna for every thousand rupees or part thereof.

3. The scheme was extended by the Reserve Bank in June 1953 to scheduled banks having deposits (including deposits outside India) of Rs. 5 crores or more, provided they were in possession of a licence granted by it in terms of section 22 of the Banking Companies Act, 1949. In July 1954, the Reserve Bank extended the scheme to all scheduled banks in possession of a licence granted under section 22 of the Banking Companies Act, 1949 irrespective of the size of their deposits, and also reduced the minimum limit of a loan to Rs. 10 lakhs and the minimum amount of each individual bill to Rs. 50,000.

4. The Bill Market Scheme has now been in operation for over four years and during this period the number of banks eligible to participate in it has increased from 27 to 45. Advances availed of by banks under the scheme have also increased from Rs. 81 crores in 1952 to Rs. 225 crores in 1955. This would indicate that the scheme has been a striking success and that banks have been making full use of the scheme to provide themselves with funds during the busy season. Apart from this, there has recently been a material change in the resources of scheduled banks. Their deposits and investments which stood at Rs. 918 crores and Rs. 349 crores on the 31st of December 1951 have increased to Rs. 1074 crores and Rs. 444 crores, respectively, on the 28th October 1955.

In view of these developments, the continuance of the concessions in respect of the rate of interest and stamp duty was recently reviewed by the Reserve Bank and it has been decided that commencing from the 1st March 1956 advances to banks under the scheme should be made at 3½ per cent. From the same date, the concession in respect of the stamp duty will be withdrawn and the Reserve Bank will not bear thereafter any portion of the stamp duty incurred by banks in converting the demand bills into usance bills.

2. Dated May 15, 1956

When the Banking Companies Act, 1949 came into force, the Reserve Bank of India did not have a complete list of banking companies in India. The Reserve Bank, therefore, requested the various Registrars of Joint Stock Companies to furnish it with a list of companies which in their opinion transacted the business of banking as defined in the Act. On the basis of the lists received from the Registrars, the Reserve Bank of India prepared a list of banking companies and requested each of them to submit a copy of its Memorandum of Association and the various returns prescribed under the Act. It has not, however, been possible for the Reserve Bank to establish any contact with the undernoted 104 companies which were included in the list on the basis of the information supplied by the Registrar of Companies, West Bengal and to obtain any information regarding their business. Despite continued efforts over a long period, it has not been found possible to trace these companies. The Reserve Bank of India hereby notifies for the information of the public that the names of these companies have, therefore, been deleted from the list of banking companies maintained by it. If, in future, any of these companies is traced and is proved to be a banking company it will be included in the list.

1. Abhoya Bank Ltd.
2. Akkalpur United Bank Ltd.
3. Alliance Loan Co. Ltd.
4. All India Bank Ltd.
5. Asia Union Bank Ltd.
6. Associated Bank of India Ltd.
7. Associated Bank of Nadia Ltd.
8. Azad National Bank Ltd.
9. Bangiya Krishi Loan Co. Ltd.
10. Bank of Banks Ltd.
11. Bank of Metropolis Ltd.
12. Barapangashi Mohanpur United Bank Ltd.
13. Behar Loan Office Ltd.

14. Bengal Commercial Bank Ltd.
15. Bengal Industrial Loan Co. Ltd.
16. Bengal United Bank Ltd.
17. Bharatkhali Banking & Trading Corporation Ltd.
18. Bhowal Industrial Bank Ltd.
19. Biswanathpur Loan Office Ltd. (Name changed to Hindusthan Credit Bank Ltd.)
20. Bonarpara Loan Office Ltd.
21. Burma National Bank Ltd.
22. Calcutta Peoples Bank Ltd.
23. Central Banking Corporation Ltd.
24. Central National Bank Ltd.
25. Chilmari Union Bank Ltd.
26. Comilla Commercial Bank Ltd.
27. Comilla Model Bank Ltd.
28. Comilla National Bank Ltd.
29. Commons Bank of India Ltd.
30. Corporated Bank of India Ltd.
31. Credit Bank Ltd.
32. Dinhata Commercial Bank Ltd.
33. East Bengal Rural Bank Ltd.
34. East End Bankers Ltd.
35. Eastern Alliance Bank Ltd.
36. Eastern Union Bank Ltd.
37. East India Bank Ltd.
38. East Unit Bank Ltd.
39. Equitable Bank of India Ltd.
40. Excelsior Bank Ltd.
41. Far Eastern Bank Ltd.
42. Federated Commercial Bank Ltd.
43. Federation Bank of India Ltd.
44. Free India Bank Ltd.
45. Gaibandha Kohinoor Loan Office Ltd.

46. Gazna Banking & Trading Corporation Ltd.
47. Goshail Loan Office Ltd. (Name changed to Calcutta Finance Corporation Ltd.)
48. Goshainbari Tajmahal Bank Ltd.
49. Great Indian Trust Ltd.
50. Howrah Bank Ltd.,
51. Hatkhola Loan Co. Ltd.
52. Hind National Bank Ltd.
53. Hindu Banking & Trading Co. Ltd.
54. Hindusthan National Bank Ltd.
55. Hosainpur Loan Co. Ltd.
56. India Associated Bank Ltd.
57. Indian Loan & Trading Co. Ltd.
58. India Security Bank Ltd.
59. Iswarganj Popular Bank Ltd.
60. Indo-Burma Traders Bank Ltd.
61. Jalpaiguri Town Bank Ltd.
62. Jalpaiguri Union Loan Office Ltd.
63. Jamalganj Bank Ltd.
64. Jatiya Bank Ltd.
65. Jubilee Development Bank Ltd.
66. Jugantar Bank Ltd.
67. Kishoreganj Union Bank Ltd.
68. Lohagara Commercial Bank Ltd.
69. Mahajati Bank Ltd.
70. Model Bank of India Ltd.
71. Mortgage Bank Ltd.
72. Nadia Loan Co. Ltd.
73. Naldanga Loan Office Ltd.
74. Narchi United Bank Ltd.
75. National Banking & Loan Co. Ltd.
76. National Democratic Bank Ltd.
77. National Popular Bank Ltd.

78. National Standard Bank Ltd.
79. National Trades Bank Ltd.
80. New Asiatic Bank Ltd.
81. Oriental Public Bank Ltd.
82. Patit Paban Bank Ltd.
83. Paul Brothers (Bankers) Ltd.
84. Pearl Bank Ltd.
85. Peerless Bank Ltd.
86. Phoenix Bank Ltd.
87. Premier National Bank Ltd.
88. Provincial National Bank Ltd.
89. Prudential Bank of India Ltd.
90. Purnal Deshbandhu Bank Ltd.
91. Radhakantapur Loan Office Ltd.
92. Raiyat Bank Ltd.
93. Rajshahi City Bank Ltd.
94. Registered Banking & Trading Co. Ltd.
95. Sabilapur Bank Ltd.
96. Shyampur Bazar Loan Office Ltd.
97. Sonapur Bank Ltd.
98. Sonatala Bank Ltd.
99. Sonatala Loan Office Ltd.
100. Sree Gouranga Industrial Bank Ltd.
101. Sthal Industrial Bank Ltd.
102. Swastika Bank Ltd.
103. United National Bank Ltd.
104. Zenith Bank Ltd.

3. Dated November 14, 1956

As the level of banks' advances against paddy and rice in the earlier months of this year was observed to be significantly higher than that during the corresponding period of the previous year, the Reserve Bank had issued on 17th May 1956, to all scheduled banks and two State-associated non-scheduled banks, a directive prohibiting them from increasing the credit limits and/or granting fresh advances in excess of Rs. 50,000 against these commodities and also requiring them to increase the margins by not less than 10 per cent of the value of the commodities. Partly as a result of the efforts made by banks and partly owing to the operation of seasonal factors, the level of bank advances against paddy and rice has declined appreciably from Rs. 24.8 crores on the 11th May 1956 to Rs. 4.5 crores on October 12, 1956. In the next few months, in most parts of the country, the harvesting of paddy will be taking place, and finance will be required from banks for both its movement from the production to the marketing centres and for temporary storage. Since it is essential that the genuine requirements of producers and traders for harvesting and marketing of paddy and rice should be met by banks, and since the object of the directive referred to above has already been achieved, it is no longer considered necessary to keep in force the restrictions imposed. The Reserve Bank of India is, therefore, informing the banks that the restrictions previously imposed by it on bank credit against paddy and rice are withdrawn with effect from today

4. Dated November 14, 1956

It was stated in the press communique issued by the Reserve Bank on the 3rd February 1956 that the Bill Market Scheme had been a striking success during its operation for about four years and that banks had been making full use of the scheme to provide themselves with funds during the busy seasons. The continuance of the concessions in respect of the rate of interest and the stamp duty was reviewed by the Reserve Bank and it was decided that with effect from the 1st March 1956 advances to banks under the scheme should be made at 3½ per cent and the concession in respect of the stamp duty withdrawn from that date. The working of the scheme has again been reviewed recently and taking into account the present economic and banking trends it has been decided that commencing from the 21st November 1956 the rate of interest on advances to banks under the scheme should be at the Bank rate *i.e.* at 3½ per cent per annum. This rate will apply to new advances granted as from that date.

5. Dated November 21, 1956

The Reserve Bank has begun to function as banker to the Government of Rajasthan as from the 1st November 1956. An agreement placing the arrangements on a formal footing has been executed today between the State Government and the Reserve Bank. The execution of the agreement marks the culmination of a process which began in 1952 for the integration of the treasury and banking arrangements in the erstwhile Part 'B' States with the rest of the country in pursuance of the scheme of federal financial integration.

Certain transitional provisions have been made in the agreement in order that the existing arrangements are not unduly dislocated. Subject to these, the Reserve Bank will conduct on behalf of the Government of Rajasthan, all their money and banking transactions, be in charge of their remittance and exchange transactions, manage their public debt and issue their new loans, receive their cash balances and deposits, and, when need arises, grant them ways and means advances in accordance with the prescribed procedure. The State Government's existing arrangements for the conduct of treasury work at certain centres with the Bank of Bikaner, the Bank of Jaipur, the Bank of Rajasthan and one or two more banks will continue for the time being. These arrangements will, however, be subject to review from time to time. The State Bank of India will conduct, as agent of the Reserve Bank, Government cash business at Ajmer, Beawar, Alwar and Jodhpur and at such other centres as may be agreed upon later. The branches of the State Bank at these centres are provided with currency chests of the Issue Department of the Reserve Bank and these will, therefore, provide facilities for remittance of funds and exchange of notes to banks and the public. At the remaining centres *i.e.* centres where Government cash business is not conducted by the three Rajasthan banks, etc. on behalf of the State Government and by the State Bank of India as agent of the Reserve Bank, Government cash business will continue to be conducted departmentally for the present. The Reserve Bank will, at the request of the State Government, establish currency chests at important sub-treasury and treasury centres where Government cash business is transacted departmentally at present.

SELECTED CIRCULARS ISSUED TO BANKING COMPANIES

6. DBO. No. Leg. 9/46A-56 dated January 2, 1956

Amendment to the Reserve Bank of India Scheduled Banks' Regulations, 1951

Please refer to our letter DBO. No. Sch. 6293/66-55 dated the 25th October 1955 advising scheduled banks that they may, with effect from the 1st November 1955, avail themselves of the remittance facilities available under regulation 8(*1*)(*b*) of the Reserve Bank of India Scheduled Banks' Regulations, 1951 twice a week instead of once a week and that arrangements are being made to amend the Regulations accordingly. Regulation 8(*1*)(*b*) of the Reserve Bank of India Scheduled Banks' Regulations, 1951 has now been amended by the Central Board of the Reserve Bank of India at its meeting held on the 19th December 1955. A copy of the relative amendment is given below for information.

Reserve Bank of India Scheduled Banks' Regulations, 1951

In exercise of the powers conferred by sub-sections (*1*) and (*2*) of section 58 of the Reserve Bank of India Act, 1934 (II of 1934), the Central Board, with the previous sanction of the Central Government, hereby directs that the following amendment shall be made in the Reserve Bank of India Scheduled Banks' Regulations, 1951, namely :—

In clause (*b*) of regulation 8(*1*), for the words "once a week, an amount of Rs. 5,000 or a multiple thereof," substitute the words "twice a week, an amount of Rs. 5,000 or a multiple thereof on each occasion".

7. DBO. No. B. M. 731/C. 297A-56 dated February 3, 1956

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

Please refer to paragraph 4(d) and (e) of the memorandum enclosed with our circular DBO. No. Sch. 222/C. 96G-52 dated the 16th January 1952. It had originally been proposed to charge interest at $\frac{1}{4}$ per cent below the Bank rate on advances under the Bill Market Scheme, but strong representations were received from the banks, who had been consulted, that a lower rate of interest should be fixed in the earlier years in order to popularise the scheme. The Reserve Bank, therefore, decided to charge interest at $\frac{1}{2}$ per cent below the Bank rate, but at the same time made it clear that it might subsequently raise at its discretion the rate of interest. The Bank also agreed, with a view to encouraging the bill habit, to bear half the cost of the stamp duty incurred by banks in converting demand bills into usance bills. Further, in respect of usance bills drawn in Part 'B' States, the Bank agreed to refund with effect from October 1953 such portion of the stamp duty on these bills as was in excess of one anna for every thousand rupees or part thereof. In this connection a reference is invited to our circulars DBO. Nos. Ins. 4342/C. 297-53 and 5445/C. 297-54 dated the 7th July 1953 and the 16th September 1954, respectively.

2. The question of permitting the banks to continue to take advantage of the benefits of a reduced rate of interest as also the reimbursement of part of the stamp duty was recently examined. Judging from the trend of applications submitted by banks for sanction of limits under the Bill Market Scheme, it would appear that banks as well as their constituents have become well acquainted with the scheme. In the light of the progress made by the scheme, the arguments for continuing the concessions in respect of these advances do not any longer possess the same force. Further, it has been observed that since the introduction of the scheme, there has been a material change in the resources of the scheduled banks in that their deposits and investments which stood at Rs. 918 crores and Rs. 349 crores, respectively as on the 31st December 1951 have increased to Rs. 1074 crores and Rs. 444 crores, respectively as on the 28th October 1955. In the context of the increased resources now available with the banks and as the scheme has been liberalised in certain respects, it has been decided that with effect from the 1st March 1956 advances to banks under section 17(*4*)(*c*) of the Reserve Bank of India Act, 1934 will be made at $3\frac{3}{4}$ per cent and the Reserve Bank will not bear the cost of any portion of the stamp duty as hithertofore. The Bank, however, reserves the right to vary at its discretion the rate of interest to be charged.

8. DBO. No. Leg. 1343/C. 367-56 dated March 1, 1956

The Banking Companies Act, 1949—Section 9

We invite your attention to the provisions of section 9 of the Banking Companies Act, 1949. This section provides that notwithstanding anything contained in section 6, no banking company shall hold any immovable property howsoever acquired, except such as is required for its own use, for any period exceeding seven years from the acquisition thereof or from the commencement of the Act, whichever is later, or any extension of such period as provided in the section, and such property shall be disposed of within such period or extended period as the case may be. In terms of the second proviso to this section, the Reserve Bank may, in any particular case, extend the period of seven years prescribed in the section by such period not exceeding five years where it is satisfied that such extension would be in the interests of the depositors of the banking company. We have also to invite your attention to the provisions of section 46(*4*) which states that if any provision of the Act is contravened, or if any default is made in complying with any requirement of the Act, every director and other officer of the banking company who is knowingly a party to the contravention or default shall be punishable with a fine not exceeding Rs. 500 and where the contravention or default is a continuing one, with a further fine not exceeding Rs. 50 for every day during *which it continues. As the prohibition under section 9 will come into operation* with effect from the 17th March 1956 in respect of properties acquired before the date of commencement of the Act, we shall be glad if you will please examine the position of your bank with reference to this section and, if necessary, take steps to ensure compliance with the statutory requirement.

9. DBO. No. Sch. 2190/C. 218-56 dated April 4, 1956

Fortnightly statements of advances against commodities, bullion and shares and debentures of joint-stock companies

Please refer to our circular letter DBO. No. 1420/ C. 218-50 dated the 22nd March 1950 requesting you to send us a monthly statement showing the advances made by you against certain specified commodities and bullion. Recent trends in commodity and bullion markets in the country appear to reveal the existence of speculative activity. It would seem that stocks of goods and commodities are being withheld from the market with a view to raising prices, thus creating an artificial scarcity. In order to enable us to consider what action should be taken to meet the situation, it is necessary to bring under closer observation the extent to which accommodation is granted by banks for financing trade in some of the essential commodities and bullion as also in shares and debentures of joint-stock companies. The Reserve Bank of India, accordingly, in exercise of its powers under section 27(*2*) of the Banking Companies Act, 1949, hereby requests you to furnish it with a fortnightly statement in the specimen form given below. The statements should relate to the second and fourth Friday when four Fridays occur in a month and to the third and fifth Friday when there are five Fridays in a month. The statement may kindly be sent so as to reach us within ten days of the Friday to which it relates. The statement should also give the figures relating to the corresponding Friday of the previous year. The first statement should relate to the 13th April 1956 and should reach us on or before the 24th April 1956. The information will be treated as strictly confidential.

2. *The monthly statement which is* being submitted to us in terms of our circular letter DBO. No. 1420/ C. 218-50 dated the 22nd March 1950 may be discontinued from that relating to the month of April 1956.

Name of Bank.....................

Fortnightly statement of Advances against Commodities, Bullion and Shares and Debentures of Joint Stock Companies as on Friday the——————

(In thousand rupees)

Nature of commodity	Total number of accounts	Balance outstanding as on Friday the	Balance outstanding as on the corresponding Friday of the previous year
	2	3	4
1. Piecegoods and yarn..			
2. Cotton and kapas			
3. Jute and hessians			
4. Paddy and rice			
5. Sugar and *gur*			
6. Wheat, gram, other grains and pulses ..			
7. Oilseeds (other than groundnuts)			
8. Groundnuts			
9. Copra and other coconut products ..			
10. Pepper and other export spices			
11. Gold bullion (other than to banks) ..			
12. Silver bullion (other than to banks) ..			
13. Shares and debentures of joint stock companies			
14. Composite advances			
Total ..			

For Bank Ltd.

Signature ——————

Designation ——————

N. B. 1. Please include the figures for all branches in India.

2. The statement should be prepared as at the close of business on the second and the fourth Friday when there are four Fridays in a month and the third and the fifth Friday when there are five Fridays in a month. In case Friday is a holiday, the figures should relate to the previous working day.

3. Please also indicate the date to which the figures in column No. (4) relate.

10. DBO. No. Sch. 2377/C. 218-56 dated April 11, 1956

Fortnightly statements of advances against commodities, bullion and shares and debentures of joint stock companies

Please refer to our circular letter DBO. No. Sch. 2190/C. 218-56, dated the 4th April 1956 on the above subject. As enquiries are being received from a large number of scheduled banks regarding the classification of advances under 'Composite Advances' (item No. 14 of the statement enclosed with our above circular), it has become necessary to clarify the meaning of this term. Whenever an advance is made by a bank against a group of commodities, the amount of such advance should, as far as possible, be split up and distributed over the various specified heads of commodities in proportion to the value of each commodity in the group and such amounts as cannot be so split up and distributed should alone be shown under 'Composite Advances'. This will enable us to have a better idea of the general trend of advances against the classified commodities.

2. Where advances are granted against a group of commodities, there may be some difficulty in showing the number of accounts in respect thereof under column (2) of the statement. In such cases the number of accounts may be shown against the commodity which forms the major portion of the commodities offered as security.

3. Banks are also requested to show the number of accounts within brackets under advances against each of the specified commodities under column (4) of the statement.

11. DBO. No. Sch. 2558/C. 218-56 dated April 18, 1956

Fortnightly statements of advances against principal types of securities

This is in continuation of our circular letter No. DBO. Sch. 2190/C. 218-56, dated the 4th April 1956 and our subsequent circular No. DBO. Sch. 2377/C. 218-56 dated the 11th April 1956. In response to representations received from a large number of scheduled banks, it has been decided that information called for by us in column (4) of the specimen form enclosed with our first circular pertaining to "Balance outstanding as on the corresponding Friday of the previous year" be dispensed with.

2. We wish to inform you in this connection that following a detailed review of the periodical surveys conducted by our Department of Research and Statistics, it has been decided to reduce the frequency of some of the surveys, insofar as this is possible without detracting from the flow of essential information. The returns for the half-yearly surveys of Ownership of Deposits and Investments will henceforth be required only once a year, namely, as at the end of December. Similarly, the survey of Bank Advances will be conducted twice a year, namely, at the end of June and December, instead of every quarter. The frequency of the survey of Interest Rates on Deposits and Advances and the survey of Debits to

Deposit Accounts with Banks will, however, remain unchanged. These changes, we trust, would appreciably reduce the compilation work at your end.

3. It has in the meanwhile also been decided to expand somewhat the coverage of the new fortnightly return on advances. Accordingly, the Reserve Bank, in exercise of its powers under section 27(2) of the Banking Companies Act hereby requests you to furnish information as in the attached specimen form, which is in replacement of the one sent along with our circular No. DBO. Sch. 2190/C. 218-56 dated the 4th April 1956.

4. The first return on the expanded specimen form may, as indicated earlier, relate to the position as on the 13th April 1956 and should reach our office on or before the 7th May 1956. Your special attention is drawn to the notes appended to the new specimen form calling for additional information on margins which will be required, as a special case, only in respect of your return as on the 13th April 1956. The information in respect of later returns should relate to the second and fourth Friday of the month, when there are four Fridays in a month or to the third and fifth Friday of the month when there are five Fridays, and should be sent within 14 days of the Friday to which the return pertains.

Return of Advances* Against Principal Types of Securities as on the 2nd (or 3rd) and last Friday of the month

Name of the banking company :

Address :

Date :

Signature :
Designation :

Nature of security	Number of accounts	Amount (000's omitted) Rs.	Margins		
			Usual **	Maximum	Minimum
1	2	3	4	5	6
1. Paddy and rice					
2. Wheat, gram, other grains and pulses					
3. Groundnuts					
4. Other oilseeds					
5. Raw jute					
6. Cotton and kapas					
7. Cotton textiles (including yarn)					
8. Jute textiles					
9. Other textiles (silk, art silk, woollen, etc.)					

Nature of security	Number of accounts	Amount (000's omitted) Rs.	Margins		
			Usual**	Maximum	Minimum
1	2	3	4	5	6
10. Sugar					
11. Hides and skins					
12. Pepper					
13. Cashewnuts					
14. Tea, coffee and rubber ..					
15. Chemicals, dyes and pharmaceuticals					
16. Iron, steel and engineering ..					
17. Other metals and metal products					
18. Coal, manganese, mica and other minerals					
19. Assets of industrial concerns—fixed or floating (other than those specified under above categories)					
20. Gold and silver bullion (other than to banks)					
21. Government and other trustee securities—					
of which, advances to stock and share brokers and dealers					
22. Shares and debentures of joint stock companies—					
of which, advances to stock and share brokers and dealers					
23. Composite advances					
24. Total of items 1 to 23					

*Advances include documentary bills purchased and discounted, both inland and foreign.

** Margin prescribed and applicable to the largest amount of advances against the concerned security.

Note. (1) The purpose of this return is to obtain a breakdown of secured advances according to the nature of security. Where the advance is made against more than one class of security, as enumerated above, the advance should be split up and distributed as between the different classes of security in the same proportion as the value of each class of security bears to the total. Such amounts as cannot be so split up and distributed between the different classes of security should be shown against "Composite advances" (item 23).

(2) Information pertaining to margins as called for in columns 4, 5 and 6 should be furnished *as a special feature*, in the return of *only* the 13th April 1956. Returns for the subsequent period should contain information only in respect of columns 2 and 3.

12. DBO. No. Sch. 3289/C.218-56 dated May 17, 1956

Advances against paddy and rice

It is observed from the monthly statements submitted by banks in respect of advances against commodities and bullion that advances against paddy and rice have shown a particularly large increase from Rs. 11.64 crores at the end of March 1955 to Rs. 24.62 crores as at the end of March 1956, indicating a rise of 111.5 per cent. In spite of the production of rice in the country being slightly higher as compared to last year, prices have shown a considerable increase. One of the causes that would appear to have contributed to the abnormal rise in prices of this commodity in recent months seems to be the general increase in advances against paddy and rice. It is imperative that banks should refrain from excessive lending against commodities and should not assist in the speculative holding of stocks. The directive in paragraph 2 below is therefore being issued.

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

(*i*) that no scheduled bank shall—

(*a*) increase any credit limit whether the same be by way of loan, cash credit, overdraft or purchase or discount of bills, sanctioned to any person, firm, company or institution prior to the date of receipt of this directive in respect of advances against the security of paddy and rice ;

(*Note* :— In the case of composite advances, the advances against paddy and rice, together with the relative limits, should be segregated and the above restrictions should be made applicable to such segregated accounts.)

(*b*) sanction any fresh credit limit on or after the date of receipt of this directive, whether the same be by way of loan, cash credit, overdraft or purchase or discount of bills, to any person, firm, company or institution, in excess of rupees fifty thousand in respect of advances against the security of paddy and rice ; and

(*ii*) that every scheduled bank shall increase the existing margin stipulated or provided with reference to the limits and advances referred to in sub-para (*i*) (*a*) by an amount not less than 10 per cent of the value of the aforesaid commodities.

(*Note* :— For instance, if the existing margin maintained in respect of a particular advance is 25 per cent on the value of the said commodities, under this directive a further 10 per cent should be maintained, raising the aggregate margin to 35 per cent.)

3. We shall further be glad if you will endeavour to achieve a reduction in your aggregate advances against paddy and rice to a level which at any time is not more than 25 per cent above that of the corresponding week last year in cases

where the existing advances are higher. Action taken by you or by your branches in the matter may please be reported to the Reserve Bank along with the fortnightly returns submitted to the Division of Banking Research, Department of Research and Statistics, in terms of their letter No. DRS. DBR. 687/BR. 90-56 dated the 3rd May 1956.

4. You may also kindly instruct your branches to intimate to the Reserve Bank, along with the next fortnightly return, the usual, maximum and minimum margins actually maintained by your bank in respect of advances against paddy and rice (*i*) before and (*ii*) after the receipt of this circular.

13. DBO. No. Sch. 4627/C. 218-56 dated July 11, 1956

Advances against paddy and rice—Our circular letter Ref. DBO. No. Sch. 3289/C. 218-56 dated May 17, 1956

We have had references from one or two banks as to whether the above directive in respect of restraint on the expansion of existing credit limits and the imposition of additional 10 per cent margin is applicable to documentary bills purchased by banks. Documentary bills (consisting usually of demand draft and railway receipt and/or other documents) are indicative of the movement of rice and paddy from the production to marketing centres. Since it is not our object to interfere with such normal movements of rice and paddy, we wish to inform you that the directive contained in paragraph 2 of our letter DBO. No. Sch. 3289/C. 218-56, dated the 17th May 1956 is not applicable to demand documentary bills.

14. DBO. No. Sch. 5923/C. 218-56 dated September 13, 1956

Section 21 of the Banking Companies Act, 1949—Advances against wheat and certain other commodities

It is observed from the fortnightly statements submitted by banks in respect of advances against principal securities that during the past few months advances against wheat and other grains and gram and other pulses have shown a substantial rise as compared with their level at the corresponding period in 1955. One of the causes that appears to have contributed to the abnormal rise in the prices of these commodities in recent months is the generally higher level of advances against these commodities. It is imperative that banks should refrain from excessive lending against such commodities and should not assist in the speculative holding of their stocks. The directive in paragraph 2 below is, therefore, being issued.

2. In exercise of the powers conferred on it by section 21 of the Banking Companies Act, 1949, the Reserve Bank hereby directs:

(*i*) that no scheduled bank shall—

(*a*) increase any credit limit, whether the same be by way of loan, cash credit, overdraft or purchase or discount of bills, sanctioned to any person, firm, company or institution prior to the date of receipt of this directive in respect of advances against the security of any, some, or all of the following commodities, namely, wheat, jowar, bajra, maize, barley, ragi, gram and all other grains and pulses (hereinafter referred to as "the said commodities", which term, however, shall not include paddy and rice) :

Provided that nothing in this sub-clause shall apply to an increase in any such credit limit in cases where the credit limit together with such increase does not exceed Rs. 50,000 ;

(*Note* :—In the case of composite advances, the advances against the said commodities, together with the relative credit limits, shall be segregated and the above restrictions should be made applicable to such segregated accounts.)

(*b*) sanction any fresh credit limit on or after the receipt of this directive, whether the same be by way of loan, cash credit, overdraft or purchase or discount of bills, to any person, firm, company or institution in excess of Rs. 50,000 against the security of any, some or all of the said commodities :

Provided that a fresh credit limit sanctioned in accordance with this sub-clause shall not be increased except in cases where the credit limit together with such increase does not exceed Rs. 50,000 ;

(*ii*) that every scheduled bank shall increase the existing margin stipulated or secured with reference to each credit limit and advance sanctioned prior to the receipt of this directive (and referred to in sub-clause (*a*) of clause (*i*) herein) by an amount not less than 10 per cent of the value of the said commodities comprising the security for such credit limit or advance ;

(*Note* :—For instance, if the existing margin maintained in respect of a particular advance is 25 per cent of the value of the said commodities, under this directive a further 10 per cent should be maintained raising the aggregate margin to 35 per cent.)

(*iii*) that every scheduled bank shall, in respect of each credit limit and advance against the security of one, some or all of the said commodities, granted after the date of receipt of this directive, maintain, in addition to the margin usually or in the normal course of business stipulated or obtained by it with reference to such credit limit or advance, a margin which shall not be less than 10 per cent of the value of the said commodities comprising the security for such credit limit or advance ;

(*iv*) that for the purposes of clauses (*i*) to (*iii*) above, credit limits sanctioned by way of purchase of demand documentary bills drawn in connection with the movement of the said commodities shall not be taken into account.

3. We shall be glad if you will further endeavour to achieve a reduction in your aggregate advances against the said commodities to a level which, by the end of October 1956, does not remain substantially higher than that of the corresponding week last year in cases where the existing advances are higher.

4. You may kindly instruct your branches to intimate to the Director of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay, along with the fortnightly return pertaining to the 28th September 1956, the (*i*) usual, (*ii*) maximum and (*iii*) minimum margins actually maintained by each of them in respect of advances against the said commodities, (*a*) before and (*b*) after receipt of this directive. A copy of the instructions issued by you to your branches with a view to implementation of this directive may please be endorsed to the Director of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay.

15. DBO. No. Sch. 5929/C. 218-56 dated September 13, 1956

Section 21 of the Banking Companies Act, 1949—Advances against cotton textiles including yarn

It is observed from the fortnightly statements submitted by banks in respect of advances against principal securities that during recent months advances against cotton textiles including yarn have been appreciably higher than at the corresponding period last year, allowing for changes in production, prices etc. Since it is considered imperative that banks should refrain from excessive lending against cotton textiles including yarn and should not assist in the speculative holding of such stocks, the directive in paragraph 2 below is being issued.

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

(*i*) that every scheduled bank shall increase the existing margin stipulated or secured with reference to each credit limit and advance against the security of cotton textiles including yarn sanctioned prior to the date of receipt of this directive by an amount not less than 10 per cent of the value of the relative cotton textiles including yarn comprising the security for such credit limit or advance ;

(*Note* :—For instance, if the existing margin maintained in respect of a particular advance is 20 per cent of the value of cotton textiles including yarn, under this directive a further 10 per cent should be maintained raising the aggregate margin to 30 per cent.)

(*ii*) that every scheduled bank shall, in respect of each credit limit and advance against the security of cotton textiles including yarn, granted after the date of receipt of this directive, maintain, in addition to the margin usually or in the normal course of business stipulated or obtained by it with reference to such credit limit or advance, a margin which shall not be less than 10 per cent of the value of the relative cotton textiles including yarn comprising the security for such credit limit or advance :

Provided that nothing contained in this clause or in clause (*i*) above shall apply to credit limits and advances made by any scheduled bank (*a*) to any cotton textile mill, (*b*) against cotton textiles including yarn, intended for export, or (*c*) by way of purchase of demand documentary bills drawn in connection with the movement of cotton textiles including yarn.

3. You may kindly instruct your branches to intimate to the Director of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay, along with the fortnightly return pertaining to the 28th September 1956, the (*i*) usual (*ii*) maximum and (*iii*) minimum margins actually maintained by each of them in respect of advances against cotton textiles including yarn (*a*) before and (*b*) after the receipt of this directive. A copy of the instructions issued by you to your branches with a view to implementation of this directive may please be endorsed to the Director of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay.

16. DBO. No. Sch. 5977/C. 110-56 dated September 17, 1956

The Reserve Bank of India (Amendment) Act, 1956

We enclose a copy of sections 1 and 5 of the Reserve Bank of India (Amendment) Act, 1956 (Annexure I). Section 5 amends section 42 of the Reserve Bank of India Act. In terms of section 1(*2*) of the Amendment Act, it shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act. The date on which section 42 as amended will be brought into force will be intimated to you later.

2. In terms of section 42(*1*) of the Reserve Bank of India Act as it is in force at present a scheduled bank is required to maintain with the Reserve Bank a balance, the amount of which shall not at the close of business on any day be less than 5 per cent of its demand liabilities and 2 per cent of its time liabilities as shown in the return submitted under section 42(*2*). The return as at the close of business on a particular Friday determines the balances to be maintained at the close of business on that Friday and during the succeeding days up to the close of business on the following Thursday. In other words, although there is at present no definition of the term 'week', it is regarded as running from the close of business on a Friday up to the close of business on the following Thursday. After section 42 as amended by section 5 of the Reserve Bank of India (Amendment) Act, 1956, comes into force, the minimum balance will have to be maintained on the basis of an average. The 'average daily balance' has been defined as meaning the average of the balances held at the close of business on each day of a week. The term 'week' has been defined as meaning the period from Saturday to the following Friday, both days inclusive. The main difference between the old and the new basis, therefore, is that, whereas on the old basis the deficiency was calculated by comparing the balances maintained at the close of business every day with the

minimum required, the deficiency will now have to be calculated on the basis of the *average* of the balances maintained at the close of business on each day from Saturday to Friday. In other words, if the balance maintained is less than the statutory minimum on one or more days, the deficiency can be made up by means of excess balances on certain other days during that week. So long as a bank maintains the average balance it will not be deemed to have defaulted in the maintenance of the required minimum. There is no change in the basis on which the required statutory minimum is to be calculated, for, as previously, this will be determined by the figures of demand and time liabilities shown in the return submitted in terms of sub-section *(2)* ; however, whereas at present the figure based on the return as on a Friday determines the balance to be maintained on that Friday and the succeeding six days, after the amendment, the figure based on the return as on a Friday will determine the average balance to be maintained over the succeeding seven days. The percentages of the basic balances have also been left unchanged at 5 per cent of the demand liabilities and 2 per cent of the time liabilities, subject to the Reserve Bank's powers to increase the reserve requirements as provided for in the Act. The difference between the old and the new basis is explained in the examples given in Annexure II.

ANNEXURE I

Sections 1 and 5 of the Reserve Bank of India (Amendment) Act, 1956

1. (1) This Act may be called the Reserve Bank of India (Amendment) Act, 1956.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

5. In section 42 of the principal Act,—

(*a*) for sub-section *(1)*, the following sub-sections shall be substituted, namely :—

"(1) Every bank included in the Second Schedule shall maintain with the Bank an average daily balance the amount of which shall not be less than five per cent of the demand liabilities and two per cent of the time liabilities in India of such bank as shown in the return referred to in sub-section *(2)* :

Provided that the Bank may, by notification in the Gazette of India, increase the said rates to such higher rates as may be specified in the notification so however, that the rate shall not be more than twenty per cent, in the case of demand liabilities and more than eight per cent, in the case of time liabilities.

Explanation.—For the purposes of this section :—

(*a*) 'average daily balance' shall mean the average of the balances held at the close of business on each day of a week ;

(*b*) 'week' shall mean the period from Saturday to the following Friday, both days inclusive ;

(*c*) 'liabilities' shall not include the paid-up capital or the reserves, or any credit balance in the profit and loss account of the bank or the amount of any loan taken from the Bank, the State Bank, or any other bank notified by the Central Government in this behalf.

(1A) Notwithstanding anything contained in sub-section (*1*), the Bank may, by notification in the Gazette of India, direct that every scheduled bank shall, with effect from such date as may be specified in the notification, maintain with the Bank, in addition to the balance prescribed by or under sub-section (*1*), an additional average daily balance the amount of which shall not be less than the rates specified in the notification, such additional balance being calculated with reference to the excess of the demand and time liabilities of the bank as shown in the return referred to in sub-section (*2*) over its demand and time liabilities at the close of business on the date specified in the notification as shown by such return so however, that the additional balance shall, in no case, be more than such excess :

Provided that nothing in this sub-section shall make it necessary for any scheduled bank to maintain with the Bank any balance which shall be more than twenty per cent of its demand liabilities and eight per cent of its time liabilities as shown in the return referred to in sub-section (*2*).

(1B) Where any scheduled bank maintains, in pursuance of a notification issued under the proviso to sub-section (*1*) or under sub-section (*1A*), any balance with the Bank the amount of which is not less than that required to be maintained by such notification, the Bank may pay to the scheduled bank interest at such rate or rates as may be determined by the Bank from time to time on the amount by which such balance actually maintained is in excess of the balance which the scheduled bank would have to maintain, if no such notification was issued :

Provided that no interest shall be payable on any such amount actually maintained as is in excess of the balance required to be maintained by or under sub-section (*1*) or under sub-section (*1A*)." ;

(*b*) for sub-section (*3*), the following sub-section shall be substituted, namely :—

"(3) If the average daily balance held at the Bank by a scheduled bank during any week is below the minimum prescribed by or under sub-section (*1*) or sub-section (*1A*), such scheduled bank shall be liable to pay to the Bank in respect of that week penal interest at a rate of three per cent above the Bank rate on the amount by which such balance with the Bank falls short of the prescribed minimum, and if during the next succeeding week, such average daily balance is still below the prescribed minimum, the rates of penal interest shall be increased to a rate of five per cent above the Bank rate in respect of that week and each subsequent week during which the default continues on the amount by which such balance at the Bank falls short of the prescribed minimum." ;

(c) in sub-section (3A), for the portion commencing with the words "if thereafter on the day fixed for the next return" and ending with the words "receiving after the said day any fresh deposit", the following shall be substituted, namely :—

"if thereafter the average daily balance held at the Bank during the next succeeding week is still below the prescribed minimum,—

(a) every director, manager or secretary of the scheduled bank, who is knowingly and wilfully a party to the default, shall be punishable with fine which may extend to five hundred rupees and with a further fine which may extend to five hundred rupees for each subsequent week during which the default continues, and

(b) the Bank may prohibit the scheduled bank from receiving after the said week any fresh deposit.".

ANNEXURE II

Examples illustrating the manner of computing deficiencies under section 42 (1) of the Reserve Bank of India Act according to the old and the new basis

A—According to the old basis

Date	Amount of minimum deposit required under the Act	August 3	4	5	6	7	8	9
1956 August 3	8,68,002	8,72,918	9,14,210	9,14,210	7,21,288	8,69,115	9,01,363	8,90,201

Note :—The cash balance maintained by the bank with us on each day during the week ended the 9th August 1956 is in excess of the statutory minimum required under the Act except on the 6th August 1956. The bank has, therefore, defaulted on that day *only*, the amount of deficiency being Rs. 1,46,714 on which penal interest at 6½ per cent (3% above the Bank rate) will be charged. It may be noted that the statutory minimum, *viz.*, Rs. 8,68,002 required to be maintained under the Act is calculated on the basis of five per cent and two per cent of demand and time liabilities, respectively, as at the close of business on the 3rd August 1956 from which the week commences. The week is the period from the close of business on Friday to the close of business on the following Thursday.

B—According to the new basis

Date	Amount of minimum deposit required under the Act	September 22	23	24	25	26	27	28	Total
1956 September 21	8,70,982	9,14,210	9,14,210	8,72,918	7,21,288	8,69,115	9,01,362	8,90,201	60,83,304

Average daily balance Rs. 8,69,043
Deficiency ,, 1,939

Note :—As the *average* of the balances (Rs. 8,69,043) at the close of business on each day of the week ended the 28th September 1956 is less than the statutory minimum required under the Act, the bank will be deemed to have defaulted during the whole week and not only on the 25th and 26th September 1956 which would have been the case under the old basis. Interest should, therefore, be calculated at the rates laid down in the Act and for the period of one week, on the difference between average daily balance and the minimum required under sub-section (1). In the present case, the penal interest for seven days, *i.e.*, from the 22nd to the 28th September 1956, on the deficiency of Rs. 1,939, amounts to Rs. 2-6-8 at the rate of 6½ per cent. It is important to note in this connection that this statutory minimum (Rs. 8,70,982) is calculated on the basis of 5 per cent and 2 per cent of demand and time liabilities, respectively, as on the 21st September 1956 and not as on the 22nd September 1956 from which the week commences. The week is the period from the close of business on Saturday to the close of business on the following Friday.

ANNEXURE III

DAILY CASH BALANCE REGISTER

....................Bank Ltd.

..............(Place)

Date	Amount of minimum deposit required under the Act	September 22	23	24	25	26	27	28	Total
1956 September 21									

Average daily balance ....

Deficiency ....

17. DBO. No. Sch. 6016/C. 218-56 dated September 17, 1956

Advances against mustard seeds and mustard oil

As you are probably aware, the prices of mustard seeds and mustard oil, particularly in West Bengal, have shown a steep rise during the past few months. While the rise in the prices of these commodities may partly be explained by the slightly lower level of production of mustard seeds during 1955-56 as compared with that during the previous year, it is essential to ensure that stocks of these commodities are not allowed to be withheld from the market for creating an artificial scarcity and bringing about a further rise in their prices. It is, therefore, necessary for banks to exercise caution in the grant of credit against the stocks of mustard seeds and mustard oil by restricting it to genuine dealers in the commodities and by ensuring that speculative trading is not assisted in any way.

2. In order to enable us to watch the trends in bank advances against mustard seeds and mustard oil, we shall be glad if you will kindly instruct your branches to indicate until further instructions the number of accounts and amounts of such advances (in Rs. thousands) separately in the remarks column against item No. 9 'Other oilseeds' in your future fortnightly statements relating to the survey of Advances against Principal Types of Securities (Form No. 7) submitted by them to the Director of Banking Research, Department of Research and Statistics, Reserve Bank of India, Bombay, in terms of our letter No. DRS. DBR. 687/BR. 90-56 dated the 3rd May 1956.

18. DBO. No. Sch. 6410/C. 110-56 dated October 3, 1956

The Reserve Bank of India (Amendment) Act, 1956

In continuation of our letter DBO. No. Sch. 5977/C. 110-56, dated the 17th September 1956, we have to advise that the Reserve Bank of India (Amendment) Act, 1956, will come into force from Saturday, the 6th October 1956. It has also been decided that the provisions of section 42 as amended should be brought into force from the same date, viz., the 6th October 1956.

19. DBO. No. Sch. 6425/C. 218-56 dated October 4, 1956

Advances against cotton textiles including yarn—Our circular letter DBO. No. Sch. 5929/C.218-56 dated the 13th September 1956

We have had references from one or two banks requesting for clarification whether the above directive in respect of the imposition of an additional 10 per cent margin is applicable to the advances made or credit limits sanctioned by banks against handloom cloth. We have, therefore, to inform you that the provisions of the directive contained in paragraph 2 of our letter DBO. No. Sch. 5929/C. 218-56, dated the 13th September 1956 are not applicable to loans, advances, etc. granted by banks on the security of handloom cotton cloth.

20. DBO. No. Sch. 6770/C. 218-56 dated October 18, 1956

Advances against paddy and rice

Please refer to our letter DBO. No. Sch. 3289/C. 218-56 dated the 17th May 1956 containing our directive on the subject of bank advances against paddy and rice. In order to bring the instructions contained in this directive in line with those contained in our circular letter DBO. No. Sch. 5923/C. 218-56 dated the 13th September 1956 regarding advances against wheat and certain other commodities, the original directive is amplified and modified as in paragraph 2 below.

2. In exercise of the powers conferred upon it by sub-section (*2*) of section 21 of the Banking Companies Act, 1949, and in amplification and partial modification of the directive contained in paragraph 2 of its circular letter DBO. No. Sch. 3289/C. 218-56 dated the 17th May 1956, the Reserve Bank hereby directs :

(*i*) that nothing in sub-clause (*a*) of clause (*i*) of paragraph 2 of the said directive dated the 17th May 1956 shall apply to any credit limit referred to in that sub-clause in cases where the credit limit together with any increase thereof does not exceed fifty thousand rupees;

(*ii*) that a fresh credit limit sanctioned in accordance with sub-clause (*b*) of clause (*i*) of paragraph 2 of the said directive dated the 17th May 1956 shall not be increased except in cases where the credit limit together with such increase does not exceed fifty thousand rupees;

(*iii*) (*a*) that every scheduled bank shall, in respect of each credit limit and advance against the security of paddy and rice granted before the date of receipt of this directive, increase the existing margin stipulated or secured by an amount not less than 10 per cent of the value of the aforesaid commodities comprising the security for such credit limit or advance :

Provided that this sub-clause shall not apply to any credit limits or advances in respect of which a scheduled bank has complied with the requirements of clause (*ii*) of paragraph 2 of the said directive dated the 17th May 1956.

(*b*) that every scheduled bank shall, in respect of each credit limit and advance against the security of paddy and rice granted after the date of the receipt of this directive maintain, in addition to the margin usually or in the normal course of business stipulated or secured by it with reference to such credit limit or advance, a margin which shall not be less than 10 per cent of the value of the aforesaid commodities comprising the security for such credit limit or advance.

(*iv*) for purposes of clause (*iii*) above and of paragraph 2 of the said directive dated the 17th May 1956 credit limits sanctioned by way of purchase of demand documentary bills drawn in connection with the movement of paddy and rice shall not be taken into account.

3. In brief, the effect of the above modification and amplification is as follows :—

(1) It is open to a bank to increase the limits or advances against paddy and rice outstanding on the date of the receipt of the directive upto Rs. 50,000 in cases where they were less than Rs. 50,000, which is the permissible amount for fresh advances.

(2) It is also permissible to increase fresh limits or advances of less than Rs. 50,000 upto Rs. 50,000.

(3) Banks are also required to increase the margins normally stipulated by them against such advances by an additional 10 per cent in the case of limits, etc. that might be sanctioned after the receipt of the directive.

21. DBO. No. Leg. 8068/46A-56 dated November 12, 1956

Amendment to the Reserve Bank of India Scheduled Banks' Regulations, 1951

Please refer to our letter, DBO. No. Sch. 5949/66-56, dated the 15th September 1956 advising scheduled banks that they may, with effect from the 1st October 1956, avail themselves of the remittance facilities under regulation 8(*1*)(*b*) of the Reserve Bank of India Scheduled Banks' Regulations, 1951 thrice a week instead of twice a week and that arrangements are being made to amend the Regulations accordingly. In exercise of the powers conferred by sub-sections (*1*) and (*2*) of section 58 of the Reserve Bank of India Act, 1934 (II of 1934), the Central Board of the Reserve Bank of India has, with the previous sanction of the Central Government, now amended regulation 8(*1*)(*b*) of the Reserve Bank of India Scheduled Banks' Regulations at its meeting held on the 26th October 1956, as follows:—

"In clause (*b*) of Regulation 8(*1*), for the word 'twice' substitute the word 'thrice' ".

22. DBO. No. Sch. 8251/C. 218-56 dated November 14, 1956

Bank advances against paddy and rice

Please refer to the directives contained in our circular letters Nos. DBO. Sch. 3289 and 6770/C. 218-56, dated the 17th May and the 18th October 1956, respectively, regarding the advances against paddy and rice. It appears that the level of bank advances against the above commodities has appreciably declined since the issue of the former directive. In view of this, the continuance of the restrictions imposed by us on such advances is no longer considered necessary. We have, therefore, to advise that the directives referred to above are hereby withdrawn with effect from today.

2. Since rice and paddy advances are required mainly to meet seasonal needs, we anticipate that you will sanction your credit limits to parties on a purely short-term basis and for their *bona fide* requirements so that speculative hoarding of stocks is not facilitated.

23. DBO. No. B. M. 8291/C. 297A-56 dated November 15, 1956

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

We enclose for your information a copy of the press communique issued by us on the 14th November 1956 on the above subject. It will be observed therefrom that it has been decided that advances granted by the Reserve Bank on and after the 21st November 1956 would be at the Bank rate (*viz.* 3½ per cent). As from that date no further advances will be granted in the existing accounts and the balance, if any, outstanding therein will continue to be charged interest at 3¼ per cent per annum. Bills/notes for an amount adequate in the opinion of the Reserve Bank to cover the relative outstanding balance as at the close of business on the 20th November 1956 will be earmarked as specific security there against and surplus security, if any, will be available to you for further drawings, if required, after the 20th instant. This will, however be without prejudice to Reserve Bank's right to recover the balance in the old account from the securities constituting the surplus, if need should arise for doing so. The balance in the said account may be repaid as and when the relative bills mature.

2. The advances on and after the 21st November 1956 will be put through a fresh account opened for the purpose and the balance therein will be charged interest at the Bank rate (3½ per cent).

24. DBO. No. B.M. 8977/C. 297A-56 dated December 7, 1956

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

As you are aware, the Bill Market Scheme introduced by the Reserve Bank in January 1952 has been liberalised from time to time. Thus, while in the first year of its operation, scheduled banks having deposits (including deposits outside India) of Rs. 10 crores and more only were eligible to participate in it, at present all licensed scheduled banks are eligible to avail themselves of the facilities provided under the Scheme. Similarly, the original stipulations regarding the minimum amount which a bank can borrow under the Scheme at any one time and the minimum amount of each individual bill to be lodged as security have since been reduced from Rs. 25 lakhs and Rs. 1 lakh, to Rs. 10 lakhs and Rs. 50,000, respectively.

2. Certain relevant data which show the increasing extent to which the relative *facilities are being availed of by the participating banks are given below* :—

(Amounts in crores of rupees)

	During the season commencing from		
	1-10-1953 to 30-9-1954	1-10-1954 to 30-9-1955	1-10-1955 to 30-9-1956
Aggregate amount of limits sanctioned ..	71.81	82.40	118.15
Aggretate amount of advances availed of	136.57	204.88	305.26
Amount of advances outstanding as at the end of the season	1.32	7.80	33.86

As regards the current season, the data available with us indicate that the aggregate limits sanctioned and the total advances availed of by the participating banks upto the 30th November 1956 at Rs. 106.62 crores and Rs. 103.62 crores stand considerably higher than the relative figures for the corresponding period of the previous season at Rs. 63.62 crores and Rs. 13.48 crores, respectively ; the amount outstanding as on the 30th November 1956 was also higher at Rs. 43.35 crores as against Rs. 6.18 crores as on the corresponding date last year. Further, the aggregate amount of limits which had to be rejected by the Reserve Bank on various grounds during the last season constituted only 3.3 per cent of the total advances availed of during the relative period. It will be clear from the foregoing that limits are being sanctioned under the scheme quite liberally and that the Reserve Bank has been meeting, in an increasing measure, banks' requirements of funds to enable them in turn to assist trade, industry and commerce.

3. Taking into account the increased economic activity in the country and the additional credit requirements that banks are called upon to meet, the Reserve Bank has decided to continue to consider liberally all proposals submitted by the eligible banks under the Bill Market Scheme ; at the same time, it has to be emphasised that it would not be proper on the part of banks to depend on borrowed funds to an unlimited extent for the purpose of meeting the increased demand for credit. It has also to be noted in this context that any liberalisation of the scheme will necessarily have to be subject to the statutory requirements which, *inter alia*, make it incumbent on the Bank to ensure that the relative bills bear two or more good signatures. Participating banks should, therefore, ensure that the bills proposed to be lodged relate only to advances granted to parties of standing and integrity.

4. It will be observed from paragraph 4(b)(iv) of the memorandum explaining the details of the Bill Market Scheme forwarded to scheduled banks with our circular letter DBO. No. Sch. 222/C. 96G-52 dated the 16th January, 1952 that as regards the borrowings thereunder it is not incumbent on the participating banks to have any ceiling limits sanctioned by the Reserve

Bank. Thus, whenever a bank which has executed a demand promissory note for an amount based on its estimated requirements finds it necessary to have additional accommodation, it has only to lodge a letter in the form given in Annexure 'D' to the memorandum besides a promissory note. In this connection a reference is also invited to paragraph 2 of our letter DBO. No. Ins. 6492/C. 297-52 dated the 8th November 1952. We have, however, received in the past requests from some banks for sanction of certain specified ceiling limits and in such cases it has been our practice to consider them on merits and advise the banks concerned suitably in the matter. As it is not our intention to impose any overall limits in respect of banks for advances under the Bill Market Scheme, it is no longer necessary for these banks to apply for ceiling limits.

APPENDIX IV

I. THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 1956

(ACT 38 OF 1956)

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

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

1. Short title and commencement. *(1)* This Act may be called the Reserve Bank of India (Amendment) Act, 1956.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2. Amendment of section 19. In section 19 of the Reserve Bank of India Act, 1934 (2 of 1934) hereinafter referred to as the principal Act, after the figures "18", the figures "42" shall be inserted.

3. Amendment of section 33. In section 33 of the principal Act,—

(a) for sub-section *(2)*, the following sub-section shall be substituted, namely:-

> "*(2)* Of the total amount of the assets, the amount of gold coin or gold bullion and the amount of foreign securities shall not at any time be less than one hundred and fifteen crores of rupees and four hundred crores of rupees respectively in value.";

(b) in sub-section *(4)*, for the figures "8.47512", the figures "2.88" shall be substituted.

4. Substitution of new section for section 37. Suspension of assets requirements as to foreign securities. For section 37 of the principal Act, the following section shall be substituted, namely :—

> "37. Notwithstanding anything contained in the foregoing provisions, the Bank may, with the previous sanction of the Central Government, for periods not exceeding six months in the first instance, which may, with the like sanction, be extended from time to time by periods not exceeding three months at a time, hold as assets foreign securties of less amount in value than that required by sub-section *(2)* of section 33 :
>
> Provided that the amount of foreign securities so held shall not at any time be less than three hundred crores of rupees in value.".

5. Amendment of section 42. In section 42 of the principal Act,—

(*a*) for sub-section (*1*), the following sub-sections shall be substituted, namely:—

"(*1*) Every bank included in the Second Schedule shall maintain with the Bank an average daily balance the amount of which shall not be less than five per cent of the demand liabilities and two per cent of the time liabilities in India of such bank as shown in the return referred to in sub-section (*2*):

Provided that the Bank may, by notification in the Gazette of India, increase the said rates to such higher rates as may be specified in the notification so however, that the rate shall not be more than twenty per cent, in the case of demand liabilities and more than eight per cent, in the case of time liabilities.

Explanation:—For the purposes of this section,—

(*a*) 'average daily balance' shall mean the average of the balances held at the close of business on each day of a week;

(*b*) 'week' shall mean the period from Saturday to the following Friday, both days inclusive;

(*c*) 'liabilities' shall not include the paid-up capital or the reserves, or any credit balance in the profit and loss account of the bank or the amount of any loan taken from the Bank, the State Bank, or any other bank notified by the Central Government in this behalf.

(*1A*) Notwithstanding anything contained in sub-section (*1*), the Bank may, by notification in the Gazette of India, direct that every scheduled bank shall, with effect from such date as may be specified in the notification, maintain with the Bank, in addition to the balance prescribed by or under sub-section (*1*), an additional average daily balance the amount of which shall not be less than the rates specified in the notification, such additional balance being calculated with reference to the excess of the demand and time liabilities of the bank as shown in the return referred to in sub-section (*2*) over its demand and time liabilities at the close of business on the date specified in the notification as shown by such return so however, that the additional balance shall, in no case, be more than such excess:

Provided that nothing in this sub-section shall make it necessary for any scheduled bank to maintain with the Bank any balance which shall be more than twenty per cent of its demand liabilities and eight per cent of its time liabilities as shown in the return referred to in sub-section (*2*).

(*1B*) Where any scheduled bank maintains, in pursuance of a notification issued under the proviso to sub-section (*1*) or under sub-section (*1A*), any balance with the Bank the amount of which is not less than that required to be maintained by such notification, the Bank may pay to the scheduled bank interest at such rate or rates as may be determined by the Bank from time to time on the amount by which such balance actually maintained is in excess of the balance which the scheduled bank would have to maintain, if no such notification was issued :

Provided that no interest shall be payable on any such amount actually maintained as is in excess of the balance required to be maintained by or under sub-section (*1*) or under sub-section (*1A*)" ;

(*b*) for sub-section (*3*), the following sub-section shall be substituted, namely :—

"(*3*) If the average daily balance held at the Bank by a scheduled bank during any week is below the minimum prescribed by or under sub-section (*1*) or sub-section (*1A*), such scheduled bank shall be liable to pay to the Bank in respect of that week penal interest at a rate of three per cent above the Bank rate on the amount by which such balance with the Bank falls short of the prescribed minimum, and if during the next succeeding week, such average daily balance is still below the prescribed minimum, the rates of penal interest shall be increased to a rate of five per cent above the Bank rate in respect of that week and each subsequent week during which the default continues on the amount by which such balance at the Bank falls short of the prescribed minimum" ;

(*c*) in sub-section (*3A*), for the portion commencing with the words "if thereafter on the day fixed for the next return" and ending with the words "receiving after the said day any fresh deposit", the following shall be substituted, namely :—

"if thereafter the average daily balance held at the Bank during the next succeeding week is still below the prescribed minimum,—

(*a*) every director, manager or secretary of the scheduled bank, who is knowingly and wilfully a party to the default, shall be punishable with fine which may extend to five hundred rupees and with a further fine which may extend to five hundred rupees for each subsequent week during which the default continues, and

(*b*) the Bank may prohibit the scheduled bank from receiving after the said week any fresh deposit.".

6. Amendment of section 46A. In clause (*b*) of sub-section (*2*) of section 46A of the principal Act,—

(*a*) the words "for agricultural purposes,' shall be omitted ; and

(*b*) after the words "by the Bank", the words "and such loans and advances may be made for agricultural purposes or for such other purposes connected with the agricultural activities as the Central Board may, from time to time, by regulation or otherwise, determine" shall be inserted.

7. Amendment of section 24 of the Banking Companies Act, 1949. In sub-section (*2*) of section 24 of the Banking Companies Act, 1949 (X of 1949) for the words, brackets and figures "sub-section (*1*) of section 42" the word and figures "section 42" shall be substituted.

2. THE BANKING COMPANIES (AMENDMENT) ACT, 1956

(ACT 95 OF 1956)

AN ACT further to amend the Banking Companies Act, 1949.

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

1. Short title and commencement.—(*1*) This Act may be called the Banking Companies (Amendment) Act, 1956.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. Substitution of new section for section 10.—For section 10 of the Banking Companies Act, 1949 (X of 1949) (hereinafter referred to as the principal Act), the following section shall be substituted, namely :—

"10. Prohibition of employment of managing agents and restrictions on certain forms of employment.—

(*1*) No banking company—

(*a*) shall employ or be managed by a managing agent ; or

(*b*) shall employ or continue the employment of any person—

(*i*) who is, or at any time has been, adjudicated insolvent, or has suspended payment or has compounded with his creditors, or who is, or has been, convicted by a criminal court of an offence involving moral turpitude ; or

(*ii*) whose remuneration or part of whose remuneration takes the form of commission or of a share in the profits of the company :

Provided that nothing contained in this clause shall apply to the payment of any bonus by any banking company in pursuance of a settlement or award arrived at or made under any law relating to industrial disputes or in accordance with any scheme framed by such banking company or in accordance with the usual practice prevailing in banking business ; or

(*iii*) whose remuneration is, in the opinion of the Reserve Bank, excessive ; or

(*c*) shall be managed by any person—

(*i*) who is a director of any other company not being a subsidiary company of the banking company ; or

(*ii*) who is engaged in any other business or vocation ; or (*iii*) who has a contract with the company for its management for a period exceeding five years at any one time :

Provided that any contract with the company for its management may be renewed or extended for a further period not exceeding five years at a time if and so often as the directors so decide :

Provided further that nothing in this clause shall apply to a director, other than the managing director, of a banking company by reason only of his being such director.

Explanation:—For the purpose of sub-clause (*iii*) of clause (*b*), the expression "remuneration," in relation to a person employed or continued in employment, shall include salary, fees and perquisites but shall not include any allowances or other amounts paid to him for the purpose of reimbursing him in respect of the expenses acutally incurred by him in the performance of his duties.

(*2*) In forming its opinion under sub-clause (*iii*) of clause (*b*) of sub-section (*1*), the Reserve Bank may have regard among other matters to the following :—

(*i*) the financial condition and history of the banking company, its size and area of operation, its resources, the volume of its business, and the trend of its earning capacity ;

(*ii*) the number of its branches or offices ;

(*iii*) the qualifications, age and experience of the person concerned ;

(*iv*) the remuneration paid to other persons employed by the banking company or to any person occupying a similar position in any other banking company similarly situated ; and

(*v*) the interests of its depositors.

(*3*) If any question arises in any particular case whether the remuneration is excessive within the meaning of sub-clause (*iii*) of clause (*b*) of sub-section (*1*), the decision of the Reserve Bank thereon shall be final for all purposes.".

3. Substitution of new section for section 12.—For section 12 of the principal Act, the following section shall be substituted, namely :—

"12. Regulation of paid-up capital, subscribed capital and authorised capital and voting rights of shareholders.—

(*1*) No banking company shall carry on business in India, unless it satisfies the following conditions, namely :—

(*i*) that the subscribed capital of the company is not less than one-half of the authorised capital, and the paid-up capital is not less than one-half of the subscribed capital and that, if the capital is increased, it complies with the conditions prescribed in this clause within such period not exceeding two years as the Reserve Bank may allow ;

(*ii*) that the capital of the company consists of ordinary shares only or of ordinary shares or equity shares and such preferential shares as may have been issued prior to the 1st day of July, 1944 :

Provided that nothing contained in this sub-section shall apply to any banking company incorporated before the 15th day of January, 1937.

(*2*) No person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights in excess of five per cent of the total voting rights of all the shareholders of the banking company.

(*3*) Notwithstanding anything contained in any law for the time being in force or in any contract or instrument no suit or other proceeding shall be maintained against any person registered as the holder of a share in a banking company on the ground that the title to the said share vests in a person other than the registered holder :

Provided that nothing contained in this sub-section shall bar a suit or other proceeding—

(*a*) by a transferee of the share on the ground that he has obtained from the registered holder a transfer of the share in accordance with any law relating to such transfer ; or

(*b*) on behalf of a minor or a lunatic on the ground that the registered holder holds the share on behalf of the minor or lunatic.

(*4*) Every chairman, managing director or chief executive officer by whatever name called of a banking company shall furnish to the Reserve Bank through that banking company returns containing full particulars of the extent and value of his holding of shares, whether directly or indirectly, in the banking company and of any change in the extent of such holding or any variation in the rights attaching thereto and such other information relating to those shares as the Reserve Bank may, by order, require and in such form and at such time as may be specified in the order.".

4. Insertion of new section 12A.—After section 12 of the principal Act, the following section shall be inserted, namely :—

"12A. Election of new directors.—(*1*) The Reserve Bank may, by order, require any banking company to call a general meeting of the shareholders of the company within such time, not less than two months from the date of the order, as may be specified in the order or within such further time as the Reserve Bank may allow in this behalf, to elect in accordance with the voting rights permissible under this Act fresh directors, and the banking company shall be bound to comply with the order.

(*2*) Every director elected under sub-section (*1*) shall hold office until the date up to which his predecessor would have held office, if the election had not been held.

(*3*) Any election duly held under this section shall not be called in question in any court.".

5. **Substitution of new section for section 16.**—For section 16 of the principal Act, the following section shall be substituted, namely :—

"16. Prohibition of common directors.—(*1*) No banking company incorporated in India shall have as a director any person who is a director—

(*i*) of any other banking company ; or

(*ii*) of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company.

(*2*) If immediately before the commencement of the Banking Companies (Amendment) Act, 1956, any person holding office as a director of a banking company is also a director of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company he shall, within such period from such commencement as the Reserve Bank may specify in this behalf—

(*a*) either resign his office as a director of the banking company ; or

(*b*) choose such number of companies as among themselves are not entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company as companies in which he wishes to continue to hold the office of a director and resign his office as a director in the other companies.".

6. **Amendment of section 27.**—In section 27 of the principal Act, for sub-section (*2*), the following sub-section shall be substituted, namely :—

"(*2*) The Reserve Bank may at any time direct a banking company to furnish it within such time as may be specified by the Reserve Bank, with such statements and information relating to the business or affairs of the banking company (including any business or affairs with which such banking company is concerned) as the Reserve Bank may consider necessary or expedient to obtain for the purposes of this Act, and without prejudice to the generality of the foregoing power may call for information every half-year regarding the classification of advances and investments of banking companies in respect of industry, commerce and agriculture.".

7. **Insertion of new sections 35A and 35B.**—After section 35 of the principal Act, the following sections shall be inserted, namely :—

"35A. Power of the Reserve Bank to give directions.—

(*1*) Where the Reserve Bank is satisfied that—

(*a*) in the national interest ; or

(*b*) to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company ; or

(*c*) to secure the proper management of any banking company generally ; it is necessary to issue directions to banking companies generally or to any banking company in particular, it may, from time to time, issue such directions as it deems fit, and the banking companies or the banking company, as the case may be, shall be bound to comply with such directions.

(*2*) The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (*1*), and in so modifying or cancelling any direction may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

35B. Amendments of provisions relating to appointments of managing directors, etc. to be subject to previous approval of the Reserve Bank.—

(*1*) In the case of a banking company—

(*a*) no amendment of any provision relating to the appointment or re-appointment or remuneration of a managing or whole-time director or of a director not liable to retire by rotation or of a manager or a chief executive officer by whatever name called, whether that provision be contained in the company's memorandum or articles of association, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or by its Board of directors shall have effect unless approved by the Reserve Bank ;

(*b*) no appointment or re-appointment of a managing or whole-time director, manager or chief executive officer by whatever name called, shall have effect unless such appointment or re-appointment is made with the previous approval of the Reserve Bank.

(*2*) Nothing contained in sections 268, 269, 310, 311 and 388 (insofar as section 388 makes the provisions of sections 310 and 311 apply in relation to the manager of a company) of the Companies Act, 1956, (I of 1956) shall apply to a banking company after the commencement of the Banking Companies (Amendment) Act, 1956.

(*3*) No act done by a person as a managing or wholetime director or a director not liable to retire by rotation or a manager or a chief executive officer by whatever name called, shall be deemed to be invalid on the ground that it is subsequently discovered that his appointment had not taken effect by reason of any of the provisions of this Act ; but nothing in this sub-section shall be construed as rendering valid any act done by such person after his appointment has been shown to the banking company not to have had effect.".

8. Amendment of section 36.—In section 36 of the principal Act, in sub-section *(1)*, for clause *(d)*, the following clause shall be substituted, namely :—

"*(d)* during the course, or after the completion, of any inspection of a banking company under section 35, by order in writing and on such terms and conditions as may be specified therein—

(i) require the banking company to call a meeting of its directors for the purpose of considering any matter relating to or arising out of the affairs of the banking company, or require an officer of the banking company to discuss any such matter with an officer of the Reserve Bank ;

(ii) depute one or more of its officers to watch the proceedings at any meeting of the Board of directors of the banking company or of any committee or of any other body constituted by it ; require the banking company to give an opportunity to the officers so deputed to be heard at such meetings and also require such officers to send a report of such proceedings to the Reserve Bank ;

(iii) require the Board of directors of the banking company or any committee or any other body constituted by it to give in writing to any officer specified by the Reserve Bank in this behalf at his usual address all notices of, and other communications relating to, any meeting of the Board, committee or other body constituted by it ;

(iv) appoint one or more of its officers to observe the manner in which the affairs of the banking company or of its offices or branches are being conducted and make a report thereon ;

(v) require the banking company to make, within such time as may be specified in the order, such changes in the management as the Reserve Bank may consider necessary in consequence of the state of affairs disclosed during or by the inspection.".

9. Amendment of section 46.—In section 46 of the principal Act—

(i) in sub-section *(1)*, for the word "required", the words "or in any information required or furnished" shall be substituted ; and

(ii) in sub-section *(4)*, after the words "any order", the words "or direction" shall be inserted.

10. Insertion of new section 46A.—After section 46 of the principal Act, the following section shall be inserted, namely :—

"46A. Chairman, director, etc. to be public servants for the purposes of Chapter IX of the Indian Penal Code.—

Every chairman, director, auditor, liquidator, manager and any other employee of a banking company shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code.".

11. Amendment of section 49.—In section 49 of the principal Act, for the words and figures "sections 17,77, 83B, 86H, 91B, 91D and sub-section (*5*) of section 144 of the Indian Companies Act, 1913 (VII of 1913)", the following shall be substituted, namely :—

"sections 90, 165 and 255, clauses (*a*) and (*b*) of sub-section (*1*) of section 293 and sections 300 and 416 of the Companies Act, 1956 (I of 1956).".

12. Amendment of section 50.—In section 50 of the principal Act, for the words, brackets, figures and letter "contained in sections 10 and 16 or by reason of the compliance by a banking company with any order given to it under sub-clause (*ii*) of clause (*d*) of sub-section (*1*) of section 36" the following shall be substituted, namely :—

"contained in sections 10, 12A, 16, 35A, 35B and 36 or by reason of the compliance by a banking company with any order or direction given to it under this Act".

13. Amendment of section 51.—In section 51 of the principal Act, for the word and figures "34 to 36", the following shall be substituted, namely :—

"34, 35, 36 [excluding clause (*d*) of sub-section (*1*)].".

14. Other miscellaneous amendments.—The principal Act shall be further amended in the manner specified in the Schedule :

Provided that the amendments specified in the Schedule relating to section 2 and to the sections contained in Part III and Part IIIA of the principal Act shall not apply to a banking company the winding up of which commenced before the 1st day of April, 1956, and the provisions of the principal Act shall apply to such banking company as if the amendments aforesaid had not been made.

THE SCHEDULE

(See section 14)

OTHER MISCELLANEOUS AMENDMENTS IN THE BANKING COMPANIES ACT, 1949

1. In sections 2 and 5, for "Indian Companies Act, 1913 (VII of 1913)" and "Indian Companies Act, 1913", substitute "Companies Act, 1956 (I of 1956)".

2. In section 7, for "section 26 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 25 of the Companies Act, 1956 (I of 1956)".

3. In section 11, for "section 103 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 149 of the Companies Act, 1956 (I of 1956)".

4. In section 13, for "sections 105 and 105A of the Indian Companies Act, 1913 (VII of 1913)", substitute "sections 76 and 79 of the Companies Act, 1956 (I of 1956)".

5. In section 17, for the existing Explanation, substitute the following Explanation, namely :—

"Explanation :—The provisions of section 349 of the Companies Act, 1956, (I of 1956) shall apply for the purpose of computing net profits under this section as they apply for the purpose of computing net profits under section 348 of the said Act".

6. In section 20, for "section 54A of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 77 of the Companies Act, 1956 (I of 1956)".

7. In section 29, for "marked F in the Third Schedule to the Indian Companies Act, 1913 (VII of 1913)", substitute "set out in Part I of Schedule VI to the Companies Act, 1956 (I of 1956)".

8. In section 30, for "section 145 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 227 of the Companies Act, 1956 (I of 1956)".

9. In section 32, for "section 134 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 220 of the Companies Act, 1956 (I of 1956)".

10. In section 35, for "section 138 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 235 of the Companies Act, 1956 (I of 1956)".

11. In section 38—

(*i*) in sub-section (*1*), for "section 162 or section 271 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 433 or section 583 of the Companies Act, 1956 (I of 1956)" and

(*ii*) in sub-section (*3*), for "section 163" substitute "section 434 of the Companies Act, 1956 (I of 1956)".

12. In section 38A omit sub-section (*2*) and sub-section (*3*).

13. In section 39, for "section 175 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 448 of the Companies Act, 1956 (I of 1956)".

14. In section 40, for "section 173 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 466 of the Companies Act, 1956 (I of 1956)".

15. In section 41, for "section 177B of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 455 of the Companies Act, 1956 (I of 1956)".

16. In section 42, for "sections 178A and 183 of the Indian Companies Act, 1913 (VII of 1913)", substitute "sections 460, 464 and 465 of the Companies Act, 1956 (I of 1956)".

17. In section 43, for "section 191 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 474 of the Companies Act, 1956 (I of 1956)".

18. In section 43A, for "section 230 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 530 of the Companies Act, 1956 (I of 1956)".

19. In section 44—

(*i*) for "section 203 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 484 of the Companies Act, 1956 (I of 1956)"; and

(*ii*) for "sections 218 and 220", substitute "sections 521 and 441".

20. In section 45, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)".

21. In section 45A, for "Indian Companies Act, 1913 (VII of 1913)", substitute "Companies Act,1956 (I of 1956)".

22. In section 45B, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)".

23. In section 45E—

(*i*) for "section 184 of the Indian Companies Act, 1913 (VII of 1913)" substitute "section 467 of the Companies Act, 1956 (I of 1956)"; and

(*ii*) for "section 187 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 470 of the Companies Act, 1956 (I of 1956)".

24. In section 45H, in sub-sections (*1*) and (*2*), for "section 235 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 543 of the Companies Act, 1956 (I of 1956)".

25. In section 45J, for "Indian Companies Act, 1913 (VII of 1913)", substitute "Companies Act, 1956 (I of 1956)".

26. In section 45K—

(*i*) in sub-section (*1*) and in sub-section (*3*), for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)"; and

(*ii*) in sub-section (*2*)—

(*a*) for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)", and

(*b*) for "section 162 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 433 of the Companies Act, 1956 (I of 1956)".

27. In section 45L—

(*i*) In sub-section (*1*), for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)" ; and (*ii*) in sub-section (*2*)—

(*a*) for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)", and

(*b*) for "section 235 of the said Act", substitute "section 543 of the said Act".

28. In section 45M, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956 (I of 1956)".

29. In section 45 O in sub-section (*2*), for "section 235 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 543 of the Companies Act, 1956 (I of 1956)".

APPENDIX V

REPORT OF THE TRAVANCORE-COCHIN BANKING INQUIRY COMMISSION

Summary of Main Suggestions and Recommendations

1. The continued existence of certain companies which are not entitled to transact business, in terms of section 11(*1*) of the Banking Companies Act, 1949 but still style themselves as banking companies, has created an anomalous position which should not be allowed to continue.

2. Banks which have secured exemption from section 11 of the Banking Companies Act, 1949 upto the 31st March 1957, and whose financial position is satisfactory, may be given a final chance by extending the period of exemption by three more years upto the 31st March 1960, to enable them to bring up their capital and reserve requirements to the prescribed level; while extending the period of exemption, it should be made quite clear to the banks that no further exemption would be granted to them and they should take appropriate steps to comply with the law before that date.

3. The question of prescribing different ratios for demand and time liabilities for the purposes of section 24 of the Banking Companies Act, 1949 may be further examined by the Government of India and a suitable decision taken in the matter. Meanwhile, so far as the banks incorporated in, and confining their activities to the Travancore-Cochin State are concerned, the present concession granted to them up to the 31st March 1957, *viz.*, the maintenance of 15 per cent of their total demand and time liabilities in eligible assets, may be continued for a further period of three years, *i.e.*, up to the 31st March 1960.

4. Balances maintained with banks other than the Reserve Bank of India and its agent should not be taken into account for purposes of section 24 of the Banking Companies Act, 1949.

5. The amount of advances granted by banks against fixed deposits should not be set off while computing liabilities for the purposes of section 24 of the Banking Companies Act, 1949.

6. The question of excluding borrowings from banks other than the Reserve Bank of India and the State Bank of India against approved securities while computing liabilities for the purposes of section 24 of the Banking Companies Act, 1949 may be further examined by the Government of India and a suitable decision reached in the matter.

7. The amount of borrowings availed of by banks against their fixed deposits with other banks should not be excluded while computing liabilities for the purpose of section 24 of the Banking Companies Act, 1949.

8. Banks incorporated in the Travancore-Cochin State should take concerted action to bring down the general level of the present rates of interest on deposits.

9. The question whether the higher percentage of time deposits in the case of banks incorporated in the Travancore-Cochin State would justify the adoption of a higher ratio of advances to deposits for the purpose of determining the safe limit for advances requires fuller examination.

10. While the Reserve Bank of India may take due notice of the fact that in rural areas it is easy for banks to possess intimate knowledge of would-be borrowers, it should continue to be vigilant in the matter of banks incorporated in the Travancore-Cochin State granting unsecured advances.

11. While tendering advice to banks incorporated in the Travancore-Cochin State in regard to their advances against real estate, the Reserve Bank of India should take into consideration the fact that, in this State, land is well-developed and commands high value. At the same time, these banks should not grant advances against real estate on a large scale. They should also take all the necessary precautions; they should obtain valuation reports on the properties and one or two of their directors should be made responsible for such reports. In the case of intensively or highly developed land, they should obtain usufructuary mortgages instead of simple mortgages.

12. In case where the value of the building forms only a small portion of the total value of the property mortgaged to the bank and the value of the land on which the building is situated sufficiently covers the advance, insurance of the building may not be insisted upon.

13. The Travancore-Cochin Government should make a thorough enquiry into law's delays in respect of suits filed by banks in the State and take such steps as are necessary.

14. Banks incorporated in the Travancore-Cochin State should, in their own interest as well as in the interests of the depositors, adapt themselves to all the requirements of the banking law and strengthen their position by adopting sound practices.

15. In the case of the 'D' class Award banks incorporated in the Travancore-Cochin State, the exemption in respect of area IV in the State should be withdrawn, and the banks should implement the Government-modified decision as formulated in the Industrial Disputes (Banking Companies) Decision Act, 1955, at the offices in that area with effect from 1st January 1956.

16. In the case of the South Indian Bank Ltd., Trichur, and the Catholic Syrian Bank Ltd., Trichur, which are 'C' class Award banks, the exemption in respect of area IV in the Travancore-Cochin State should be withdrawn and the Labour Appellate Tribunal decision restored with retrospective effect from the 1st April 1954 in the same manner and subject to the same conditions as laid down in the Industrial Disputes (Banking Companies) Decision Act, 1955.

17. In the case of the remaining two 'C' class Award banks, *viz.*, the Palai Central Bank Ltd., Palai, and the Travancore Forward Bank Ltd., Kottayam, the exemption in respect of area IV in the Travancore-Cochin State should be

withdrawn and the Government-modified decision as formulated in the Industrial Disputes (Banking Companies) Decision Act, 1955 should be made applicable to their offices in that area with effect from the 1st January 1956.

18. The cases of the two 'D' class Award banks, viz., the Cochin National Bank Ltd., Trichur, and the Cochin Union Bank Ltd., Trichur, may be looked into by the Central Government with reference to the agreements entered into by the workmen of these banks in the Award area in respect of their pay scales, etc., and appropriate action taken.

19. The allegations as regards non-implementation of the provisions of the Award in full by some of the Travancore-Cochin Award banks should be inquired into and necessary action taken in the matter by the Government of India.

20. The minimum emoluments of the clerks serving in the non-Award banks in the State should be Rs. 65 per month, consisting of a basic wage of Rs. 45 and dearness allowance of Rs. 20. The minimum emoluments of the subordinate staff serving in these banks should be Rs. 35 per month, consisting of a basic wage of Rs. 25 and dearness allowance of Rs. 10.

21. There is a *prima facie* case for regulating scales of pay, allowances, leave rules, working hours and all other terms and conditions of service of the workmen of the non-Award banks in the State.

22. No drastic measures like a wholesale and a comprehensive reconstruction programme for the banking system in the Travancore-Cochin State are called for.

23. The banking system in the State can be considerably strengthened through weeding out of the extremely unsound banks and through rectifying the defects in the banks which are not so unsound.

24. In the case of a few banks in the large-sized group which are financially very weak, the Reserve Bank should advise them to improve their position as is done at present, before resorting to any extreme step which would lead to their closure, as their obliteration will affect, to some extent, the credit facilities which are currently provided by them.

25. Banks should explore the possibilities of amalgamation, wherever feasible, in all earnestness. A possible alternative is merger.

26. Banks should make a serious effort to put their houses in order and to improve the banking practices hitherto followed by them.

27. The Reserve Bank of India should continue its vigilance and be strict whenever the occasion demands.

INDEX

Printed by J. S. Pereira at The Examiner Press, Fort, Bombay 1 and Published by K. N. R. Ramanujam, Director of Banking Research (Offg.) for the Reserve Bank of India, Bombay.