

CENTRAL BANK OF CEYLON



ANNUAL REPORT OF THE MONETARY BOARD TO THE MINISTER OF FINANCE

FOR THE YEAR
1953

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V. N. Wijewardene

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1953

SENATOR THE HON. SIR OLIVER GOONETILLEKE, K.C.M.G., K.B.E.,
Minister of Finance,
Colombo.

Dear Sir,

In accordance with the provisions of Section 35 (1) of the Monetary Law Act I am submitting herewith the Fourth Annual Report of the Monetary Board of the Central Bank of Ceylon covering the Bank's operations during the year 1953.

I am, dear Sir,

Yours faithfully,

N. U. JAYAWARDENA,
Governor,

Central Bank of Ceylon,
Colombo, 31st March, 1954.

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

N. U. JAYAWARDENA
Governor

SIR ARTHUR RANASINHA, KT., C.M.G., C.B.E.
Permanent Secretary to the Ministry of Finance

J. TYAGARAJA

Principal Officers

N. U. JAYAWARDENA..... *Governor*

D. W. RAJAPATIRANA, O.B.E..... *Deputy Governor*

J. B. LOYNES
HOWARD S. LAHMAN } *Advisers*

Department of Banking and Currency :—

W. TENNEKOON *Chief Accountant*
(on duty with the International Monetary Fund)

D. C. GUNESKERA *Acting Chief Accountant*

Department of Bank Supervision :—

P. M. JAYARAJAN *Acting Director*

Department of Economic Research :—

B. B. DAS GUPTA..... *Director*

Department of Establishments :—

C. L. B. PERERA..... *Establishments Officer*

Department of Exchange Control :—

A. H. ABEYNAIKE *Controller*

Department of Public Debt :—

C. L. B. PERERA *Superintendent*

Secretariat :—

P. M. JAYARAJAN *Secretary*

Auditor

A. WEERASINGHE
Auditor-General to the Ceylon Government.

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I. Introduction

1. This is the fourth Annual Report of the Monetary Board of the Central Bank of Ceylon. It is issued in accordance with section 35 of the Monetary Law Act, No. 58 of 1949, which provides that within three months after the end of the financial year—that is, by March 31—the Monetary Board shall submit to the Minister of Finance and shall publish an Annual Report on the condition of the Central Bank, a review of policies and measures adopted by the Monetary Board during the financial year, and an analysis of the economic and financial circumstances that prompted those policies and measures.

2. Mr. John Exter, who was the first Governor, relinquished his appointment with effect from July 1, 1953, after completing three years of the six-year term of office. Mr. N. U. Jayawardena, who was the first Deputy Governor, was appointed Governor to succeed Mr. John Exter. Mr. J. Tyagaraja, whose original term of office as appointed member of the Monetary Board ended on June 30, 1953, was reappointed for a further term of six years in accordance with the provisions of section 13 of the Monetary Law Act. Mr. D. W. Rajapatirana was appointed Deputy Governor and assumed duties on August 19, 1953. Dr. Theodore Morgan, who became a Deputy Governor on September 15, 1952, relinquished his appointment on June 19, 1953.

3. The Bank's financial year is the calendar year. The following report is concerned primarily with the year 1953.

II. The Basic Problems

4. As in 1952, the essential economic problem in 1953 was the adjustment of the Ceylon economy to the new conditions prevailing after the collapse of the Korean War boom. In the first half of 1953 progress towards adjustment was slow but it speeded up in the second half. The external situation also showed some improvement; but in general the economy continued to be in disequilibrium with the outside world during the year.

5. The fall in external assets which began in February, 1952, persisted almost without interruption until December, 1953, when there was a slight recovery which has been maintained in the first months of 1954. The net loss over the whole of 1953 amounted to Rs. 230 million or nearly 27 per cent, of which two-thirds occurred in the first half of 1953. The loss, however, was substantially less than in 1952 when external assets declined by Rs. 348 million.

6. The fall in 1953 was all the more noteworthy because it occurred despite some improvement in export income and a significant drop in import prices.

7. Income from exports rose by 4 per cent from Rs. 1,502 million in 1952 to Rs. 1,568 million in 1953 owing partly to an increase in the quantity of goods exported and partly to an increase in their price. The export volume index rose by 3 per cent and the export price index by 2 per cent. The price of tea advanced by 7 per cent and of coconut products by 20 per cent; rubber fell by 12 per cent.

8. For the first time since the Korean War boom, import prices recorded a significant drop, the index falling nearly 9 per cent below the average 1952 level. The price of imported food fell less than that of manufactures, the former by 5 per cent and the latter by 12 per cent. As, however, the volume of imports increased by 4 per cent, their value declined by only 6 per cent to Rs. 1,608 million in 1953 from the record level of Rs. 1,702 million in 1952.

9. With lower import prices and higher export prices the index of the terms of trade improved to an average of 84 in 1953 compared with 75 a year earlier. The trade deficit of Rs. 200 million in 1952 narrowed to a deficit of Rs. 40 million in 1953. Of this four-fifths or Rs. 31 million occurred in the first half of the year and only Rs. 9 million in the last six months. The trade deficit together with the usual deficit on invisible items was met by drawing down external assets.

10. The fact that the more favourable conditions of external trade did not produce a surplus on merchandise account to meet the deficit on invisibles must be ascribed mainly to the continued high level of imports. The demand for imported goods was still swollen as a result of Government spending in excess of revenues and of borrowings from domestic savings. This spending, which had to be financed by expanding credit, increased cash in the hands of the public and, by strengthening the demand for goods including imported goods, contributed to the fall of external assets. The 1952 Annual Report observed : " A loss of external assets automatically exerts a corrective effect on an economy. The domestic quantity of money tends to fall by the amount of the loss as domestic funds are used in purchasing foreign exchange from the banking system to meet net outpayments." The money supply contracted in 1953 but by only one half of the decline in external banking assets. This was nevertheless a higher proportion than in 1952 when the money supply contracted by less than a third of the fall in external banking assets. The main reason was that the expansion of credit to Government, although substantial, was smaller than in 1952.

11. External banking assets fell by Rs. 132.6 million in 1953 but a major offset to this contractionary influence on the money supply was an expansion of Central Bank credit to Government by Rs. 58.3 million. In addition, there was an expansion of commercial bank credit to the private sector of the economy by Rs. 18 million. Government also ran down its rupee cash by Rs. 7.1 million. Total expansionary forces (including adjustment items of Rs. 4.5 million) were Rs. 87.9 million. Commercial bank credit to Government contracted by Rs. 18.8 million, and a shift of Rs. 5.5 million occurred from demand to time and other liabilities of commercial banks. In the result, the money supply declined by Rs. 69 million.

12. The contrast with 1952 was marked. In that year, against a fall in external banking assets of Rs. 363.1 million the money supply fell by only Rs. 110.4 million. Expansionary forces, all (except the adjustment items) in the Government sector, contributed Rs. 280.5 million to the money supply.

13. The reason for expansion of bank credit to Government was its budget deficit. The net cash operating deficit for the financial year ending September 30, 1953, was Rs. 232 million. The deficit in the first three quarters alone was over a third more than that in the corresponding period of the previous financial year. In the prevailing conditions, so large a deficit was demonstrably far beyond the capacity

of the economy to finance out of domestic savings. (In the financial year 1951-52, three-fourths of the budget deficit of Rs. 257 million had had to be financed by expanding the money supply mostly through creation of bank credit). To finance the budget deficit in 1952-53, the money supply was increased by Rs. 150 million, again mostly through credit expansion. Part of this increase, however, was attributable to the credit expansion which occurred when certain semi-Government agencies sold sterling and other securities to the Central Bank to acquire the necessary funds for re-lending to Government. The operation, in effect, meant that a portion of public savings was monetised to meet the Government's need for cash.

14. The cause of the Government budget deficit was rising expenditures. Government revenues were well maintained. The roots of the crisis which developed in 1953, however, lay deep in the policies of previous years. For several years back, capital outlays including expenditures on loan works and provision of working funds for state enterprises had exceeded the financial resources made available to Government from current revenue surpluses and from loans financed out of both domestic savings and creation of bank credit. The resulting deficiencies had been met by running down rupee cash accumulated mostly during the war years. From the financial year 1946-47, when the first of the series of annual deficits appeared, up to the financial year 1952-53, Government depleted its rupee cash by an amount nearly equal to the balances it had accumulated from the financial year 1939-40 up to 1945-46, the first year after the war. Capital expenditures on loan works rose almost steadily each year from Rs. 32 million in 1946-47 to Rs. 221 million in 1952-53. In aggregate, such expenditures amounted to Rs. 951 million which was almost equal to the total of budget deficits in the same period. While Government was drawing on accumulated balances to finance its deficits, its current expenditure policies were favouring consumption so much that the outlay on food subsidies amounted to four-fifths of the expenditure on loan works.

15. With deficit financing on this scale, a loss of external assets would have been unavoidable except under the most unusually favourable circumstances such as those which prevailed temporarily in the period of the Korean War boom in 1950 and 1951, when external assets nearly regained their peak 1945 level. Except during these two years Ceylon lost external assets almost continuously from 1946. Thus, it was not by mere coincidence that the loss of external assets happened to correspond with the series of post-war annual Government deficits.

16. In the course of 1953, with deficits accumulating month by month, the problem of financing them became more and more acute. By June of that year, Government finances had reached a critical stage that called for a firm decision to reduce the budget deficit to a manageable size. It was evident that the policy of expanding capital outlays and of simultaneously stimulating consumption through food subsidies did not provide a sound basis for stable finances. The banking system was engaged in creating credit for Government when it had the important and fruitful task of financing production, especially in the private sector of the economy.

17. In July, 1953, Government adopted a series of measures which aimed at contracting the deficit to a moderate size. The deficit in the second half of the year dropped sharply to almost a sixth of that in the first half. Because

of this marked improvement, the calendar year 1953 closed with a deficit provisionally estimated at Rs. 176 million, which was little more than half of the record deficit of Rs. 322 million in the calendar year 1952.

18. A monetary authority faced with a continuing loss of external assets caused by Government deficit financing could have attempted to check the loss by contracting credit to the private sector of the economy. This the Central Bank did not do, because the banking system was financing essential production and there was no evidence that bank credit was being used to support speculative activity. In fact, the Central Bank might usefully have encouraged extension of credit to the private sector; but it could not have done this until the Government had brought the budget deficit under control, because such action would have caused an excessive money supply to expand still further.

19. Normally, changes in credit supply can be expected to influence the domestic price level. The prices of Ceylon's export and import goods are determined externally and are little affected by changes in the internal monetary situation. Although the price index of commodities domestically produced and consumed fell on the average very slightly in 1953, the trend was distinctly downward in the second half of the year. During the first half when the money supply was almost constant, domestic prices did not show any pronounced tendency to fall. In fact, at one stage (May and June), the index rose seasonally. From July onward it fell steadily, reaching 96·7 at the end of the year as compared with 100·6 at the beginning of the year, thus reflecting the impact on the domestic price level of a contracting money supply as the budget deficit narrowed. In spite of the fall in the domestic group, the consumer's price index as a whole rose to 101·6 in 1953 as against 100 in 1952. The reason was that the price levels of both the export group and the import group were higher. The former rose by 17·1 per cent and the latter by 2·5 per cent. Towards the end of the year, however, the import group showed a falling trend, reaching a low point of 104·1 in December as against a peak of 112·3 in August.

20. Of the factors responsible for the loss of external assets, the budget deficit and the resulting expansion of credit were measures within Ceylon's control. The action taken by Government to reduce the budget deficit and the policies and measures adopted by the Central Bank to check the inflationary impact of deficit financing are discussed in the next section.

III. Policies and Measures

21. The continuing drain on Ceylon's external assets was fundamentally a fiscal problem. It was a monetary problem only in the sense that the financing of the Government deficit through credit expansion caused the money supply to become excessive in relation to the terms of trade and the level of export income. Some fall of external assets was to be expected with the worsening of the terms of trade after the collapse of the Korean War boom. But it would be a mistake to exaggerate the importance of the worsening and regard it as the principal reason for Ceylon's difficulties. The years 1950 and 1951 were exceptional and Ceylon was then enjoying the benefits of a boom. By contrast the 1953 terms of trade were considerably better than those in 1952 or in the pre-Korean War years of 1948 and 1949

when the loss of external assets was small despite terms of trade that were much more unfavourable than in 1953. By any reasonable standard, prices in 1953 for Ceylon's principal export commodities were good. In addition, import prices were distinctly lower during the year. If the economy had been adjusting itself only to the worsening terms of trade that followed the collapse of the boom, the adjustment would have been completed earlier. The 1952 Annual Report stated : "The liquid assets built up by consumers during the boom would have been sufficient to finance an excess of imports for a brief period only." The economy remained in disequilibrium in 1953 with the drain on external assets persisting, because the internal cause of the drain persisted.

22. The internal cause was that the Government, by drawing down its cash balances, and the banking system, by creating credit, had been pumping large amounts of new money into the economy. The new money had been required to meet an excessive budget deficit. The drain on external assets was bound to persist until this deficit was reduced to a level at which it could be financed without creating new money.

23. External assets serve two functions. First, they protect the exchange value of the currency. To do this, they should not be allowed to fall below a minimum level; and this minimum must be set at a high figure because of Ceylon's heavy dependence on foreign trade. At the rate of drain in the first half of 1953, they would have disappeared in just over two years. Second, external assets act as a cushion to soften the impact of fluctuations of income on consumption. They can be built up when incomes are rising and allowed to drop when incomes are falling. But the level of consumption which Ceylon aims at maintaining in the face of falling income should not be so high as to cause external assets to drop below the minimum level. In 1952 and 1953, Ceylon maintained consumption at a much higher level than could be justified when incomes were substantially lower. The result was that the country sacrificed external assets which it could have put to better use.

24. Government had recognised in 1952 that the budget deficit was excessive and had taken measures to reduce expenditures and increase revenues by adopting the Eight-Point Austerity Programme. But these proved inadequate. The deficits of the first two quarters of 1953 differed little from the average of quarterly deficits of 1952; and further action had to be taken to reduce the budget deficit drastically. Government had the choice of cutting down consumption by eliminating the food subsidy bill from the budget or of postponing development by restricting expenditures on capital works. It decided to choose the former.

25. *Government Measures.*—Government adopted, beginning early in July, a series of measures to improve its cash position. First, the price of rationed rice, which, despite large increases in cost, had been supplied to the consumer at 25 cents per measure since December, 1950, was raised to 70 cents per measure. In order to alleviate hardship (off-ration rice being costlier than rationed rice) the amount of the ration was raised by $\frac{3}{4}$ measure to the 1942 level of 2 measures a week for manual workers, and the cut of $\frac{1}{4}$ measure imposed in September, 1952, was restored to other recipients. The net effect was to produce a substantial saving on the food subsidy bill. Second, the rates Government charged for postal and telegraph, railway and electricity services were raised. Since some of these services were run at a loss this measure attempted to eliminate the concealed subsidies on them.

26. Third, several tax increases were announced in the budget introduced in late July in order to produce additional revenues. These were : (a) higher duties on a variety of imports including some luxury imports ; (b) a somewhat steep increase in personal tax rates especially on higher incomes ; (c) a higher corporate tax ; and (d) an excise duty, imposed for the first time, on domestically grown tobacco processed into manufactured tobacco. The 10 per cent surcharge on certain import duties imposed in September, 1952, as a temporary measure for one year was absorbed into the new rates. The only tax decreases were in respect of a few items of capital goods, duties on which were reduced to encourage domestic production.

27. Fourth, in order to secure an assured supply of rice at stable prices, Government entered into a four-year agreement with Burma for the purchase annually of a minimum quantity of rice with the option to increase purchases up to a maximum amount. The latter amount was fixed at a level which was considered sufficient to meet Ceylon's requirements of imported rice, even if supplies from other sources failed. Advantage was also taken of a weakening world market to contract for these purchases at favourable prices as compared with those Ceylon had previously paid. Following the Burma agreement, negotiations were concluded with China for the revision of the price of rice and of rubber traded under the five-year agreement.

28. With the supply of rice assured at rates lower than those contemplated when the price of rationed rice was raised to 70 cents per measure, Government felt able to reduce the price to the consumer to 55 cents per measure in October, 1953. At this reduced price it was expected that the loss incurred on subsidising rice and flour (whose selling price had remained unchanged) would be met by the profit Government made on sugar without having recourse to funds out of the general budget.

29. *Food Subsidies.*—One result of removing the burden of food subsidies from the general budget was that food subsidy expenditure in the financial year 1952-53 declined to Rs. 127 million as against a budgetary provision of Rs. 161 million and an outlay of Rs. 247 million in the financial year 1951-52. As in 1952, so also in 1953, “subsidies were not paid for by taxes but by newly created money. In other words, if subsidies had been eliminated, the budget deficit, and the expansion of credit, could have been reduced correspondingly and external assets would not have been used to support a level of consumption that the country could not afford.”*

30. *Sale of Off-ration Rice.*—Early in the year, Government had itself ceased to sell rice at cost outside the ration with the result that domestically grown rice, which consumers could freely buy, rose substantially in price. In July, Government began once more to sell rice outside the ration and towards the end of the year reverted to the former policy of selling unlimited quantities of such rice. The effect was to reduce the price of domestically grown rice from Rs. 1.22 per measure in July to 87 cents per measure in December and to lower the cost of living. The

* The quotation is from the 1952 Annual Report.

guaranteed price of Rs. 12 per bushel of paddy was maintained during the year. Government is committed until 1957 to pay the domestic producer this guaranteed price which is about 25 per cent higher than the current price paid for imported rice. While it is desirable to encourage domestic production of rice, it is also important that production should be economic and competitive.

31. *Budget.*—As a result of the decision of Government that food subsidies should cease to be a charge on the general budget, the Government deficit became more manageable. It also meant that Government would not need to cut development expenditures to finance consumption. In fact, the emphasis of the budget was on productive development. Postponable expenditures on maintenance were reduced but the total provision for capital works was higher.

32. The budget for 1953-54 planned for a deficit of Rs. 93 million, which should, however, be revised to nearly Rs. 110 million, if the exceptional receipts from sale of Government owned scrap and ilmenite were excluded because of uncertainty of sale. Even the revised deficit compared favourably with the deficit of Rs. 232 million in the financial year 1952-53.

33. A change of Government occurred in October, 1953, and this was followed by administrative measures which aimed at further restricting avoidable expenditures. At the close of 1953 there was reason to believe that these measures would result in a budget deficit somewhat below the original Rs. 93 million. It is desirable to work for a lower deficit because the present level of external assets does not permit Government to undertake deficit financing on a scale which calls for further credit expansion to the Government sector.

34. In fact, there are strong reasons for urging greater economy in Government finances. In the past, Government has had to raise taxes primarily with the object of securing more revenues. The view is now widely held that the present tax rates on personal and corporate incomes are so high as to deter enterprise. If these high rates are maintained, it will be desirable to grant suitable tax reliefs on approved investment expenditures as an incentive to enterprise. There is also no justification on economic grounds for maintaining import duties on a wide range of capital goods and materials used in production. They also deter development by unnecessarily raising production costs.

35. The question arises how Government can finance an expanding programme of capital investment without imposing heavier taxation or without incurring excessive budget deficits. With the disappearance of the cushion of accumulated balances, with external assets at their present level, and in the absence of adequate domestic savings, additional funds can come only from sources outside Ceylon. But external borrowing brings its own problems and these were receiving the attention of the Government and the Central Bank towards the close of the year.

36. *Government Borrowing Operations.*—With the Government budget continuing heavily in deficit the problem of financing it grew to be especially difficult in the first half of 1953 when it became necessary to expand credit sharply beyond the high level reached in 1952. The 1952 Annual Report described how the treasury bill issue had attained its permitted maximum of Rs. 100 million (November), and how two loans for a total of Rs. 100 million had been floated (July). The Central Bank alone had increased its portfolio of rupee securities and treasury bills by Rs. 73 million and its direct advances to Government by Rs. 71 million.

37. By January, 1953, the Central Bank's advances were close to the maximum permitted under section 88 of the Monetary Law Act. Additional borrowing authority had to be sought by Government and in February the treasury bill limit was raised to Rs. 200 million. Thereafter the actual issue expanded sharply, the new limit being attained in June. In August two loans were floated simultaneously for a total of Rs. 80 million of which, however, Rs. 33 million were designed to convert or repay the maturing 3 per cent National Loan 1953. While these loans were fully subscribed, thus enabling funding operations to be effected by certain semi-Government agencies, they produced only a limited amount of new money.

38. Altogether in 1953, Government increased its gross rupee indebtedness by Rs. 180 million.

39. *Interest Rates and Open Market Operations.*—The critical financial situation which developed towards the end of 1952 and early in 1953 led to one important change of policy. Apart from a rise in the treasury bill rate from 0·40 per cent to 0·92 per cent between April and August, 1952, interest rates for short, medium and long-term Government borrowing had not reflected to any appreciable extent, until February, 1953, the wide and growing disparity between Government's need for cash and the supply of investment funds from non-banking sources. The main reason was that the Central Bank had ensured an adequate flow of money to Government by the creation of credit. In addition, the Central Bank had given active support to the prices of Government securities by open market operations.

40. The policy of maintaining exceptionally low rates of interest had been tenable under the conditions of abnormal prosperity prevailing in earlier years. It came more and more under strain as external assets declined and Government's deficits grew. Moreover, if continued, it was bound to aggravate inflationary dangers. Maintenance of low interest rates, under conditions which no longer justified them, not only discouraged savings but also would have tended to encourage liquidation of investment in Government securities. In any event, it increased the share of the burden of financing the Government, which the banking system, and especially the Central Bank, had to bear; and it indirectly contributed to the decline in external assets.

41. In March, 1953, therefore, the Central Bank recognised that it was no longer practicable to maintain the existing level of yields of Government securities. It was concerned to ensure as far as possible an orderly pattern on yields and prices, but on the basis that market forces should play a major part in determining them.

In the face of further heavy borrowing by Government, the treasury bill rate rose sharply from 0·92 per cent in February to an average of 2·47 per cent in July, and subsequently became stable at 2·48 per cent. The Central Bank's holding of treasury bills and rupee securities over this period increased by Rs. 63 million.

42. The treasury bill rate was the main determining factor in the upward movement of interest rates in 1953, since Government's borrowing was predominantly through the medium of treasury bills. As the bill rate rose, there was a natural adjustment of yields on short, medium and long-term Government securities. Prices in the Colombo market fell generally until August, the redemption yield on the longer-dated securities reaching a fraction over 4 per cent for maturities of more than 20 years compared with just under 3 per cent in 1952. The increased cost of money was recognised in the terms of the two new loans floated in August, namely, a 3 per cent loan issued at par with a currency of 2½ years, and a 3½ per cent loan issued at 99 maturing in 6-8 years and yielding 3·65 per cent to the final redemption date.

43. After August, 1953, there was no further general rise in interest rates. Both the shorter and longer term markets settled down at the levels which had been reached ; and towards the end of the year prices of Government securities became slightly firmer. (In March, 1954, the treasury bill rate too has shown a small downward movement).

44. *Bank Rate*.—In July, 1953, the Central Bank rate for advances to commercial banks which had remained unchanged at 2½ per cent since the commencement of business by the Bank in August, 1950, was raised to 3 per cent. This limited increase took particular account of the rise in the Bank's discount rate which, being based on the treasury bill rate, had already risen sharply ; and generally it represented an adjustment to the basic change which had occurred. Its immediate practical effect was mainly to give further guidance to the commercial banks as regards their own policy. These banks had already in April, 1953, begun to raise the rates paid on fixed deposits and in July, 1953, they made a moderate increase in their scale of charges on loans and overdrafts.

45. *Savings Deposits*.—The upward trend of interest rates did not influence the policy of either the long-term lending institutions or the various savings institutions during the year. The need for a new approach designed to stimulate small savings is a matter which will call for earnest attention in 1954. In 1953 savings deposits showed an unsatisfactory trend. Allowing for accrued interest, there was a net withdrawal of savings deposits in contrast to the substantial increases in earlier years.

46. *Interest Rate Policy*.—The changed pattern of rates is of such importance as to merit some further comments. First, there is no doubt that the large size of Government's borrowing requirements in the first half of 1953 was a major factor in the steepness of the rise in rates over a comparatively short period. Second, although short-term rates rose rapidly under the pressing need to enlarge the treasury bill issue, the maximum level reached was broadly in line with those in many other countries similar to, or closely connected with, Ceylon. As regards Government's

long-term credit, the comparison was also not unfavourable with rates abroad. The yields on loans of 20 years and over at no time rose more than a fraction above 4 per cent.

47. Third, although Government securities fell in price as interest rates rose, it must be stressed that these securities are fundamentally different from a deposit repayable on demand. In subscribing to them an investor enters into a contract in which Government, for its part, undertakes not only to pay interest at regular intervals but also to repay the loan in full on a certain date. Between the date of issue and the date of redemption, Government securities, like any other marketable asset, may fluctuate in price according to the conditions prevailing. A recognition of this fact and a greater attention to market conditions on the part of many investing institutions and of private investors can only be beneficial to borrower and lender. Fourth, the higher rates paid in 1953 both on treasury bills and on the loans of August, 1953, undoubtedly stimulated subscriptions from non-banking sources on a scale far larger than would otherwise have been forthcoming.

48. Finally, in judging the merits of, as distinct from the necessity for, departing from previous policy, it is clear that higher interest rates have both disadvantages and advantages. On the one hand, they mean some increase in the cost of the development programme to Government and of borrowing by the private sector. On the other, they should stimulate the supply of savings and bring about a better and more efficient allocation of the country's resources through some weeding out of marginal projects. Much, of course, depends on the extent of the increase in interest rates.

49. *Reserve Ratios.*—The contraction in the money supply in the first half of 1953 inevitably involved a reduction in the resources of the commercial banks. By July, 1953, it had become clear that the banks were nearing a point where they might be obliged to restrict their lending to the private sector. It was also evident that further pressure was likely to develop as Government's cash position improved under the new budget policy and Government became able to repay part of its indebtedness to the Central Bank out of revenue or out of borrowing from the public. With these factors in mind, the Central Bank reduced in September, 1953, the ratio of reserves, which the commercial banks had to maintain with the Central Bank, to 10 per cent of the commercial banks' demand deposits from 14 per cent, to which level it had been raised in January, 1951. (The ratio for time deposits remained unchanged at 5 per cent). This figure of 10 per cent is the minimum required under section 93 of the Monetary Law Act. The effect was to increase substantially the commercial banks' employable resources and to permit them in some degree to extend credit further to the private sector. The pressure of a falling money supply, however, forced the banks generally to pay close attention to their cash position; and in the last quarter of 1953 there was a noticeably greater demand by them for short-term accommodation from the Central Bank.

50. *Bank Credit to the Private Sector.*—Commercial bank credit to the private sector expanded over the year by Rs. 18 million. The expansion was partly the result of the general increase in the volume and the price of exports and was in line with the policy of the Central Bank that the contraction of the money supply should not restrain the banking system from supplying the legitimate credit needs of the private sector. To improve medium and long-term credit facilities available to the private sector, the Central Bank made recommendations for amending existing legislation relative to the State Mortgage Bank and the Ceylon Savings Bank so that these institutions might be enabled to adopt more liberal lending policies.

51. It is evident, however, that certain obstacles to lending exist, the removal of which is just as important as the factor of cost of credit, if banks are to be in a position to take a more active part in financing private development. These obstacles include existing restrictions on the speedy realisation of collateral pledged to secure bank advances, high stamp duties which such pledges by way of mortgages now attract, and difficulties experienced in establishing title to land offered as security. To remove them special legislation will be necessary—

- (i) giving all commercial banks and accredited banking institutions operating in Ceylon the right to realise speedily on all types of collateral pledged as security for advances ;
- (ii) reducing stamp duties on all mortgages pledged to secure such advances ; and
- (iii) enabling approved lending institutions to insure, for the period of such advances, against possible defects of title to land pledged as security.

These matters were receiving the attention of the Central Bank in 1953.

52. *Exchange Control.*—The Central Bank administered exchange control in 1953 as agent of the Government, but with one important difference. On August 15 the new Exchange Control Act (reproduced in Appendix I) came into force and the earlier Defence (Finance) Regulations were simultaneously repealed. Under the Act, the administration of control became the responsibility of the Central Bank and for this purpose a separate Department of the Bank was constituted. The technical provisions of the new Act followed broadly the same lines as those of the previous legislation.

53. Ceylon's worsening balance of payments induced Government to request the Central Bank to reduce further the scope for remittances abroad ; and this was done in two stages, first in March and again in May, mainly by cutting down the previous free limits. The restrictions had the effect of substantially reducing the amount of permitted transfers of funds, especially to India. On the other hand, they undoubtedly increased the temptation for money to be sent out by illegal methods ; and greater attention was paid during the year to ways and means of combating such evasion. The need to accept the discipline of exchange control, when decided upon by Government in the national interest, is a clear duty of the community at large. At the same time severe control has certain disadvantages which must be balanced against the desired savings of exchange. First, it involves

extra costs of administration and may delay or interfere unduly with trade and other productive activities. Second, it inevitably gives rise to attempted evasion which may, if unchecked, lead to concealed losses of exchange, black market exchange rates and other undesirable features. Third, because some will always seek to exploit legal as well as illegal loopholes, there is a tendency for control to breed further controls. The simplification and relaxation of restrictions deserve attention as soon as circumstances permit.

54. Throughout the year the Central Bank continued to enjoy the active support and co-operation of the commercial banks in its task of enforcing exchange control.

IV. Basic Economic Data

Foreign Trade in Merchandise

55. *Exports.*—The movements of the export trade, its value, volume and price level, in 1953 as compared with previous years are described in table 24.* The table below, on the composition of exports, illustrates in particular the increasing importance of tea and the declining share of rubber in the export trade.

Composition of Exports

Commodity	Value in Rs. million			Percentage of total exports		
	1951	1952	1953	1951	1952	1953
Tea	800	723	825	42·0	48·2	52·6
Rubber	582	373	338	30·6	24·8	21·5
Major coconut products	320	232	244	16·8	15·4	15·6
Other domestic exports	124	84	83	6·5	5·6	5·3
Domestic exports	1,826	1,412	1,490	95·9	94·0	95·0
Re-exports	78	90	78	4·1	6·0	5·0
Total ..	1,904	1,502	1,568	100·0	100·0	100·0

56. The quantity of tea exported reached a record total of 335·6 million pounds and was sold at substantially higher prices, both the quantity and the price being nearly 7 per cent higher than in 1952.

Tea—Export Quantities and Prices

Year	Exports		Average market price per lb.			
	Quantity (Mil. lbs.)	f.o.b. price per lb. Rs. cts.	High-grown Rs. cts.	Medium-grown Rs. cts.	Low-grown Rs. cts.	All tea Rs. cts.
1951	305	2 62	2 12	1 80	1 95	1 90
1952	315	2 30	2 06	1 66	1 53	1 73
1953	336	2 46	2 06	1 79	1 80	1 91

* All tables referred to numerically in this part are those appearing in Appendix II.

57. Compared with 1952, the volume of rubber exported increased slightly (by 3 per cent), although the average price declined substantially (by 13 per cent). Shipments to China fetched lower average prices, but these were still considerably above world prices.

Rubber (Excluding latex)—Export Quantities and Prices

Year	Ceylon				Malaya
	Quantity Mil. lbs.	f.o.b. price per lb. (all desti- nations) Rs. cts.	f.o.b.* price per lb. (China) Rs. cts.	f.o.b. price per lb. (other desti- nations) Rs. cts.	Singapore f.o.b. price per lb. RSS No. 1 Rs. cts.
1951	226	2 53	2 90	2 51	2 62
1952	206	1 76	1 86	1 71	1 49
1953	213	1 54	1 74	1 22	1 05

*Predominantly sheet rubber.

58. Prices of coconut products, as measured by their price index, averaged 20 per cent higher than in 1952. The increase in price more than offset the drop of 13 per cent in the quantities exported (reckoned in terms of nuts) with the result that the value of exports of coconut products improved by 6 per cent.

Major Coconut Products—Export Quantities and Prices

Product	1951		1952		1953	
	Quantity in 000 cwts.	f.o.b. price per cwt. Rs. cts.	Quantity in 000 cwts.	f.o.b. price per cwt. Rs. cts.	Quantity in 000 cwts.	f.o.b. prices per cwt. Rs. cts.
Copra	387	69 93	815	40 75	428	53 43
Coconut oil	2,196	103 41	2,134	62 36	1,871	75 96
Desiccated coconut	795	82 58	1,112	58 68	1,146	68 82

59. *Imports*.—Table 24 shows the course of the import trade, its value, volume and price level in 1953 in relation to earlier years. The table below describes the composition of imports under broad significant groups :—

Composition of Imports

	Value in Rs. million			Percentage of total imports		
	1951	1952	1953	1951	1952	1953
Food, Drink and Tobacco:—	696	789	796	44·6	46·3	49·5
of which						
Rice	236	329	324	15·2	19·3	20·1
Flour	115	122	164	7·4	7·1	10·2
Sugar	102	84	71	6·5	4·9	4·4
Fish products	53	55	58	3·4	3·2	3·6
Curry stuffs	43	35	29	2·8	2·1	1·8
Raw Materials:—	162	171	163	10·4	10·1	10·2
of which						
Petroleum (crude)	73	84	75	4·7	4·9	4·7
Fertilisers	49	31	38	3·1	1·8	2·4
Manufactures:—	698	740	647	44·8	43·5	40·2
of which						
Cement	14	24	16	0·9	1·4	1·0
Iron and steel	60	58	55	3·8	3·4	3·4
Machinery	52	72	68	3·4	4·2	4·3
Textiles	186	178	137	11·9	10·5	8·5
Chemicals, drugs, dyes and colours	33	34	32	2·1	2·0	2·0
Petroleum (refined)	41	48	45	2·6	2·8	2·8
Paper and cardboard	37	37	26	2·4	2·2	1·6
Motor vehicles	49	57	44	3·1	3·4	2·7
Others	3	2	2	0·2	0·1	0·1
Total	1,559	1,702	1,608	100·0	100·0	100·0
Re-exports	78	90	78			
Net imports	1,481	1,612	1,530			

Source : Ceylon Customs Returns.

60. Food imports accounted for nearly half of the total value of imports in 1953. The volume of food imports was 7 per cent larger, but average prices were 5 per cent lower, than in 1952. Between 1952 and 1953 average c.i.f. prices per ton of rice fell from Rs. 823 to Rs. 801 ; flour from Rs. 585 to Rs. 570 ; and sugar from Rs. 654 to Rs. 495. Raw materials were 26 per cent larger in volume but their average price fell nearly 6 per cent. Under the manufactures group, both quantities and average prices of textile imports and other kinds of manufactures, as a group, declined, textiles by 11 per cent and 14 per cent respectively, and other manufactures by 8 per cent and 11 per cent respectively.

61. *Pattern of Trade*.—Table 25 gives a breakdown of foreign trade by significant regions and monetary areas. This table illustrates, in particular, that Ceylon is usually in deficit on merchandise account with the sterling area, and is in surplus with other currency groups, especially with the dollar and non-sterling E.P.U. areas,

62. The table below gives the percentage distribution of Ceylon's exports and imports by monetary areas :—

Trade by Monetary Areas

Monetary Areas	1951		1952		1953	
	Exports %	Imports %	Exports %	Imports %	Exports %	Imports %
Sterling area	51.9	69.8	49.2	63.8	47.7	64.5
Dollar area	15.1	6.5	15.8	11.1	13.3	4.3
Non-Sterling E.P.U. area	19.2	8.9	12.9	7.6	12.0	9.6
Others	13.8*	14.8	22.1*	17.5	27.0*	21.6
	100.0	100.0	100.0	100.0	100.0	100.0

*Including ships' stores and bunkers.

Sterling area countries, as a group, remained the most important market for Ceylon's exports and imports. The trade deficit with this group declined to Rs.290.4 million from Rs. 346.4 million in 1952, *i.e.*, by Rs. 56 million. The main reason for the decline was the reduction of rice purchases from Burma from 222,000 tons (Rs. 174.7 million) to 141,000 tons (Rs. 118.1 million).

63. Ceylon's trade surplus with the dollar area increased from Rs. 48.1 million in 1952 to Rs. 140.4 million in 1953. The improvement in net receipts in spite of a sharp decrease in exports of rubber, which used to be a major dollar earner, was entirely due to the fall in imports, especially, of food, textiles and vehicles.

Trade with the Dollar Area

(In millions of rupees)

Year	Exports				Imports							Trade balance
	Total	of which			Total	of which						
		Tea	Rubber	Coconut products		Machinery	Vehicles	Rice, flour, sugar and tobacco ,	Textiles	Petroleum products	Paper and cardboard	
1951	288	119	142	5	101	10	9	19	23	5	5	+ 187
1952	237	131	79	7	189	15	15	86	16	8	6	+ 48
1953	209	132	29	28	69	12	8	18	2	5	3	+ 140

64. Among the other countries, trade with China continued to expand in 1953 as shown in the following table :—

Ceylon's Trade with China
(In millions of rupees)

Year	Exports		Imports		Trade Balance
	Value	Percentage of total exports	Value	Percentage of total imports	
1951	36	1.9	4	0.3	+ 32
1952	124	8.2	33	1.9	+ 91
1953	242	15.4	209	13.0	+ 33

Imports consisted almost exclusively of rice and exports predominantly* of rubber. The value of rice imports in 1953 rose to Rs. 203 million from Rs. 28 million in the previous year. The 1953 contract provided for the supply of 270,000 metric tons of rice at an average f.o.b. price, ex China ports, of £54 per metric ton. Exports of rubber to China at 132 million pounds in 1953 (111 million pounds being against the 1953 contract) were twice as large as those in 1952, and represented 60.8 per cent of total rubber exports as against 31.7 per cent in 1952. In 1953, on the basis of an f.o.b. price of Rs. 1.77 per pound for the top grades of sheet rubber, these shipments fetched a price substantially higher than the world price. Consequently Ceylon earned an estimated Rs. 95 million more in foreign exchange than it would have received at the prevailing world price.

Money and Banking

65. *Money Supply.*—The composition of the money supply appears in table.1 The money supply which began to contract in 1952 fell further in 1953, especially in the second half of the year. It declined to Rs. 826.8 million, or by 7.7 per cent over the year as against 11.0 per cent in 1952.

Money Supply
(In millions of rupees)

End of	1951	1952	1953	Change (1952 over 1951)	Change (1953 over 1952)
				%	%
January	965	1,006	890	+ 4.2	—11.5
February	1,030	1,002	901	— 2.7	—10.1
March	1,028	985	899	— 4.2	— 8.7
April	1,034	978	881	— 5.4	— 9.9
May	1,033	946	876	— 8.5	— 7.4
June	1,025	923	880	—10.0	— 4.6
July	1,015	916	851	— 9.7	— 7.1
August	998	916	815	— 8.2	—11.1
September	1,000	911	824	— 8.9	— 9.5
October	1,001	910	822	— 9.1	— 9.6
November	1,008	909	810	— 9.8	—10.9
December	1,006	896	827	—11.0	— 7.7

Note : Differences as compared with previously published figures are due to subsequent revisions.

Of the two constituents of the money supply, privately held demand deposits contracted more than currency in circulation, the former by 8.9 per cent and the latter by 6.0 per cent. The corresponding decreases in 1952 were 14.3 per cent and 5.5 per cent respectively. Thus, demand deposits declined proportionately much less, and currency in circulation slightly more, than in 1952.

66. The following table summarises the expansionary and contractionary factors contributing to the changes in the money supply in the past three calendar years :

Changes in Money Supply
(In millions of rupees)

Factors affecting money supply	December, 1950-1951		December, 1951-1952		December, 1952-1953	
	Expan- sionary factors	Con- traction- ary factors	Expan- sionary factors	Con- traction- ary factors	Expan- sionary factors	Con- traction- ary factors
External banking assets (net) ..	63.1	—	—	363.1	—	132.6
Commercial bank credit :						
(a) To the Government sector ..	—	35.9	67.3	—	—	18.8
(b) To the private sector ..	76.0	—	—	20.5	18.0	—
Central Bank credit (net) to Govern- ment	—	7.1	137.9	—	58.3	—
Shift from demand to time and other liabilities (net) of commercial banks	—	21.6	—	7.3	—	5.5
Shift of Government rupee cash to public	27.8	—	67.9	—	7.1	—
Adjustments	—	6.8	7.4	—	4.5	—
Total expansionary/contractionary factors	166.9	71.4	280.5	390.9	87.9	156.9
Changes in money supply	+95.5		—110.4		—69.0	

Note : Differences as compared with previously published figures are due to subsequent revisions.

67. *Commercial Banks.*—The main changes in the condition of the banking system during 1953 (table 4) are summarised below:

- (a) Total demand deposits including inter-bank and Government deposits contracted by Rs. 74.4 million (12.0 per cent) to Rs. 547.5 million while fixed and savings deposits showed little change.
- (b) Demand deposits held in Ceylon by banks abroad dropped from Rs. 35.6 million to Rs. 11.7 million primarily because certain balances previously built up were drawn upon to finance exports, especially to China.
- (c) Bank cash (till money and balances with the Central Bank) fell by Rs. 64.2 million or 41.3 per cent. The ratio of cash to total deposits thus dropped during the year from 21.5 per cent to 14.1 per cent and that to demand deposits from 25.1 per cent to 16.7 per cent.

(d) The total volume of bank credit at Rs. 550·6 million showed hardly any change over the previous year. But within the total, an expansion of loans and advances to the private sector of Rs. 18·0 million* (8·8 per cent) was approximately matched by a decrease of Rs. 18·8 million (6·2 per cent) in the holding of Government securities including treasury bills.

(e) Total liquid assets declined by Rs. 76·4 million (23·0 per cent) to Rs. 255·5 million at the end of 1953.

68. The following table sets out the composition of liquid assets and certain significant asset-liability relationships of the commercial banking system :

Commercial Banks: Liquidity and Asset-Liability Relationships.

(In millions of rupees)

	Dec., 1950	Dec., 1951	Dec., 1952	1953			
				March	June	Sept.	Dec.
Cash and deposits at Central Bank (inclusive of statutory reserve requirements) ..	199	226	155	155	130	128	91
Treasury bills	54	14	62	53	46	51	53
Bills discounted	53	73	64	65	64	70	60
Foreign balances	180	137	50	57	48	28	51
Total liquid Assets	487	450	332	330	287	277	255
Total investments ⁽¹⁾	271	235	302	291	283	283	284
Total loans and advances ⁽²⁾	182	257	241	231	244	261	253
Demand deposits ⁽³⁾	730	723	620	606	569	562	546
Time and savings deposits	77	91	103	98	103	103	102
Total deposits	807	814	723	704	672	664	648
Ratio of—	%	%	%	%	%	%	%
Cash to demand deposits	27·3	31·2	25·1	25·6	22·8	22·8	16·7
Cash to total deposits	24·7	27·7	21·5	22·1	19·3	19·2	14·1
Liquid assets to demand deposits	66·6	62·3	53·5	54·5	50·5	49·3	46·8
Investments to total deposits	33·6	28·9	41·8	41·3	42·2	42·6	43·7
Loans and advances to total deposits	22·6	31·5	33·3	32·8	36·3	39·3	39·0

(1) Treasury bills and Government securities.

(2) Bills discounted (local and foreign), overdrafts and loans.

(3) Exclusive of domestic inter-bank deposits.

The contraction of deposits in 1953 was mainly met by commercial banks reducing the volume of bank cash. Treasury bill investments which reached a low point in May and increased thereafter were Rs. 8·5 million lower at the end of the year. Other Government securities were not mobilised in any important degree to meet the decline in deposits, except for a liquidation of Rs. 6·3 million (net) in August when the 3 per cent National Loan matured.

69. A noteworthy feature was the ability of the commercial banks to meet the substantial contraction of their resources without restricting credit. They were, however, at times subject to increasing pressure for funds. Excess reserves (which were, of course, not evenly distributed) declined from Rs. 39·6 million at the end of 1952 to Rs. 11·0 million in August, 1953, but rose sharply to Rs. 40·5 million in the following month when reserve requirements were lowered to the statutory minimum.

*Excludes foreign bills outward but includes cash items in process of collection.

Thereafter excess reserves fell again, reaching a low point of Rs. 5.9 million at the end of the year under the impact of the transfer of cash from the public to the Central Bank for the account of Government. At certain periods of the year, the banks also reduced their foreign balances to ease the tightness of money and even increased their temporary borrowings from banks abroad, which reached a peak of Rs. 17.0 million in November, 1953, as against Rs. 5.7 million at the end of 1952. The banks, moreover, had recourse to borrowing from the Central Bank, whose advances to them amounted to Rs. 4.7 million in October, 1953 (there being none outstanding at the beginning of the year), and Rs. 3.3 million at the end of the year.

Public Finance

70. *Budget.*—The Government accounts for the financial year 1952-53 which are summarised in table on page 22 disclose the following salient features :—

- (a) Revenues were in excess of current expenditures ; and the surplus amounted to Rs. 48.1 million in contrast with the deficit of Rs. 50.6 million in 1951-52.
- (b) Total revenues were almost fully maintained at the 1951-52 level but there were important changes within the total : a decrease of Rs. 43.4 million in customs duties was largely offset by increases of Rs. 11.4 million in excise duties and Rs. 27.5 million in income tax, estate duty, etc.
- (c) Current expenditures showed a marked decrease mainly because food subsidies met from revenues declined from Rs. 247.2 million in 1951-52 to Rs. 127.0 million in 1952-53.
- (d) Loan and loan fund expenditures which had been growing almost steadily for several years past increased further to Rs. 220.6 million in 1952-53 as follows :—

(In millions of rupees)

1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
70.3	122.5	155.6	146.7	203.0	220.6

- (e) Net receipts from borrowing operations reached the record total of Rs. 216.5 million which, together with Rs. 15.4 million withdrawn from cash balances, were used to finance the net cash operating deficit of Rs. 231.9 million.

71. A new analysis of Government accounts, reclassifying receipts and payments, for the period from the financial year 1947-48 to 1953-54 is given in table 17. This table illustrates in particular :—

- (a) The important contribution of direct taxes to Government revenues.
- (b) The major role of indirect taxes in the revenue structure ; and the relative stability of import duties in contrast with the fluctuating yields of export duties.
- (c) The significance of “transfer payments.” The decline in 1952-53 was chiefly due to the reduction in food subsidy expenditure.
- (d) The growth of capital expenditure particularly under “economic services.”

Government Net Cash Operating Surplus or Deficit (In millions of rupees)

	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53(f)
(1) Net Cash Operating Surplus or Deficit (—)	5.1*	—130.6	—43.6	—160.6	—106.6*	—47.8	—257.1*	—231.9
(i) Revenue surplus or deficit (—)	383.3	461.2	540.6	576.1	623.3	910.2	954.0	952.5
(a) Revenue	—	—	—	—	—	—	—	—
(b) Expenditure chargeable to revenue ex- cluding sinking funds contributions (vide 2 (iii)(a))	—312.1	—481.9	—511.1	—532.7	—545.6	—787.5	—1,004.6	—904.4
(Food subsidy)	(7.0)(a)	(89.6)(a)	(77.8)	(55.1)	(35.8)	(131.6)	(247.2)	(127.0)
(ii) Loan and loan fund expenditure	71.2	—20.7	29.5	43.4	77.7	122.7	50.6	48.1
(iii) Expenditure financed by National Develop- ment Reserve	—35.9	32.1	70.3	122.5	155.6	146.7	203.0	220.6
(iv) Advances to stores and materials account	6.0	—	0.6	5.6	6.6	5.4	7.7	6.4
(v) Other advances	2.0	0.4	6.2	7.1	3.3	1.8	16.8	2.4
(vi) Miscellaneous	28.8(b)	81.5(b)	5.9	14.6	73.4	16.2	19.0	41.9
(vii) Miscellaneous	2.6	4.1	1.9	—	0.6	0.4	2.0	8.7
(2) Net Cash Receipts or Payments (—) Resulting from Government Borrowing and Lending Operations	73.4*	—44.8	27.0	35.8	85.9*	114.0	184.1*	216.5
(i) Administrative borrowing and repayment of borrowings:	—	—	—	—	—	—	—	—
(a) Deposits (from suitors, contractors, etc.)	1.4	18.0	0.5	7.7	14.0	46.7	16.2	21.4
(b) Miscellaneous funds (Widows' & Or- phans' Pension Fund, Public Servants' Provident Fund, etc.)	12.9	3.2	2.6	0.8	2.8	4.6	0.6	0.2
(ii) Sundry loans (to Agricultural and Industrial Credit Corporation, Local Loans and Deve- lopment Fund, Local Bodies, etc.)	14.3	21.2	2.1	8.5	16.8	42.1	15.6	21.2
(iii) Government market borrowing and repayment of borrowing:	—	—	—	—	—	—	—	—
(a) Medium and long-term	68.5	31.4	24.0	56.1	19.5	146.0	102.4	80.0
Less Sinking funds contributions	7.8	13.1	14.2	15.2	17.6	17.4	18.4	23.1
(b) Treasury bills	60.7	18.3	9.8	40.9	1.9	128.6	84.0	56.9
(c) Central Bank advances	1.0	10.0	24.0	7.8	62.2	—	62.3	90.6
(d) Other	26.3(c)	—26.3(d)	—	—	14.3(e)	—	72.0	1.5
(3) Changes in Cash Balances (including readily realisable assets) (1) + (2)	88.0	18.0	33.8	33.1	78.4	80.2	218.3	204.6
	78.5	—175.4	—16.6	—70.6	—74.7	66.2	—73.0	—15.4

*Revised figures.

(a) Food subsidy expenditures have been included in all cases in item "Expenditure Chargeable to Revenue." As a result, the revenue surpluses in years 1945-46, 1946-47 and 1947-48 are different from the published accounts, but have been made comparable with five more recent years.

(b) Estimated.

(c) Overdraft from the Joint Colonial Fund.

(d) Repayment of overdraft from the Joint Colonial Fund.

(e) Special loan under the Bretton Wood Act No. 20 of 1950, Section 7.

(f) Provisional figures.

(g) Loans from semi-Government Agencies.

72. The table below shows how capital expenditures were financed. The contribution of current account surpluses, *i.e.* the excess of Government revenues over current (or non-capital) outlays, to the financing of capital expenditures was noteworthy.

Sources of Finance for Capital Expenditures

	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54 (Estimates)
	%	%	%	%	%	%	%
Current account surplus ..	70.2	58.8	65.1	87.5	23.8	46.0	70.2
Net domestic borrowing ..	17.7	16.8	34.5	45.4	51.5	59.3	19.7
External aid under the Colombo Plan	—	—	—	—	0.1	2.9	4.6
Reduction in cash balances (including reserves) ..	12.1	24.4	0.4	—32.9	24.6	—8.2	5.5
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total capital expenditures (Rs. million)	152.6	212.4	249.2	250.9	361.5	365.0*	411.8
Of which expenditures on capital maintenance (Rs. million)	(34.5)	(29.2)	(29.5)	(34.1)	(42.5)	(44.3)	(30.0)

*Partly estimated.

73. *Public Debt.*—Changes in the public debt by financial years appear in table 20. The movements of the debt in the calendar years 1951 to 1953 are set out in the tables that follow.

Total Public Debt

(In millions of rupees)

Period					Gross	Net
End of December						
1951	..	..	..	..	726.4	558.8
1952	..	..	..	..	994.7	811.3
1953	..	..	..	..	1,175.0	993.3

The total net debt rose to Rs. 993 million by the end of 1953 mainly owing to a marked expansion of the floating debt. The net debt was still small in relation to the annual Government revenue, but the rate of increase of 22.4 per cent during the year, though less than that of 45.3 per cent in 1952, was excessive, having regard to the limited supply of domestic savings forthcoming for investment in Government loans, and to the heavy loss of external assets through creation of bank credit which the expansion of the public debt involved.

74. *Funded Debt.*—The increase in the funded debt in the calendar year 1953 was primarily the combined result of (a) the repayment of two maturing loans, 3½ per cent Home Defence Loan on June 1, 1953, for Rs. 0.8 million and 3 per cent National Loan on August 1, 1953, for Rs. 33 million, and (b) the issue of 3 per cent Loan 1956 and 3½ per cent Loan 1959-61, both on August 1, 1953, for a total sum of Rs. 80 million.

*Funded Debt**(In millions of rupees)*

Period	Sterling			Ceylon Rupees			Total	
	Gross	Sinking Fund	Net	Gross	Sinking Fund	Net	Gross	Net
End of December								
1951	125.4	52.9	72.5	586.0	114.7	471.3	711.4	543.8
1952	125.4	54.4	71.0	684.3	129.0	555.3	809.7	626.3
1953	125.4	60.4	65.0	730.5	121.2	609.2	855.9	674.2

75. The two new loans were issued partly to convert the 3 per cent National Loan maturing on August 1, 1953. They were fully subscribed in approximately four weeks as follows :—

Class of Subscriber	3% Loan 1956	3½% Loan 1959-61	Total	
	Rs. 000's	Rs. 000's	Rs. 000's	%
Commercial banks	18,335	2,331	20,666	25.8
Insurance companies	300	5,843	6,143	7.7
Commercial companies	72	390	462	0.6
Trusts	5,487	9,637	15,124	18.9
Provident and savings institutions..	822	35,335	36,157	45.2
Clubs and institutions	101	821	922	1.1
Individuals	300	226	526	0.7
	25,417	54,583	80,000	100.0

The 3 per cent Loan 1956, being short dated, was largely supported by commercial banks, while the 3½ per cent Loan 1959-61, with a medium term maturity, was especially favoured by institutional investors.

76. *Floating Debt*.—A further sharp increase in the floating debt was recorded in 1953. The expansion of the treasury bill issue during the year is described in table 18. Central Bank advances to Government, month by month, appear in table 5. A special feature was the temporary accommodation which Government secured from semi-Government agencies, pending raising of loans in the market. The increased importance of the floating debt was particularly striking in relation to the total rupee debt, the ratio rising as high as 30.4 per cent in 1953.

*Floating Debt***(In millions of rupees)*

Period	Treasury bills	Advances from Central Bank	Loans from semi-Govt. Agencies	Total	Total floating debt as per cent of	
					Total debt	Total rupee debt
End of December						
1951	15.0	—	—	15.0	2.1	2.5
1952	100.0	85.0	—	185.0	18.6	21.3
1953	190.0	72.1	57.0	319.1	27.2	30.4

*All in Ceylon rupees.

77. *Prices and Yields of Government Securities.*—As mentioned earlier, the rise in the treasury bill rate in effect set the pace for the advance in interest rates during 1953. Market quotations for Government securities began to weaken in March and April and declined markedly thereafter. By the beginning of June when the treasury bill rate had risen by a margin of 1·13 per cent above the January level, the yield to redemption of long term securities maturing in 20 years rose by a margin of 0·5 per cent. By September, when treasury bills had recorded a further rise of 0·43 per cent, the yield on the same long term securities had increased by 0·57 per cent. Thereafter, with the treasury bill rate remaining at 2·48 per cent, medium and long term securities tended to strengthen. Market transactions were recorded at prices somewhat above the lowest levels reached during July to September, thus showing a small decline in yields.

78. A revised statement on prices and yields of four representative Government securities is given in table 21. It must be emphasized that the Colombo market for Government securities is narrow and is still in process of development. Dealing prices do not necessarily reflect that close correspondence of yields of related securities which an active market normally provides. However, the general pattern of prices and yields in the table reflects the market trends which prevailed during the year.

79. *Public Debt Business.*—The following table shows the volume of public debt business in the financial year 1952-53 as compared with earlier years :—

Financial Year	Loans raised	Loans repaid	Interest warrants issued		Turnover of business in transfers, exchanges, etc.	Amount of Sinking Fund monies invested
			No.	Amount		
	Rs. Million	Rs. Million	000's	Rs. Million	Rs. Million	Rs. Million
1948-49	57·8	1·7	8·9	13·9	109·3	12·8
1949-50	29·7	17·5	9·0	15·1	152·8	15·1
1950-51	146·0	—	9·1	16·2	413·6	14·9
1951-52	104·0	1·7	9·1	18·4	211·1	15·6
1952-53	120·0	73·8	8·6	21·4	637·7	16·3

Prices, Wages and Employment

80. *Cost of Living.*—The Colombo Consumers' Price Index, described in the 1952 Annual Report, replaced with effect from January, 1953, the two previous indexes, the Colombo working class cost of living index and the estate labour cost of living index. As measured by the new index, the cost of living in 1953 was, on the average, 1·6 per cent higher than in 1952. Major factors contributing to the behaviour of the index were : (i) changes in Government policy with regard to the rice subsidy, first, in July when the price of rationed rice and the amount of the ration were increased and, later, in October when the price was reduced ; (ii) tax increases in the budget which raised the cost of some items in the import and domestic groups ; (iii) improvement in the terms of trade which was reflected in lower prices of the import group and in higher prices of the export group ; and (iv) the contractionary influence of a declining money supply on the domestic group, referred to earlier.

81. The movements in the Colombo Consumers' Price Index and its three component groups are shown below :—

Changes in Cost of Living by Commodity Groups
(1952 = 100)

Month	All Items			Import Group			Domestic Group			Export Group		
	1952	1953	Change* %	1952	1953	Change* %	1952	1953	Change* %	1952	1953	Change* %
Jan. . .	103.1	100.1	—2.9	103.0	97.6	—5.2	102.4	100.6	—1.8	118.1	115.2	—2.5
Feb. . .	101.3	99.5	—1.8	102.9	97.1	—5.6	99.5	100.0	+0.5	114.7	114.1	—0.5
Mar. . .	98.9	98.7	—0.2	101.9	96.9	—4.9	96.5	98.7	+2.3	108.4	114.8	+5.9
April. .	99.2	99.6	+0.4	101.8	97.5	—4.2	97.7	99.7	+2.0	100.1	118.3	+18.2
May . .	98.4	100.7	+2.3	99.8	97.1	—2.7	98.7	101.9	+3.2	88.0	118.2	+34.3
June . .	100.3	102.3	+2.0	99.7	97.8	—1.9	102.2	104.3	+2.1	87.0	116.8	+34.3
July . .	98.9	103.1	+4.3	98.5	104.5	+6.1	100.7	101.1	+0.4	85.7	113.8	+32.8
Aug. . .	97.3	105.5	+8.4	97.7	112.3	+14.9	98.4	98.9	+0.5	86.0	113.9	+32.4
Sept. . .	98.7	105.1	+6.5	99.4	111.8	+12.5	99.2	98.4	—0.9	85.1	117.4	+38.0
Oct. . .	100.9	103.0	+2.1	99.2	109.1	+10.0	101.6	96.4	—5.1	95.7	120.8	+26.2
Nov. . .	101.6	100.9	—0.7	99.2	104.1	+4.9	101.2	96.4	—4.7	116.2	120.6	+3.7
Dec. . .	100.9	101.0	+0.1	97.1	104.1	+7.2	101.4	96.7	—4.6	114.8	120.7	+5.1
Avg. . .	100.0	101.6	+1.6	100.0	102.5	+2.5	100.0	99.4	—0.6	100.0	171.1	+17.1

*From corresponding months of 1952.

82. *Wages.*—The movements in money wages and real wages of tea and rubber workers, which together constitute the most important single group of the occupied population, are shown in the table that follows. Money wages include basic wages and special allowances tied to changes in the cost of living. The average level of money wages of tea and rubber estate workers was higher in 1953, the minimum wage index rising by 1.7 per cent; but real wages were virtually unchanged.

Indexes of Money Wages, Cost of Living and Real Wages of Tea and Rubber Estate Workers
(1939 = 100)

Period						Minimum wage rates index (A)	Cost of living index (B)	Real wages index (A) (C) = $\frac{(A)}{(B)}$
1946	..	..	..	..	..	280	228	123
1947	..	..	..	..	..	293	239	123
1948	..	..	..	..	..	315	259	122
1949	..	..	..	..	..	320	264	121
1950	..	..	..	..	..	373	274	136
1951	..	..	..	..	..	463	288	161
1952	..	..	..	..	..	468	287	163
1953	..	..	..	..	..	476	292	163
1951	December	..	..	..	..	473	296	160
1952	March	..	..	..	..	480	296	162
	June	..	..	..	..	463	276	168
	September	..	..	..	..	456	284	161
	December	..	..	..	..	468	291	161
1953	March	..	..	..	..	476	283	168
	June	..	..	..	..	463	294	157
	September	..	..	..	..	485	302	161
	December	..	..	..	..	468	290	161

Note : (1) Cost of living figures for 1953 have been computed by linking the former index to the Colombo Consumers' Price Index.

(2) 1951 and 1952 figures in column (A) as revised by Labour Department.

83. Available information on workers in other Wages Board industries, such as tea export, rubber export, engineering, coconut manufacturing and printing showed similar trends. For Government unskilled workers, however, the money wage index (1939=100) moved from an average of 540 in 1952 to 547 in January, 1953, and to 542 in the following month. From March onwards, the index remained at 547 because the special allowances were pegged at their January level.

84. *Employment.*—The only data available on unemployment are numbers registered for employment at the employment exchanges. They are given in the following table :—

Registrants at Employment Exchanges

Period					Number
1938	..	..	..	..	16,480
1949	..	..	..	..	69,732
1950	..	..	..	..	65,122
1951	..	..	..	..	52,707
1952	..	..	..	..	53,023
1953	1st Quarter	..	..	..	54,483
	2nd Quarter	..	..	..	51,925
	3rd Quarter	..	..	..	51,690
	4th Quarter	..	..	..	51,546

The data cannot, however, be taken as an accurate measure of unemployment. First, many who already have some employment often register to improve their employment. Second, in general, workers in the estate and rural sectors make little use of the exchanges and many of them transform their unemployment into under-employment by occupying themselves partially in some independent work. The result is that unemployment and also under-employment among Ceylonese workers in estates and villages escape measurement.

National Income

85. The Department of Census and Statistics estimated the gross national product at Rs. 4,619 million for 1951 and Rs. 4,476 million for 1952. Provisional figures indicate an estimate for 1953 slightly below that for 1952. The value of production exported rose but the value of production domestically consumed fell. The physical output of coconut and paddy, the two most important commodities produced for the domestic market, declined largely because of adverse weather conditions, the former by some 5 per cent and the latter by some 8 per cent. In general, the prices of goods produced for home consumption fell.

86. An all-island survey of consumer incomes and expenditures was conducted by the Central Bank from April to June 1953. Out of a sample designed to be as representative as possible and covering 5,179 persons, 1,708 persons were found to be recipients of income (including transfer income). The distribution of their income was as follows :—

Distribution of Income

Monthly income including transfers (Rupees)	No. of income receivers	% of income receivers	Total income (Rupees)	% of total income
0— 25	165	9.66	2,544	1.39
26— 50	454	26.58	17,344	9.46
51— 75	360	21.07	22,089	12.04
76— 100	221	12.94	18,845	10.27
101— 125	165	9.66	18,482	10.08
126— 150	86	5.03	11,661	6.36
151— 175	58	3.40	9,268	5.05
176— 200	47	2.75	8,675	4.73
201— 250	57	3.33	12,357	6.74
251— 300	20	1.17	5,457	2.97
301— 350	23	1.35	7,431	4.05
351— 400	16	0.94	6,015	3.28
401— 450	4	0.23	1,701	0.93
451— 500	7	0.41	3,232	1.76
501— 600	2	0.12	1,186	0.65
601— 700	6	0.36	3,733	2.03
701— 800	5	0.29	3,708	2.02
801—1,000	3	0.18	2,555	1.39
1,001—1,500	4	0.24	4,625	2.52
1,500—over	5	0.29	22,505	12.28
	1,708	100.00	183,413	100.00

Excluding transfer income, total personal income was reckoned at Rs. 173,430 for the sample. On this basis, assuming the population at the time of the survey at 8.13 million and excluding the income of persons living in institutions such as hospitals and hotels, who were left out of the sample, aggregate personal income (the major component of national income) could be assessed at an annual rate of Rs. 3,267 million. This figure can be treated as a minimum estimate, since in surveys of this type understatement of income is not uncommon.

Balance of Payments and External Assets

87. Ceylon's balance of payments annually from 1951 to 1953 is summarised in table 22A. A classification for 1953 by quarters appears in table 22B, and by regions and monetary areas in table 22C.

88. The balance of payments for 1953, as estimated, disclosed a deficit of Rs. 221.5 million on current account or approximately half of the corresponding deficit of Rs. 445.6 million (revised) for 1952.

89. The net outflow of private remittances and migrants' transfers decreased substantially to Rs. 58.8 million in 1953 from Rs. 103.6 million in 1952 under the influence of tighter exchange control restrictions. Net expenditure on foreign travel was also lower at Rs. 36.7 million as against Rs. 47.7 million in 1952.

90. In contrast with the net capital inflow of Rs. 25.1 million in 1952 there was a net outflow of Rs. 37.4 million in 1953. This was mainly due to the repatriation of capital on a larger scale in 1953 and, in a lesser degree, to an increase in the overseas balances of businesses operating in Ceylon.

91. The overall deficit in the balance of payments, as measured by the change in the net external assets of official and banking institutions, was Rs. 198.3 million. External assets fell altogether by Rs. 229.7 million, of which Rs. 31.4 million were applied towards reducing rupee liabilities to non-residents.

V. Operations and Accounts of the Central Bank

92. Financial accounts of the Central Bank for the year 1953 are set out in table 6. The main changes in comparison with 1952 were :—

	Rs. million	Per cent
Total demand liabilities	— 94.1	—17.8
Currency in circulation	— 21.7	— 5.6
Demand deposits	— 72.4	—51.6
(of which commercial banks')	(— 66.1)	(—50.1)
International reserve	—156.0	—38.9
Domestic assets	+ 66.7	+40.5
(of which advances to Government).. .. .	(— 12.9)	(—15.2)

increase + ; decrease —

The ratio of the International Reserve to total demand liabilities declined further from 75.8 per cent at the end of 1952 to 56.4 per cent at the end of 1953.

93. The Central Bank's discount rate for treasury bills continued to be fixed in 1953 at 1/8 of one per cent over the last average tender rate. As the average tender rate advanced, the discount rate moved up from 1.045 per cent in January to 2.605 per cent in August, and remained approximately at this level up to December.

94. The Central Bank rate for advances to commercial banks (against the pledge of Government securities) was raised from $2\frac{1}{2}$ per cent to 3 per cent on July 23, 1953, at which level it remained unaltered for the rest of the year. The reserve ratio applicable to demand deposits of commercial banks was reduced from 14 per cent to 10 per cent with effect from September 11, 1953.

95. There was no change during 1953 in the Central Bank's spot and forward rates for sterling and the Indian rupee, which were :—

		T.T. Buying	T.T. Selling
Sterling (per Ceylon rupee) ..	Spot	.. 1 sh. 6 3/64d.	.. 1 sh. 6 1/32 d.
	Forward	.. 1/128 d. per month	.. 1/128 d. per month
	(up to six months) ..	discount against spot	premium against spot
Indian rupees (per 100) ..	Spot	.. Rs. 99 3/4	.. Rs. 99 13/16
	Forward	.. 1/32 of a rupee per month	.. 1/32 of a rupee per month
	(up to six months) ..	discount against spot	premium against spot

96. The Central Bank's rates for the U.S. dollar were changed from time to time (as shown in Appendix 1 B) in alignment with the movements in the sterling-dollar rate.

97. Total foreign exchange transactions of the Central Bank are recorded in table 8. Spot purchases were Rs. 150.6 million (Rs. 103.5 million in 1952) and spot sales Rs. 640.6 million (Rs. 988.6 million in 1952). The value of contracts entered into for forward purchases was Rs. 251.9 million (Rs. 422.5 million in 1952) and for forward sales Rs. 31.4 million (Rs. 11.4 million in 1952). Deliveries under forward purchase and sale contracts including under those outstanding from the previous year were Rs. 349.4 million and Rs. 19.7 million respectively. Total purchases (spot and deliveries under forward contracts) amounted, therefore, to Rs. 500.0 million and the corresponding total of sales to Rs. 660.3 million.

98. The increase in spot purchases and the decrease in forward purchase contracts during 1953 largely reflected the need for rupee funds by commercial banks. Unfounded rumours that the Ceylon rupee would be devalued led to an increase of forward sales in November, but this exceptional demand for forward cover disappeared in the following month.

99. *Bank Supervision.*—The Department of Bank Supervision continued its bank examinations prescribed by section 29 of the Monetary Law Act. In all fourteen commercial banks were examined.

100. *Note Issue.*—In 1953, the Central Bank issued for the first time currency notes of the denominations of Rs. 100, Rs. 50, and Rs. 5 designed and printed under its authority and continued to withdraw from circulation the denominations printed under the authority of the Currency Board. All of the denominations of the Bank's first series of notes are now in circulation.

101. *Income and Expenditure.*—The income of the Central Bank for the year amounted to Rs. 12,801,014.59 and expenditure including allocations to reserves in terms of section 38 of the Monetary Law Act absorbed Rs. 10,801,014.59. The net profit of the Bank was Rs. 2 million. As a result of the large increase in domestic assets of the Bank in 1953, caused by the expansion of Central Bank credit to Government, the capital accounts were below the minimum of 15 per cent of the difference between the total assets of the Bank and its International Reserve, prescribed by section 39 (b) of the Monetary Law Act. Accordingly, in terms of that section the net profit was carried to surplus.

APPENDIX I.

- A. MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT IN 1953.
- B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD
IN 1953.

A—MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT IN 1953**(i) LOCAL TREASURY BILLS (AMENDMENT) ACT, No. 35 OF 1953**

This Act amended the principal ordinance so as to provide that “all acts or things necessary for the purpose of, and in connection with, the issue and repayment of Treasury Bills under this Ordinance shall be done on behalf of the Deputy Secretary to the Treasury by an officer of the Central Bank authorised in that behalf by the Monetary Board of that Bank.”

This amendment is complementary to the provisions of section 112 of the Monetary Law Act which makes the Central Bank responsible for the management and control of the public debt as an agent of the Government.

(ii) EXCHANGE CONTROL ACT, No. 24 OF 1953

An Act to make provision conferring powers, and imposing duties and restrictions, in relation to gold, currency, payments, securities, debts, and the import, export, transfer and settlement of property, to authorise the Central Bank to administer the provisions aforesaid, and to provide for matters connected therewith.

(Date of Assent : April 25, 1953)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. *Short title and date of operation.*—This Act may be cited as the Exchange Control Act, No. 24 of 1953, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

2. *Administration of Act by Central Bank.*—(1) The Central Bank of Ceylon shall, as agent of the Government, be responsible for carrying out the provisions of this Act, and it shall be the duty of the Monetary Board to cause those provisions to be carried out in accordance with such directions as may from time to time be issued in that behalf by the Minister.

(2) The Monetary Board shall establish for the purposes of this Act a Department of Exchange Control of the Central Bank to which the Board shall have the power to appoint or assign such officers and servants as the Board may consider necessary for the purpose of carrying out the provisions of this Act ; every such officer or servant shall, for the purpose of the application of the provisions of the Monetary Law Act, No. 58 of 1949, relating to officers and servants, be deemed to be employed for the performance of duties under that Act.

3. *Exercise of powers, etc., under the Act.*—Wherever by any provision of this Act any power, duty or function is authorised or required to be exercised or performed by the Bank, such power, duty or function shall be exercised or performed, subject to the direction and control of the Governor of the Bank, by the officer designated as the Head of the Department of Exchange Control or on his behalf by any other officer designated as an assistant to him :

Provided, however, that any permission, which by any such provision is authorised to be granted by the Bank, may be granted on behalf of the Head of the Department by an authorised dealer, if he is for the time being empowered, by directions issued by the Head of the Department, to grant such permission.

Any directions given by the Head of the Department under this section may specify the circumstances in which and the conditions and restrictions subject to which an authorised dealer may grant the permission to which the directions relate.

PART I—Gold and Foreign Currency

4. *Authorised dealers in gold or foreign currency.*—The Minister may authorise any commercial bank to act for the purposes of this Act as an authorised dealer in relation to gold or any foreign currency.

5. *Dealings in gold and foreign currency.*—(1) Except with the permission of the Bank—

- (a) no person, other than an authorised dealer, shall in Ceylon buy or borrow any gold or foreign currency from, or sell or lend any gold or foreign currency to, or exchange any foreign currency with, any person other than an authorised dealer, and
- (b) no person resident in Ceylon, other than an authorised dealer, shall, outside Ceylon, buy or borrow any gold or foreign currency from, or sell or lend any gold or foreign currency to, any person other than an authorised dealer :

Provided that the preceding provisions of this sub-section shall not prohibit the sale and purchase at any post office in Ceylon, in accordance with such directions as may be given by the Bank in regard thereto, of any foreign currency in the form of postal orders or money orders.

(2) Except with the previous general or special permission of the Bank, no person, whether an authorised dealer or not, shall enter into any transaction which involves the conversion of Ceylon currency into foreign currency or foreign currency into Ceylon currency at rates of exchange other than the rates for the time being authorised by sub-section (3) of section 75 of the Monetary Law Act, No. 58 of 1949.

6. *Surrender of gold and of specified foreign currency.*—(1) The foreign currency to which this section applies is such foreign currency (hereafter in this Act referred to as “specified foreign currency”) as may be prescribed.

(2) Every person in or resident in Ceylon who is entitled to sell, or to procure the sale of, any gold or any specified foreign currency, and is not an authorised dealer, shall offer it, or cause it to be offered, for sale to an authorised dealer at a price determined by the Monetary Board unless the Bank consents to his retention and use thereof or he disposes thereof to any other person with the permission of the Bank.

(3) If a person who has obtained the consent of the Bank to his retention and use of any gold or any specified foreign currency and has stated in an application for the consent that he requires it for a particular purpose, no longer requires that gold or currency for that purpose, sub-section (2) shall thereupon apply to him in relation to that gold or currency as if the Bank had revoked the consent.

(4) A person who acquires any gold or any specified foreign currency from an authorised dealer shall be treated for the purposes of this section as if the Bank had consented to the retention and use by him of that gold or currency, and as if any statement made by him in an application for that gold or currency as to the purpose for which he requires it had been made by him, in an application for the consent of the Bank to his retention and use thereof.

(5) Where a person has become bound under this section to offer or cause to be offered any gold or any specified foreign currency for sale to an authorised dealer he shall not be deemed to comply with that obligation by any offer made or caused to be made by him, if the offer is an offer to sell at a price exceeding that authorised by the Monetary Board, or without payment of any usual and proper charges of the authorised dealer, or otherwise on any unusual terms.

(6) Where a person has become bound under this section to offer or cause to be offered any gold or any specified foreign currency for sale to an authorised dealer and has not complied with that obligation, the Secretary to the Treasury may direct that that gold or currency shall vest in the Deputy Secretary to the Treasury, and where the Secretary to the Treasury so directs, it shall vest in the Deputy Secretary to the Treasury free from any mortgage, pledge, or charge, and the Deputy Secretary to the Treasury shall deal with or dispose of it in such manner as the Minister may direct, but the Deputy Secretary to the Treasury or any officer authorised in that behalf by such Deputy Secretary shall pay to that person such sum as he would have received for that gold or currency if he had sold it to an authorised dealer in pursuance of an offer made under this section at the time when the vesting occurred. Any money required for any payment under this sub-section is hereby charged upon the Consolidated Fund.

(7) In any proceedings in respect of a failure to comply with the provisions of this section it shall be presumed, until the contrary is proved that the gold or currency in question has not been offered for sale to an authorised dealer.

PART II—Payments

7. *Payments in Ceylon.*—Except with the permission of the Bank no person shall in Ceylon—

- (a) make any payment to or for the credit of a person resident outside Ceylon, or
- (b) make any payment to or for the credit of a person resident in Ceylon by order or on behalf of a person resident outside Ceylon, or
- (c) place any sum to the credit of any person resident outside Ceylon :

Provided that where a person resident outside Ceylon has paid a sum in or towards the satisfaction of a debt due from him, paragraph (c) of this section shall not prohibit the acknowledgment or recording of the payment.

8. *Payments outside Ceylon.*—(1) Except with the permission of the Bank, no person resident in Ceylon shall, subject to the provisions of this section, make any payment outside Ceylon to or for the credit of a person resident outside Ceylon.

(2) Nothing in this section shall prohibit the doing of anything otherwise lawful by any person with any foreign currency obtained by him in accordance with the provisions of Part I of this Act or retained by him with the consent of the Bank.

9. *Compensation deals.*—(1) Except with the permission of the Bank no person shall in Ceylon, and no person resident in Ceylon shall outside Ceylon, make any payment to or for the credit of a person resident in Ceylon as consideration for or in association with—

- (a) the receipt by any person of a payment made outside Ceylon, or the acquisition by any person of property which is outside Ceylon, or
- (b) the transfer to any person, or the creation in favour of any person, of a right (whether present or future, and whether vested or contingent) to receive a payment outside Ceylon or to acquire property which is outside Ceylon.

(2) Nothing in this section shall prohibit the making of any payment in accordance with the terms of a permission or consent granted under this Act.

PART III—Securities

10. *Issue of securities.*—(1) Except with the permission of the Bank, no person shall in Ceylon issue any security or, whether in Ceylon or elsewhere, issue any security which is registered or to be registered in Ceylon, unless the following requirements are fulfilled :—

- (a) neither the person to whom the security is to be issued nor the person, if any, for whom he is to be a nominee is resident outside Ceylon ; and
- (b) the prescribed evidence is produced to the person issuing the security as to the residence of the person to whom it is to be issued and that of the person, if any, for whom he is to be a nominee.

(2) The subscription of the memorandum of association of a company to be formed under the Companies Ordinance, No. 51 of 1938, by a person resident outside Ceylon, or by a nominee for another person so resident, shall, unless he subscribes the memorandum with the permission of the Bank, be invalid in so far as it would on registration of the memorandum have the effect of making him a member of the company, so, however, that this sub-section shall not render invalid the incorporation of the company, and if by virtue of this sub-section the number of the subscribers of the memorandum who on its registration become members of the company is less than the minimum required to subscribe the memorandum, the provisions of the said Ordinance relating to the carrying on of business of a company the number of whose members is reduced below the legal minimum shall apply to the company as if the number of its members had been so reduced.

11. *Transfer of securities and coupons.*—(1) No person shall, except with permission granted by the Bank, transfer any security, either on his own behalf or on behalf of any other person, unless—

- (a) the holder of the security, and if the holder is a nominee, the person for whom he is acting as nominee are resident in Ceylon ; and
- (b) the transferor has produced to the person to whom the security is to be transferred or his agent such evidence of the facts aforesaid as may be prescribed ;

and no person shall, except with such permission as aforesaid, acquire any security, either on his own behalf or on behalf of any other person, unless such evidence as aforesaid has been produced to him or to his agent.

(2) No person shall, except with permission granted by the Bank—

- (a) transfer any registered security, either on his own behalf or on behalf of any other person, to any person resident outside Ceylon or to any person acting as the nominee of any person so resident, or
- (b) transfer any bearer security, either on his own behalf or on behalf of any other person, unless the Bank is satisfied that the person to whom the security is to be transferred and, if that person is a nominee, the person for whom he is to act as nominee, are resident in Ceylon.

(3) Except with the permission of the Bank, no coupon shall be transferred—

- (a) in Ceylon, if either the transferee or the person, if any, for whom he is a nominee is resident outside Ceylon ;
- (b) outside Ceylon, if either the transferor or the transferee, or the person, if any, for whom the transferor or the transferee is or is to be a nominee, is resident in Ceylon.

12. *Issue of bearer certificates and coupons.*—Except with the permission of the Bank, no person shall, in Ceylon, and no person resident in Ceylon shall, outside Ceylon, issue any bearer certificate or coupon or so alter any document that it becomes a bearer certificate or coupon.

13. *Substitution of securities and certificates outside Ceylon.*—Except with the permission of the Bank, no person in or resident in Ceylon shall do any act with intent to secure—

(a) that a security which is—

(i) registered in Ceylon, or

(ii) transferable by means of a bearer certificate in Ceylon,

becomes, or is replaced by, a security registered outside Ceylon or a security transferable by means of a bearer certificate outside Ceylon, or

(b) that, in substitution for or in addition to any such certificate of title to the first-mentioned security as is in, or is or has been lost or destroyed in, Ceylon, a certificate of title to any other security is issued outside Ceylon.

14. *Payment of capital moneys outside Ceylon.*—Except with the permission of the Bank, no person resident in Ceylon shall do any act with intent to secure that capital moneys payable on a security registered in Ceylon are paid outside Ceylon, or that, where the certificate of title to a security is in Ceylon, capital moneys payable on the security are paid outside Ceylon without production of the certificate to the person making the payment.

15. *Duties of persons keeping registers.*—Except with the permission of the Bank, no person concerned with the keeping of any register in Ceylon shall—

(a) enter in the register the name of any person in relation to any security unless there has been produced to him the prescribed evidence that the entry does not form part of a transaction which involves the doing of anything prohibited by this Act, or

(b) enter in the register, in respect of any security, an address outside Ceylon, except for the purpose of any transaction for which the permission of the Bank has been granted with the knowledge that it involves the entry of that address, or

(c) do any such act in relation to the register as recognises or gives effect to any act appearing to him to have been done with the intent mentioned in section 13 or section 14, whether done by a person in or resident in Ceylon or not.

16. *Additional provisions as to nominee holdings.*—(1) Where the holder of a security is a nominee, then, except with the permission of the Bank, neither he, if he is resident in Ceylon, nor any person resident in Ceylon through whose agency the exercise of all or any of the holder's rights in respect of the security is controlled, shall—

(a) do any act whereby he recognises or gives effect to the substitution of another person as the person from whom he directly receives his instructions unless both the persons previously instructing him and the person substituted for that person were immediately before the substitution, resident in Ceylon and not elsewhere, or

(b) do any act whereby he ceases to be a person bound to give effect to the instructions of another person in relation to the security, unless the person who theretofore instructed him is resident in Ceylon and not elsewhere.

(2) Where the holder of a security is not a nominee and is resident in Ceylon, then, except with the permission of the Bank, he shall not do any act whereby he becomes the nominee of another person in respect of the security, unless that other person is resident in Ceylon and not elsewhere.

(3) Where the holder of a security transferable by means of a bearer certificate is resident in Ceylon and is a nominee for a person resident outside Ceylon, then, except with the permission of the Bank, he shall not deliver the certificate into the possession of any person, whether the delivery amounts to a transfer or not.

17. *Special provisions as to dealings in prescribed securities.*—(1) This section shall apply to prescribed securities on which any capital money, dividend or interest is payable in a specified foreign currency or as respects which the holder has an option to require payment of any capital money, dividend or interest thereon in a specified foreign currency.

(2) Except with the permission of the Minister, no person shall, in Ceylon, and no person resident in Ceylon shall, outside Ceylon, transfer, or do anything which affects his rights or powers in relation to, any security to which this section applies.

(3) The Bank may in writing direct any person resident in Ceylon by whom or to whose order a security to which this section applies is held in or outside Ceylon to render a return to the Bank, in such manner and within such period as may be specified in the direction, giving such particulars with respect to that security as may be so specified.

(4) The Minister may direct any person resident in Ceylon by whom or to whose order a security to which this section applies is held in or outside Ceylon—

- (a) to sell or procure the sale of the security, and thereafter to offer or cause to be offered the net foreign exchange proceeds of sale to the Bank, directly or through an authorised dealer ; or
- (b) to transfer the security to the Deputy Secretary to the Treasury on behalf of the Government at a price which in the opinion of the Deputy Secretary to the Treasury is not less than the market value of the security on the date of the giving of the direction.

Any direction under this sub-section may be given either generally, with respect to specified securities and the holders thereof by notice published in the *Gazette*, or specially to any holder by notice in writing.

18. *Validation of certain transfers.*—(1) The title of any person to a security for which he has given value on a transfer thereof, and the title of all persons claiming through or under him, shall notwithstanding that the transfer, or any previous transfer, or the issue of the security, was by reason of the residence of any person concerned other than the first-mentioned person prohibited by the provisions of this Act relating to the transfer or issue of securities, be valid unless the first-mentioned person had notice of the facts by reason of which it was prohibited.

(2) Without prejudice to the provisions of sub-section (1), the Bank may issue a certificate declaring in relation to a security, that any such acts done before the issue of the certificate as purport to effect the issue or transfer of the security, being acts which were prohibited by this Act, are to be, and are always to have been, as valid as if they had been done with the permission of the Bank, and the said acts shall have effect accordingly.

(3) Nothing in this section shall affect the liability of any person to prosecution for and offence against this Act.

19. *Application of Part III to secondary securities.*—(1) This Part of this Act shall, with any modification which may be prescribed in relation to any document mentioned in sub-section (2), apply as if the document created, and were the certificate of title to, a security (hereafter in this Act referred to as a “secondary security”).

(2) The documents referred to in sub-section (1) are any letter of allotment which may be renounced, any letter of rights, any warrant conferring an option to acquire a security, any deposit certificate in respect of securities, and such other documents conferring, or containing evidence of, rights as may be prescribed.

20. *Interpretation of Part III.*—(1) In this Part of this Act—

“registered” includes inscribed ;

“registered in Ceylon” and “registered outside Ceylon” mean respectively, registered in a register in, and registered in a register outside, Ceylon ;

“a register” includes any book, file or index in which securities are registered ; and
“holder”—

- (a) in relation to a security transferable by means of a bearer certificate or to a coupon includes the person having physical custody of the certificate or coupon :

Provided that where the certificate or coupon is deposited with any person in a locked or sealed receptacle from which he is not entitled to remove it without the authority of some other person, that other person shall be deemed for the purposes of this provision to have the physical custody of the certificate or coupon ; and

- (b) in relation to a security which is registered in the name of a deceased person, or of any person who, by reason of insolvency, unsoundness of mind or any other disability, is incapable of transferring the security, means the executor of the last will or the administrator of the estate of the deceased, the assignee of the insolvent's estate, or any other person entitled to transfer the security.

(2) For the purposes of any provision of this Part of this Act prohibiting the transfer of securities, a person shall be deemed to transfer a security if he executes any instrument of transfer thereof, whether effective or not, and shall be deemed to transfer it at the place where he executes the instrument.

(3) The holder of a security or coupon shall be deemed for the purposes of this Part of this Act to be a nominee in respect of that security or coupon if he is not entitled to exercise any right relating to that security or coupon except in accordance with instructions given by some other person, and references in this Part of this Act to the person for whom the holder of a security

or coupon is a nominee shall be construed as references to the person who is entitled to give instructions, either directly or through the agency of one or more persons, as to the exercise of any right relating to the security or coupon and is not in so doing himself under a duty to comply with instructions given by some other person :

Provided that—

- (a) a person shall not, by reason only that he has a controlling interest in a body corporate, be deemed for the purposes of this sub-section to be entitled to give instructions to that body as to the exercise of any right relating to any security or coupon of which that body is the holder, and
- (b) a person shall not be deemed to hold a security or coupon as a nominee by reason only that he holds it as trustee if he is entitled to transfer the security or coupon without permission from any other person.

PART IV—Import and Export

21. *Restriction on import.*—(1) No person shall, except with the permission of the Bank, import into Ceylon—

- (a) any notes of a class which are or have at any time been legal tender in Ceylon ; or
- (b) any such other notes as may be prescribed being notes issued by a bank or notes of a class which are or have at any time been legal tender in any territory ; or
- (c) any gold.

(2) The bringing or sending into any port or other place in Ceylon of any gold intended to be taken out of Ceylon without being removed from the vessel or aircraft in which that gold is being carried shall, for the purpose of this section, be deemed to be the importation of that gold.

(3) In this section, “ note ” includes part of a note.

22. *Restriction on export.*—(1) No person shall, except with the permission of the Bank, export from Ceylon—

- (a) any Ceylon currency ;
- (b) any foreign currency ;
- (c) any Treasury bills ;
- (d) any Savings Certificate expressed in Ceylon or any foreign currency ;
- (e) any gold ;
- (f) any of the following documents (including any such document which has been cancelled) :—
 - (i) any certificate of title to a security and any coupon ;
 - (ii) any policy of assurance ;
 - (iii) any document certifying the destruction, loss or cancellation of any of the documents aforesaid ; or
- (g) any such article exported on the person of a traveller or in a traveller's baggage as may be prescribed.

(2) In sub-section (1)—

“ note ” includes part of a note ;

“ security ” includes a secondary security ; and “ coupon ” shall be construed in accordance with the meaning of “ security.”

(3) Where the Minister is of opinion that it is necessary so to do for the purpose of ensuring that payments for goods exported from Ceylon are made only to persons resident in Ceylon and in such currencies as are suitable in the national interest, he may by Order provide that no goods shall, except with the permission of the Bank, be exported from Ceylon to a destination in any territory specified in the Order.

(4) The Bank shall not refuse permission for the exportation of the goods of any class or description from Ceylon to a destination in any territory specified in an Order under sub-section (3) if it is proved—

- (a) that payment for the goods has been made to a person resident in Ceylon by such means and in such manner as may be prescribed in relation to goods of that class or description exported to such a destination, or is to be so made not later than six months after the date of exportation, and

- (b) that the amount of the payment that has been made or is to be made represents such a return for the goods as is in all the circumstances satisfactory in the national interest :

Provided that the Bank may direct that, in cases to which the direction applies, paragraph (a) of this sub-section shall have effect as if for the reference to six months there were substituted a reference to such longer or shorter period as may be specified in the direction, or as if the words " or is to be so made not later than six months after the date of exportation " were omitted.

(5) Where, on the authority of permission granted under sub-section (3), a person is about to export goods from Ceylon and the Bank has reason to suspect that any declaration made by that person, in his application for the permission, as to the ultimate destination of the goods is untrue in any material particular, the Principal Collector of Customs shall, on the advice of the Bank detain the goods until the Bank is satisfied as to the truth of that declaration and, if the Bank is not so satisfied, the goods shall be forfeited and shall be dealt with or disposed of in such manner as the Minister may direct.

(6) Where, at any time after the grant of permission under sub-section (3), the Bank has reason to believe that the amount of the payment that has been made or is to be made for the goods to which the permission relates is not in accord with paragraph (b) of sub-section (4), the Bank may direct the person holding the shipping documents relating to the goods to retain possession thereof until such time as the persons to whom the permission has been granted has made arrangements to receive as payment for the goods an amount which, in the opinion of the Bank, accords with the aforesaid paragraph (b).

(7) Sub-section (4) shall not apply in relation to any goods that are to be exported from Ceylon for any purpose other than that of sale.

(8) Any reference in this section to the destination of any goods includes a reference to the ultimate destination thereof.

(9) The preceding provisions of this section shall be in addition to and not in substitution or derogation of the provisions of any other written law prohibiting, restricting or regulating the exportation of goods from Ceylon.

23. *Application of Customs Ordinance and Post Office Ordinance* (Cap. 185).—(1) The Customs Ordinance shall apply in relation to any thing the importation or exportation of which into or from Ceylon is restricted by any of the provisions of this Part of this Act in like manner as that Ordinance applies in relation to articles the importation or exportation of which into or from Ceylon is restricted by any Ordinance ; and section 23 of the Post Office Ordinance shall, in relation to any such things as aforesaid, have effect as though, for the words " received from beyond seas " and the word " imported " occurring in that section, there were substituted respectively the words " addressed to or received from any place outside Ceylon " and the words " imported or exported. "

(2) Where any thing in relation to which the Customs Ordinance applies by virtue of sub-section (1) is forfeited under that Ordinance, such thing shall, notwithstanding any contrary provision in that Ordinance, be dealt with or disposed of in such manner as the Minister may direct.

(3) The importer or exporter of any such forfeited thing as is referred to in sub-section (2) may, in accordance with such directions as may be given by the Minister either generally or specially in the circumstances of any particular case, be paid in Ceylon currency an amount not exceeding the value in Ceylon currency of that thing.

(4) Payment to any importer or exporter under sub-section (3) shall be made by the Deputy Secretary to the Treasury or by any officer authorised in that behalf by such Deputy Secretary ; and any money required for any such payment is hereby charged upon the Consolidated Fund.

(5) In this section, " importer " and " exporter ", with reference to any postal article, mean respectively the addressee and the sender of that article.

PART V—Miscellaneous

24. *Duty to collect certain debts.*—(1) Except with the permission of the Bank no person who has a right (whether present or future and whether vested or contingent) to receive any foreign currency, or to receive from a person resident outside Ceylon a payment in rupees, shall do, or refrain from doing, any act with intent to secure—

- (a) that the receipt by him of the whole or part of that currency or, as the case may be, of that payment in rupees is delayed, or

(b) that the currency or payment ceases, in whole or in part, to be receivable by him :

Provided that nothing in this sub-section shall unless the Bank otherwise directs, impose on any person any obligation, in relation to any debt arising in the carrying on of any trade or business, to procure the payment thereof at an earlier time than is customary in the course of that trade or business.

(2) Where a person has contravened the provisions of sub-section (1) in relation to any foreign currency or any payment in rupees—

(a) the Bank may give to him or to any other person in or resident in Ceylon who appears to the Bank to be in a position to give effect thereto such directions as appear to the Bank to be expedient for the purpose of obtaining or expediting the receipt of the currency or payment in question, and,

(b) without prejudice to the preceding provisions of this sub-section, the Secretary to the Treasury may direct that there shall be assigned to the Deputy Secretary to the Treasury the right to receive the currency or payment or enforce any security for the receipt thereof.

25. *Duty not to delay sale or importation of goods.*—(1) Where any statement or declaration has been made under any provision of this Act that any goods are to be sold outside Ceylon, no person who is entitled to sell or procure the sale of those goods shall, except with the permission of the Bank, do or refrain from doing any act with intent to secure—

(a) that such sale is delayed to an extent which is unreasonable having regard to the ordinary course of trade, or

(b) that, on such sale, any payment made for the goods is not made in the manner indicated by the statement or declaration.

(2) Where any permission or consent has been granted under this Act subject to a condition providing that, or on the faith of an application stating an intention that, any goods should be imported into Ceylon, no person who is entitled to procure the importation of those goods shall do, or refrain from doing, any act with intent to secure that the importation thereof is delayed to an extent which is unreasonable having regard to the ordinary course of trade.

(3) Where in any such case as is specified in sub-section (1) or sub-section (2)—

(a) the goods have not been sold or imported as indicated by the statement, declaration, condition or application within the time thereby indicated or, if no time is thereby indicated, a reasonable time or (in either case) within such further time as may be allowed by the Bank, or

(b) it appears to the Bank that the goods cannot be sold or imported as indicated by the statement, declaration, condition or application,

the Secretary to the Treasury may give to any person who appears to him to be in a position to give effect thereto such directions as appear to him to be expedient as to the manner in which the goods are to be dealt with.

(4) Without prejudice to the provisions of sub-section (3), the Secretary to the Treasury may in any case to which those provisions apply give directions that the goods shall be assigned to the Deputy Secretary to the Treasury.

26. *Property obtained by infringement of Act.*—(1) Where a person—

(a) has made any payment which is prohibited by this Act, or

(b) being bound under this Act to offer or cause to be offered any specified foreign currency to an authorised dealer, has otherwise disposed of that currency,

the Secretary to the Treasury may direct him to sell or procure the sale of any property which he is entitled to sell or of which he is entitled to procure the sale, being property which represents, whether directly or indirectly, that payment or that payment of that specified foreign currency, as the case may be, and may by the same or a subsequent direction specify the manner in which, the persons to whom, and the terms on which the property is to be sold.

(2) Without prejudice to the provisions of sub-section (1), the Secretary to the Treasury may in any case to which those provisions apply give directions that the property shall be assigned to the Deputy Secretary to the Treasury.

27. *Provision supplemental to preceding provisions of Part V.*—(1) Where, under the preceding provisions of this Part of this Act, the Secretary to the Treasury has power to give directions that any right to receive any currency or any payment in rupees or to enforce any security for the receipt thereof, any goods, or any other property shall be assigned to the Deputy Secretary to the Treasury, the Secretary to the Treasury shall also have power to direct that the right

goods, or property shall vest in the Deputy Secretary to the Treasury, and in any such case it or they shall vest in the Deputy Secretary to the Treasury free from any mortgage, pledge, or charge, and the Deputy Secretary to the Treasury shall deal with or dispose of it or them in such manner as the Minister may direct.

(2) Where, in pursuance of directions under the preceding provisions of this Part of this Act, any right, goods, or property is or are assigned to the Deputy Secretary to the Treasury, or any right, goods, or property vests or vest in the Deputy Secretary to the Treasury in pursuance of directions given under sub-section (1), the Deputy Secretary to the Treasury or any officer authorised in that behalf by such Deputy Secretary shall pay the net sum recovered by the Deputy Secretary to the Treasury in respect of the right, goods or property to the person making the assignment or, in the case of any right, goods, or property vested in the Deputy Secretary to the Treasury under sub-section (1), to the person, who, but for the directions, would be entitled to the right, goods or property.

28. *Transfer of policies of assurance.*—(1) Except with the permission of the Bank, no person resident in Ceylon shall transfer to a person who is resident outside Ceylon or is a nominee for a person resident outside Ceylon, any right to the sums assured by any policy of assurance, so, however, that where the person liable for the sums so assured makes any payment thereof to a person resident in Ceylon and not elsewhere, or makes with the permission of the Bank any payment thereof to any other person—

- (a) he shall not be bound to inquire as to the residence of any person other than the person to whom, and (if it is not the same person) the person to whose order, the payment is made ; and
- (b) the payment shall, to the extent of the sums paid, discharge him from his liability under the policy, notwithstanding that the payment is made to or to the order of a person who was not entitled thereto otherwise than by virtue of a transfer prohibited by this sub-section.

(2) Sub-sections (2) and (3) of section 18 shall apply in relation to any transfer prohibited by this section as they apply in relation to a transfer prohibited by this Act of a security.

(3) In this section, “ nominee ”, in relation to any policy of assurance, has the same meaning as is assigned to it by sub-section (3) of section 20 in relation to a security.

29. *Settlements.*—(1) Except with the permission of the Bank, no person resident in Ceylon shall—

- (a) settle, otherwise than by will, any property upon any trust under which an interest in that property is conferred on a person who, at the time of the settlement, is resident outside Ceylon, or
- (b) exercise, otherwise than by will, any power of appointment (whether created by will or otherwise) in respect of any property in favour of a person who, at the time of the exercise of such power, is resident outside Ceylon.

(2) A settlement or an exercise of a power of appointment shall not be invalid by reason that it is prohibited by this section, except so far as it purports to confer an interest in any property on any person who, at the time of the settlement or the exercise of the power of appointment, is resident outside Ceylon.

(3) Sub-sections (2) and (3) of section 18 shall apply in relation to a settlement or the exercise of a power of appointment prohibited by this section as they apply in relation to a transfer prohibited by this Act of a security.

(4) For the purposes of this section—

- (a) any reference to settling property includes a reference to the making of any disposition, covenant, agreement or arrangement whereby the property becomes subject to a trust, or (in the case of a re-settlement) to a different trust ;
- (b) a person shall be deemed to have an interest in property if he has any beneficial interest therein, whether present or future and whether vested or contingent, or falls within a limited class of persons in whose favour a discretion or power in respect of the property is exercisable ; and
- (c) the expression “ will ” includes any testamentary disposition.

30. *Bodies corporate.*—(1) Except with the permission of the Bank no person resident in Ceylon shall do any act whereby a body corporate which is by any means controlled (whether directly or indirectly) by persons resident in Ceylon ceases to be controlled by persons resident in Ceylon :

Provided that the preceding provisions of this sub-section shall not prohibit any person from selling any securities, subject to compliance with the requirements of Part III of this Act.

(2) Except with the permission of the Bank, no person resident in Ceylon, shall lend any money, Treasury bills or securities to any body corporate resident in Ceylon which is by any means controlled (whether directly or indirectly) by persons resident outside Ceylon :

Provided that the preceding provisions of this sub-section shall not apply where the lender after making such inquiries as are reasonable in the circumstances of the case does not know and has no reason to suspect that the body corporate is controlled as aforesaid.

(3) For the purposes of this section, persons resident in Ceylon or outside Ceylon shall be deemed to control a body corporate notwithstanding that other persons are associated with them in the control thereof if they can together override those other persons.

(4) In this section the expression " security " includes a secondary security.

PART VI—Supplemental

31. *Blocked accounts.*—(1) Where under any provision contained in Part II of this Act, the permission of the Bank is required for the making of a payment or the placing of any sum to the credit of any person resident outside Ceylon, the Bank may direct that the sum payable or to be credited shall be paid or credited to a blocked account only.

(2) Where the Bank directs that a payment shall be made to a blocked account only, then, subject to the provisions of sub-section (3),—

(a) the manner in which the payment may be made shall be either—

(i) to the banker, with a direction that the payment shall be credited to a blocked account of the person to whose credit the payment is made, which direction may, in the case of a payment by means of a cheque or warrant, be made by marking the cheque or warrant with the words " blocked account of " (naming that person) or words to the same effect, or

(ii) by a crossed cheque or warrant drawn in favour of that person, marked with the words " payable only to blocked account of payee " or words to the same effect ; and

(b) the sum collected shall be credited by the banker to a blocked account of that person.

(3) Where a direction is given by the Bank that a sum shall be paid or credited to a blocked account only, then, notwithstanding that direction, that sum may, with the consent of the person to whom it is to be paid or credited, and subject to the requirements of Part III of this Act, be invested instead in the purchase for that person of any such investment as may be prescribed for the purposes of paragraph (a) of the proviso to sub-section (4).

(4) Any sum standing to the credit of a blocked account shall not be dealt with except with permission of the Bank :

Provided that, subject to compliance with the requirements of Part III of this Act,—

(a) the whole or any part of any such sum may, at the request of the person in whose name such account stands, be invested through the banker in such investments as may be prescribed, and

(b) nothing in this sub-section shall be construed as restricting the manner in which the investments acquired may be dealt with.

(5) Where a person in whose name a blocked account is standing is declared an insolvent under the law of Ceylon or dies, the banker may, notwithstanding anything in sub-section (4), transfer the account to the name of the assignee of the insolvent's estate or the executor of the last will, or the administrator of the estate, of the deceased, but, save as aforesaid, no change shall, except with the permission of the Bank, be made in the name in which the account stands ; and where any such change is made (whether or not the permission of the Bank is necessary therefor) the account shall remain a blocked account notwithstanding the change, and the provisions of this section shall apply accordingly.

(6) Where—

(a) a sum is due from any person to any other person but the Bank directs that it shall be paid or credited to a blocked account only, and

(b) the person to whom the sum is due nominates such an account to the person from whom the sum is due,

the last-mentioned person shall be under a duty to the person to whom the sum is due to cause the sum to be paid or credited to that blocked account, and the crediting of any sum to a blocked account in pursuance of a direction of the Bank shall, to the extent of the sum credited, be a good discharge to the person from whom the sum is due :

Provided that, in the case of a sum due under a contract, the preceding provisions of this sub-section shall not apply in so far as the application of those provisions is inconsistent with the intention of the parties to that contract.

(7) In this section—

“ blocked account ” means an account opened as a blocked account at an office or branch in Ceylon in favour of any person by a banker authorised by the Bank to open blocked accounts, and

“ banker,” in relation to any person, means a banker who opens a blocked account in favour of that person.

32. *Branches.*—(1) The Minister may by Order published in the *Gazette* provide that, for such of the purposes of this Act as may be specified in the Order,—

(a) any transaction with or by a branch of any business, whether carried on by a body corporate or otherwise, shall be treated in all respects as if the branch were a body corporate resident where the branch is situated, and

(b) the making of any book entry or other statement recording a debit against a branch of any business in favour of any other branch of that business, shall be treated as a payment to that other branch, and

(c) any property held by or on behalf of any person carrying on any business shall be deemed to be held by such of the branches of that business as may be determined in accordance with the Order ;

and any such Order which makes, for any of the purposes of Part III of this Act, such provision as is mentioned in paragraph (c) of this sub-section may contain provisions declaring the circumstances in which a branch is to be treated as nominee for any other branch.

(2) Any reference in sub-section (1) to a branch of a business shall be deemed to include a reference to the head office of that business.

(3) Sub-sections (1) and (2) shall apply in relation to any body of persons (whether corporate or unincorporate) carrying on any activity, whether for the purpose of profit or not, as they apply in relation to a business.

33. *Contracts.*—(1) It shall be an implied condition in any contract that, where, by virtue of this Act, the permission or consent of the Bank is at the time of the contract required for the performance of any term thereof, that term shall not be performed except in so far as the permission or consent is given or is not required :

Provided that the preceding provisions of this sub-section shall not apply to that term in so far as the application of those provisions to that term is inconsistent with the intention of the parties to that contract, whether by reason of their having contemplated the performance of that term in despite of the provisions of this Act or for any other reason.

(2) Notwithstanding anything in the Bills of Exchange Ordinance, neither the provisions of this Act, nor any condition, where express or to be implied having regard to those provisions, that any payment shall not be made without the permission of the Bank under this Act, shall be deemed to prevent any instrument being a bill of exchange or promissory note.

34. *Obligations under other written laws.*—Where any provision of any other written law imposes an obligation in respect of the doing of any act and the permission or consent of the Bank, is by virtue of this Act, required for the discharge of the obligation, it shall be an implied condition of the obligation that it shall not be discharged except in so far as the permission or consent is given or is not required.

35. *Legal proceedings, etc.*—(1) The provisions of Part II of this Act shall apply to sums required to be paid by any judgment or order of any court or by any award as they apply in relation to other sums, and it shall be implied in any judgment or order of any court in Ceylon, and in any award given under the law of Ceylon, that any sum required to be paid by the judgment, order or award (whether as a debt, as damages or otherwise) to which those provisions apply shall not be paid except with the permission of the Bank.

(2) Nothing in this Act shall be construed as preventing the payment by any person of any sum into any court in Ceylon, but the provisions of Part II of this Act shall apply to the payment of any sum out of court, whether under an order of the court or otherwise, to or for the credit of any person resident outside Ceylon.

(3) In any insolvency proceedings, winding up of a company, or administration of the estate of a deceased person, carried on under the law of Ceylon, a claim for a sum not payable without the permission of the Bank shall, notwithstanding that the permission has not been given or has been revoked, be admitted to proof as if the permission had been given and had not been revoked :

Provided that nothing in the preceding provisions of this sub-section shall be construed as affecting the application of the provisions of Part II of this Act to payments by the assignee of the insolvent's estate, or by the liquidator, or by the executor of the last will, or administrator of the estate, of the deceased, or by any other person in such insolvency proceedings, or winding up, or administration.

(4) The provisions of this Act restricting the making of settlements shall not apply to any deed of arrangement made for the benefit of creditors generally, and the provisions of sub-section (3) shall apply in relation to proceedings under any deed of arrangement as they apply in relation to insolvency proceedings.

(5) Where the permission of the Bank is required under this Act for the payment of a debt the amount of which is sufficient under section 18 of the Insolvency Ordinance to enable the creditor to petition for the sequestration of the estate of the debtor if the debtor commits an act of insolvency, the debt may, notwithstanding the aforesaid requirement, be allowed to be a good petitioning creditor's debt, if and to the extent that the debt can be satisfied either by a payment into court or by a payment to a blocked account.

36. *Persons leaving Ceylon.*—Where a person resident in Ceylon leaves Ceylon, the Bank may, before, at or after the time he leaves Ceylon, direct that, for such period as may be specified in the direction, payments by him or on his behalf and to him or to his credit and transactions in or in relation to Treasury bills, securities or secondary securities in which he is in any way concerned shall, whether or not he continues to be resident in Ceylon, be subject to such restrictions as may be specified in the direction.

37. *Determination of residence.*—(1) Where any question arises as to the territory in which a person is or is not resident, the territory in which such person shall, for the purposes of this Act, be treated as resident or not resident, as the case may be, shall be determined in accordance with such general or special directions as may be given in that behalf by the Minister.

(2) For the purposes of this Act, the executor of the last will or the administrator of the estate of a deceased person shall, unless the Minister otherwise directs, be treated in respect of any matters in which such executor or administrator is concerned solely in his capacity as such, as resident—

(a) if directions given under sub-section (1) apply in the case of such deceased person, in the territory in which he is required by such directions to be treated as having been resident ; or

(b) in any other case, in the territory where at the time of his death the deceased person was resident.

38. *Directions to bankers, authorised dealers, etc.*—The Bank may give—

(a) to bankers and to persons who are concerned with the keeping of any register in Ceylon or are entrusted with the payment of capital moneys, dividends or interest in Ceylon, directions as respects the exercise of any functions exercisable by them by virtue of, or by virtue of anything done under, any provision of this Act, and

(b) to authorised dealers—

(i) such directions as aforesaid, or

(ii) directions as to the terms on which they are to accept gold or foreign currency, or

(iii) directions requiring them to offer their gold or specified foreign currency for sale to the Central Bank on such terms as may be set out in the directions.

39. *Furnishing of information and production of documents.*—(1) Without prejudice to any other provisions of this Act, the Bank may give to any person in or resident in Ceylon directions requiring him, within such time and in such manner as may be specified in the directions, to furnish to the Bank, or to any person designated in the directions as a person authorised to require it, any information in his possession or control which the Bank or the person so authorised, as the case may be, may require for the purpose of securing compliance with or detecting evasion of this Act.

(2) A person required by any directions given under sub-section (1) to furnish information shall also produce such books, accounts or other documents in his possession or control as may be required, for the purpose referred to in sub-section (1), by the Bank or by the person authorised to require the information, as the case may be.

(3) Nothing in the preceding provisions of this section shall be taken to require any person who has acted as counsel or proctor for any person to disclose any privileged communication made to him in that capacity.

(4) Where a person is convicted for failing to give information or produce any books, accounts or other documents when required so to do under this section, the court may make an order requiring the offender, within such period as may be specified in the order, to comply with the requirements to give the information or produce the books, accounts or other documents.

40. *Search of premises.*—(1) If a Magistrate is satisfied by information given on oath or affirmation, by a person authorised by the Minister to act for the purposes of this section either—

(a) that there is reasonable ground for suspecting that an offence against this Act has been or is being committed and that evidence of the commission of the offence is to be found at any premises specified in the information, or in any vehicle, vessel or aircraft so specified, or

(b) that any books, accounts or other documents which ought to have been produced under section 39 and have not been produced are to be found at any such premises or in any such vehicle, vessel or aircraft.

he may grant a search warrant authorising any police officer not below the rank of sergeant, together with any other persons named in the warrant and any other police officers, to enter the premises specified in the information or, as the case may be, any premises upon which the vehicle, vessel or aircraft so specified may be, at any time within one month from the date of the warrant, and to search the premises or, as the case may be, the vehicle, vessel or aircraft.

(2) A person authorised by a warrant granted under sub-section (1) to search any premises or any vehicle, vessel or aircraft, may search every person who is found in, or whom he has reasonable ground to believe to have recently left or to be about to enter, those premises or that vehicle, vessel or aircraft, as the case may be, and may seize any article which is found in the premises or in the vehicle, vessel or aircraft and which he has reasonable ground for believing to be evidence of the commission of any offence against this Act, or any books, accounts or other documents which he has reasonable grounds for believing ought to have been produced under section 39 :

Provided that no female shall, in pursuance of any warrant issued under this section, be searched except by a female.

(3) Where, by virtue of this section, a person has any power to enter any premises, he may use such force as is reasonably necessary for the purpose of exercising that power.

(4) No person shall obstruct any other person in the exercise of any powers conferred on that other person by virtue of the preceding provisions of this section.

41. *Retention of seized articles.*—(1) Any article seized by any authority under or by virtue of this Act which the authority has reasonable ground for believing to be evidence of the commission of an offence against this Act may be retained for a period of three months or, if within that period there are commenced legal proceedings in respect of such an offence in which the article is, or can properly be, adduced in evidence, until the final determination of those proceedings.

(2) The powers conferred by this section in relation to any article shall be in addition to, and not in derogation of, any powers otherwise exercisable in relation thereto.

42. *Destruction, etc., of documents, and false statements.*—No person in or resident in Ceylon shall—

(a) with intent to evade the provisions of this Act, destroy, mutilate, deface, secrete or remove any books, accounts or other documents, or

(b) in furnishing any information for any of the purposes of this Act make any statement which he knows to be false in a material particular, or recklessly make any statement which is false in a material particular.

43. *Application to Crown.*—This Act shall bind the Crown and shall apply to transactions by a Government Department or any person acting on behalf of the Crown.

44. *Exemptions.*—Any provision of this Act imposing any obligation or prohibition shall have effect subject to such exemptions as may be granted by order of the Minister, and any such exemption may be either absolute or conditional.

45. *Decisions of Bank.*—Every decision of the Bank to grant or refuse any permission under this Act, or to revoke any permission which has been so granted, or to rescind, add to or

vary any conditions or to extend or reduce any time limit to which the permission granted is subject, shall be communicated in writing by the Bank to the person by whom application for the permission was made or, as the case may be, to whom the permission was granted.

46. *Appeals.*—A person in regard to whom the Bank makes a decision under this Act may, if he is dissatisfied with that decision, make a written appeal against the decision to the Minister within ten days after that decision is communicated to him.

47. *Finality of decisions.*—A decision of the Bank against which an appeal is not made in accordance with the provisions, of section 46, and a decision of the Minister on an appeal made in accordance with those provisions, shall be final and conclusive and shall not be subject to review or be called in question in any court.

48. *Provisions relating to permission, consent or authority.*—Any permission, consent or authority granted under this Act may be—

- (a) general or special,
- (b) absolute or conditional,
- (c) limited so as to expire on a specified date, unless renewed, and
- (d) varied or revoked.

49. *Burden of proof of permission.*—In any prosecution of a person for an offence against this Act, the burden of proving that he had obtained the permission or consent of the Bank for doing the act or making the omission which constitutes the offence shall be on him.

50. *Indemnity for acts done in good faith.*—No person shall be liable in any suit or other legal proceeding for any act done, or purporting to be done, in good faith in pursuance of the powers conferred by or under this Act, or for the purpose of carrying out the provisions of this Act.

51. *Offences.*—(1) Any person in or resident in Ceylon who contravenes any provision of this Act or fails to comply with any direction given or condition or requirement imposed under this Act shall be guilty of an offence, notwithstanding that the offence may, by virtue of Part IV of this Act, be also punishable under the provisions of the Customs Ordinance.

(2) Any person who attempts to commit an offence against this Act shall be guilty of an offence.

(3) Where an offence against this Act is committed by a body corporate, any person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate, or was purporting to act in any such capacity, shall be deemed to be guilty of that offence, unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

(4) Any person who commits an offence against this Act shall—

- (a) on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a term not exceeding six months or to a fine, or to both such imprisonment and fine, or
- (b) on conviction before a District Court, be liable to imprisonment of either description for a term not exceeding two years or to a fine, or to both such imprisonment and fine ;

and where the offence is concerned with any gold, currency, security, goods or other property, the court may, if it thinks fit so to do, order the gold, currency, security, goods, or property to be forfeited ; and any gold, currency, security, goods, or property forfeited under this subsection shall be dealt with or disposed of in such manner as the Minister may direct.

(5) Except in the case of a body corporate, the maximum fine which may be imposed for an offence against this Act shall be fifteen thousand rupees so, however, that where the offence is concerned with any gold, currency, security, payment, goods or other property, and does not consist only of a failure to give information or produce books, accounts or other documents with respect thereto when required so to do under section 39, a larger fine may be imposed not exceeding three times the amount or value of the gold, currency, security, payment, goods or property.

(6) A Magistrate before whom a prosecution is instituted against any person for an offence against this Act may, notwithstanding anything in the Criminal Procedure Code,

decide whether he will try that person summarily or take non-summary proceedings in respect of that offence :

Provided that the preceding provisions of this sub-section shall not affect or prejudice any right or power of the Attorney-General under the aforesaid Code.

52. *Compounding of offences.*—(1) Where the amount or value of any gold, currency, security, payment, goods or other property with which any offence against this Act is concerned does not exceed ten thousand rupees, the Secretary to the Treasury may compound that offence by accepting from the offender a sum of money determined by the Secretary to the Treasury and not exceeding the amount or value of such gold, currency, security, payment, goods or property.

(2) The Secretary to the Treasury shall credit to the Consolidated Fund all sums of money accepted under sub-section (1).

53. *Regulations, Forms, etc.*—(1) The Minister may make such regulations as may be necessary for carrying out the principles and provisions of this Act.

(2) No regulation made under sub-section (1) shall have effect unless it is approved by the Senate and the House of Representatives and is published in the *Gazette*.

(3) All applications, returns and other documents made or furnished under this Act shall be in such form as the Bank may from time to time specify or provide for the purpose.

54. *Interpretation.*—(1) In this Act, unless the context otherwise requires,—

“ authorised dealer ” means, in relation to gold or any foreign currency, a commercial bank for the time being authorised under section 4 to act for the purposes of this Act as an authorised dealer in relation to gold or that foreign currency ;

“ Bank ” or “ Central Bank ” means the Central Bank of Ceylon established by the Monetary Law Act, No. 58 of 1949 ;

“ bearer certificate ” means a certificate of title to securities by the delivery of which (with or without endorsement) the title to the securities is transferable ;

“ blocked account ” has the meaning assigned to it by section 31 (7) ;

“ certificate of title to securities ” means any document of title whereby a person recognizes the title of any other person to securities issued or to be issued by the first-mentioned person, and in the case of any such document with coupons (whether attached or on separate coupon sheets) includes any coupons which have not been detached ;

“ Ceylon currency ” means any currency which is or has at any time been legal tender in Ceylon ;

“ coupon ” means a coupon representing dividends or interest on a security ;

“ currency ” means coins and currency notes, and includes bank notes, postal orders, money orders, cheques, drafts, travellers’ cheques, letters of credit, bills of exchange and promissory notes ;

“ foreign currency ” means any currency other than Ceylon currency and includes any drafts, travellers’ cheques, letters of credit, bills of exchange and any other documents expressed or drawn in terms of Ceylon currency but payable in any other currency ; and any reference to foreign currency includes a reference to any right to receive foreign currency in respect of any credit or balance at a bank ;

“ gold ” means gold coin or gold bullion ;

“ Minister ” means the Minister of Finance ;

“ Monetary Board ” means the Monetary Board of the Central Bank ;

“ policy of assurance ” means any policy securing the payment of a capital sum or annuity on the occurrence of a specified event which is certain to happen and includes—

(a) any policy by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, and

(b) any policy securing the payment of an immediate annuity ; and the reference in this definition to the occurrence of a specified event which is certain to happen shall include the occurrence, which is certain to happen, of one of specified events none of which by itself is certain to happen ;

“ prescribed ” means prescribed by the Minister by Order published in the *Gazette* ;

“ rupees ” means Ceylon rupees ;

“secondary securities” has the meaning assigned to it by section 19 ;

“securities” means shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme, and shares in an oil royalty ;

“specified foreign currency” has the meaning assigned to it by section 6 ;

“unit trust scheme” means any arrangements made for the purpose, or having the effect, or providing for persons having funds available for investment, facilities for the participation by them, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of any property whatsoever ;

“unit” means, in relation to a unit trust scheme, a right or interest (whether described as a unit, as a sub-unit, or otherwise) which may be acquired under that scheme.

(2) Any provision of this Act (however worded) the effect of which is to prohibit the doing of any act where a person to or by whom the act is to be done or who stands in a specified relation to any property possesses any specified attribute as to residence or otherwise shall, where the act is done to or by two or more persons or, as the case may be, where two or more persons stand jointly in that relation to the property, operate to prohibit the doing of that act if any of those persons possess that attribute ; and any provision of this Act imposing an obligation on any person to do an act if he possesses any specified attribute as to residence or otherwise shall, in relation to any act which can only be done by two or more persons jointly—

(a) where all those persons possess that attribute, operate to impose a joint obligation on all of them to do the act, and

(b) where some only of them possess that attribute, operate to impose a separate obligation on each one of them who possesses that attribute to do all he can to secure the doing of the act.

(3) Any power conferred by this Act to require declarations which are to be furnished on any occasion shall include a power to require that the declarations shall be made by specified persons and shall be verified in a special manner.

55. *Repeal of Defence Regulations.*—The Defence Regulations which have the force of law by virtue of the Exchange and Securities Control (Continuation) Act, No. 35 of 1950, shall be repealed with effect from the date on which this Act comes into operation :

Provided, however, that notwithstanding such repeal, any permission, licence or authority granted, or any direction given, or condition imposed, under any of the said regulations shall, except in so far as it may be inconsistent with this Act, be deemed to be a permission or authority granted, or a direction given, or a condition imposed, as the case may be, under the corresponding provision of this Act ; and shall accordingly be effective for the purposes of this Act and may be revoked or altered under the powers conferred by this Act.

**B—MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD
IN 1953**

(i)

Circular No. 4
Revised 23rd July, 1953.

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

(Reference : Section 86 of the Monetary Law Act)

1. With effect from 23rd July, 1953, the rate of interest on advances by the Central Bank secured by the pledge of Government securities is 3% per annum.

2. The provisions of this circular may be withdrawn, added to or amended at any time.

D. C. GUNASEKERA,
for Chief Accountant,
Central Bank of Ceylon.

N. U. JAYAWARDENA,
Governor,
Central Bank of Ceylon.

(ii)

CENTRAL BANK'S EXCHANGE RATES FOR U.S. DOLLARS

The following exchange rates for the U.S. dollar were applicable to transactions by the Central Bank with commercial banks during 1953 :—

Date	Circular No.		Buying (per \$100)	Selling (per \$100)
8. 1.53	1/43	Spot Forward up to 3 months	Rs. 474.00 Rs. 474.00	Rs. 474.25 Cts. 75 per month premium against spot
12. 1.53	1/44	Spot Forward up to 3 months	Rs. 474.50 Rs. 474.50	Rs. 474.75 Cts. 50 per month premium against spot
15. 1.53	1/45	Spot Forward up to 3 months	Rs. 474.00 Rs. 474.00	Rs. 474.25 Cts. 50 per month premium against spot
12. 9.53	1/46	Spot Forward up to 3 months	Rs. 475.25 Rs. 475.25	Rs. 475.50 Cts. 50 per month premium against spot
15. 9.53	1/47	Spot Forward up to 3 months	Rs. 476.25 Rs. 476.25	Rs. 476.50 Cts. 50 per month premium against spot
21.10.53	1/48	Spot Forward up to 3 months	Rs. 475.00 Rs. 475.00	Rs. 475.25 Cts. 50 per month premium against spot
21.11.53	1/49	Spot Forward up to 3 months	Rs. 474.50 Rs. 474.50	Rs. 474.75 Cts. 50 per month premium against spot

(iii)

REDUCTION OF RESERVE RATIO

(Extract from the "Ceylon Government Gazette"
No. 10,588 of September 11, 1953)

The Monetary Law Act

Regulation made by the Monetary Board of the Central Bank of Ceylon under sections 10 (c) and 93 of the Monetary Law Act, No. 58 of 1949.

D. W. RAJAPATIRANA,
Deputy Governor.

Colombo, September 9, 1953.

Regulation

Regulation D made by the Monetary Board of the Central Bank of Ceylon and published in "Gazette" No. 10,143 of August 28, 1950, as amended by regulation published in "Gazette" No. 10,190 of December 15, 1950, is hereby further amended in section 1 (a) thereof, by the substitution, for the words "fourteen per centum," of the words "ten per centum."

(iv)

AMENDMENT TO REGULATION E

(Extract from the "Ceylon Government Gazette"
No. 10,604 of October 23, 1953)

The Monetary Law Act

Regulation made by the Monetary Board of the Central Bank of Ceylon, and approved by the Minister of Finance, under section 56 of the Monetary Law Act, No. 58 of 1949.

N. U. JAYAWARDENA,
Governor,
Central Bank of Ceylon.

Colombo, October 15, 1953.

Regulation

Regulation E relating to the replacement of unfit currency published in "Gazette Extraordinary" No. 10,143 of August 28, 1950, as amended by the regulation published in "Gazette" No. 10,205 of January 26, 1951, is hereby further amended by the substitution for paragraph 6 thereof, of the following new paragraph :—

Claims concerning mutilated notes of more than ten rupees.

"6. A claim for the value of a mutilated or damaged note of a denomination exceeding ten rupees may be accepted provided that (1) the number of the note can be identified with certainty by the authorised officer as one of not more than two numbers ; and

(2) that the authorised officer may, with the approval of the Governor of the Central Bank, pay the value of any mutilated or damaged note in a case where the Governor is satisfied that the note tendered is a genuine one."

APPENDIX II

STATISTICAL TABLES

Definitions and explanatory notes

The following general notes supplement the footnotes given below the individual tables :—

1. In an attempt to bring the material up-to-date provisional figures are included in some tables.
2. Figures in some tables have been rounded off to the nearest final digit. Hence there may be a slight discrepancy between the total as shown and the sum of its components.
3. Differences as compared with previously published figures are due to subsequent revisions.
4. The following symbols have been used throughout :—

n.a. = not available.

— = nil.

... = negligible.

MONEY AND BANKING

Money Supply

TABLE 1

Rupees Million

End of period	CURRENCY				DEMAND DEPOSITS				(ix) Money supply (iv) + (viii)	(x) (viii) as percent- age of (ix)
	(i) Total	(ii) Held by Government	(iii) Held by banks	(iv) Held by public	(v) Total	(vi) Held by Government	(vii) Held by banks	(viii) Held by public (v) — (vi) — (vii)		
1938	45.1	1.5	9.7	33.9	94.3	n.a.	n.a.	n.a.	n.a.	n.a.
1939	52.3	1.6	9.2	41.5	123.8	n.a.	n.a.	n.a.	n.a.	n.a.
1940	63.3	1.6	11.3	50.4	162.4	n.a.	n.a.	n.a.	n.a.	n.a.
1941	96.4	1.7	12.5	82.2	181.2	n.a.	n.a.	n.a.	n.a.	n.a.
1942	184.0	2.5	18.0	163.5	298.4	31.2	n.a.	267.2	430.7	62.0
1943	214.7	3.8	17.7	193.2	295.5	50.4	n.a.	245.1	438.3	55.9
1944	308.8	5.0	21.9	281.9	392.2	58.0	n.a.	334.2	616.1	54.2
1945	449.5	5.6	113.5	330.4	460.8	61.8	n.a.	399.0	729.4	54.7
1946	392.9	5.3	112.9	274.7	480.4	88.3	n.a.	392.1	666.8	58.8
1947	411.8	4.2	169.5	238.1	468.0	143.6	n.a.	324.4	562.5	57.7
1948	426.4	4.2	181.1	241.1	528.9	163.2	n.a.	365.7	606.8	60.3
1949	476.1	4.2	228.0	243.9	740.5	153.2	181.8	405.5	649.4	62.4
1950	367.4	6.0	36.0	325.4	925.3	147.6	192.3	585.4	910.7	64.3
1951 March	395.3	6.5	34.7	354.1	1,049.8	157.0	219.3	673.5	1,027.6	65.6
June	389.3	5.0	23.5	360.8	1,031.5	135.4	231.6	664.4	1,025.2	64.8
September	419.4	5.1	36.8	377.5	1,012.1	163.6	226.3	622.1	999.6	62.2
December	417.0	5.9	33.8	377.4	977.9	119.2	229.9	628.8	1,006.2	62.5
1952 January	406.9	5.6	32.4	368.9	971.3	144.1	190.5	636.7	1,005.6	63.3
February	404.8	5.6	29.6	369.7	943.9	101.2	210.4	632.3	1,002.0	63.1
March	402.5	4.5	31.9	366.1	880.9	73.4	188.9	618.7	984.8	62.8
April	409.1	5.6	39.3	364.2	866.6	72.8	180.4	613.4	977.6	62.7
May	402.9	5.5	31.9	365.6	846.8	65.8	200.6	580.4	945.9	61.4
June	394.6	5.2	26.4	362.9	804.7	69.5	175.4	559.8	922.7	60.7
July	393.9	5.3	26.5	362.2	774.7	85.5	134.8	554.3	916.5	60.5
August	393.7	5.1	26.2	362.4	759.4	71.3	134.2	553.8	916.2	60.4
September	392.3	3.6	26.7	362.0	821.0	98.8	173.4	548.7	910.7	60.3
October	380.9	3.6	21.0	356.3	783.3	66.6	162.8	553.9	910.2	60.9
November	383.1	3.9	18.1	361.1	765.8	65.8	152.1	547.9	909.0	60.3
December	388.8	4.8	27.4	356.6	761.8	52.3	170.3	539.2	895.8	60.2
1953 January	385.6	3.9	22.0	359.6	786.8	55.9	200.3	530.6	890.2	59.6
February	386.9	3.7	19.3	363.9	773.8	42.8	194.2	536.8	900.7	59.6
March	394.5	3.2	28.2	363.2	738.9	41.7	161.0	536.2	899.4	59.6
April	393.5	3.8	33.6	356.1	728.9	51.1	153.2	524.7	880.8	59.6
May	391.3	3.6	26.4	361.2	710.3	51.9	143.4	515.1	876.3	58.8
June	388.8	3.8	22.5	362.5	697.0	53.3	126.1	517.6	880.0	58.8
July	384.6	5.1	26.8	352.7	671.0	57.6	114.9	498.6	851.3	58.6
August	376.7	5.7	24.9	346.1	632.2	60.4	103.3	468.5	814.6	57.5
September	379.5	3.8	25.9	349.8	666.4	78.0	113.9	474.5	824.3	57.6
October	375.2	3.5	22.5	349.2	597.9	43.2	81.5	473.3	822.5	57.5
November	363.8	3.3	17.1	343.3	578.2	36.5	74.8	466.9	810.2	57.6
December	367.1	6.3	25.5	335.3	614.9	43.7	79.7	491.5	826.8	59.4

Source : Central Bank of Ceylon.

(i) Total amount of currency, including subsidiary notes and coins, issued by the Currency Board, up to July, 1950, and thereafter by the Central Bank.

(ii) Currency held by the treasury and the 20 kacheheries. Figures prior to 1951, do not include subsidiary notes and coins.

(v) Total demand deposits held by the Central Bank and the commercial banks; figures prior to 1950, however, relate only to commercial banks. Figures prior to 1949 exclude inter-bank deposits.

(vi) Government demand deposits with the commercial banks and the Central Bank, including in 1950 and first three quarters of 1951, balances belonging to the Board of Commissioners of Currency, figures prior to 1950, however, relate only to deposits with the commercial banks. The figures from 1942 through 1948 include semi-government deposits; thereafter, the figures relate to Government deposits only.

(vii) Inter-bank deposits, both local and foreign, including, from 1950, deposits of international organisations and commercial banks with the Central Bank.

MONEY AND BANKING

Analysis of Changes

TABLE 2

End of period	Money supply		External assets (net) Currency Board (1)/Central Bank and commer- cial banks		Domestic assets (net) of Currency Board/Central Bank	
	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change
1949	649.4		607.0		-23.4	
1950	910.7	261.3	739.1	132.1	12.9	36.3
1951 March	1,027.6	378.2	883.9	276.9	4.8	28.3
June	1,025.2	375.8	833.5	226.5	-1.6	21.8
September	999.6	350.2	818.7	211.8	0.3	23.7
December	1,006.2	356.8	802.1	195.2	5.8	29.2
1952 January	1,005.6	356.3	823.3	216.3	2.2	25.7
February	1,002.0	352.6	791.4	184.4	-0.4	23.0
March	984.8	335.4	726.2	119.2	10.4	33.8
April	977.6	328.2	688.5	81.5	24.8	48.2
May	945.9	296.5	643.0	36.0	32.8	56.2
June	922.7	273.4	592.8	-14.1	55.8	79.2
July	916.5	267.1	605.4	-1.6	20.9	44.4
August	916.2	266.8	594.0	-13.0	29.1	52.5
September	910.7	261.3	553.3	-53.7	108.7	132.1
October	910.2	260.8	530.9	-76.0	100.5	123.9
November	909.0	259.6	495.1	-111.9	110.5	133.9
December	895.8	246.4	439.0	-167.9	143.7	167.1
1953 January	890.2	240.8	438.0	-169.0	152.2	175.6
February	900.7	251.3	439.6	-167.4	144.1	167.6
March	899.4	250.0	417.6	-189.4	181.1	204.5
April	880.8	231.4	392.7	-214.3	191.7	215.2
May	876.3	226.9	370.6	-236.3	227.1	250.5
June	880.0	230.7	351.0	-255.9	237.4	260.8
July	851.3	201.9	374.2	-232.8	177.0	200.4
August	814.6	165.2	355.0	-252.0	158.1	181.6
September	824.3	174.9	345.2	-261.8	197.1	220.6
October	822.5	173.1	309.2	-297.8	172.7	196.2
November	810.2	160.9	298.5	-308.5	181.9	205.3
December	826.8	177.4	306.5	-300.5	202.0	225.4
	1027.1		4398.1		2222.4	

Signs in columns showing cumulative changes indicate effect on money supply.

(1) The assets of the Currency Board were transferred to the Central Bank on August 28, 1952.

in the Money Supply

Rupees Million

Commercial banks' non cash domestic assets				Fixed and savings deposits and other liabilities (net) of commercial banks		Adjustments for items in transit		Government rupee cash	
Government securities and treasury bills		Private loans, overdrafts, bills (excluding outward bills) and cash items in process of collection							
Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change
203.8		107.4		85.0		3.0		157.4	
270.9	67.2	147.7	40.3	102.0	-17.0	5.0	-2.0	152.8	4.6
281.8	78.1	150.1	42.7	112.4	-27.4	17.9	-14.9	162.7	-5.3
277.4	73.7	182.5	75.1	101.5	-16.5	25.6	-22.6	139.6	17.8
248.2	44.4	213.8	106.4	110.1	-25.1	3.1	-0.1	168.2	-10.8
235.1	31.3	223.6	116.1	123.6	-38.6	11.8	-8.8	125.0	32.4
236.6	32.8	235.3	127.9	118.8	-33.8	23.3	-20.3	149.6	7.7
237.0	33.2	225.4	117.9	119.5	-34.5	25.1	-22.1	106.8	50.6
240.0	36.3	217.9	110.5	127.8	-42.8	4.0	-1.1	77.9	79.5
252.8	49.0	219.0	111.6	125.8	-40.8	3.3	-0.3	78.4	79.0
258.0	54.2	207.8	100.3	117.9	-32.9	6.4	-3.4	71.3	86.1
269.7	66.0	203.7	96.3	120.1	-35.2	4.5	-1.5	74.7	82.6
300.3	96.5	202.7	95.3	120.0	-35.1	2.0	1.0	90.8	66.5
295.6	91.8	200.7	93.3	123.8	-38.8	3.1	...	76.4	81.0
294.3	90.5	194.9	87.5	135.7	-50.7	2.3	0.7	102.4	54.9
296.4	92.6	188.7	81.3	132.7	-47.7	3.4	-0.4	70.1	87.2
307.3	103.5	202.0	94.6	128.7	-43.7	7.4	-4.4	69.8	87.6
302.4	98.6	203.1	95.7	130.9	-45.9	4.4	-1.4	57.1	100.2
294.4	90.6	202.5	95.1	136.6	-51.6	0.5	2.5	59.8	97.6
315.9	112.1	181.7	74.2	134.5	-49.5	-0.4	3.4	46.5	110.9
290.9	87.2	188.3	80.9	134.6	-49.6	-0.9	3.9	44.9	112.5
291.3	87.6	198.0	90.6	139.2	-54.2	-1.0	4.0	54.8	102.5
281.4	77.6	194.6	87.2	142.7	-57.7	-0.9	3.9	55.5	101.9
283.5	79.7	207.7	100.3	141.1	-56.1	1.4	1.6	57.0	100.3
286.2	82.4	216.5	109.1	139.1	-54.1	0.8	2.2	62.7	94.7
276.7	72.9	232.9	125.5	142.4	-57.5	-0.4	3.4	66.1	91.3
282.8	79.0	225.1	117.6	145.3	-60.3	-1.2	4.2	81.8	75.5
300.8	97.0	228.0	120.5	144.1	-59.1	-2.5	5.4	46.6	110.7
293.6	89.9	221.8	114.4	146.2	-61.3	-0.5	3.5	39.8	117.5
283.6	79.8	221.1	113.7	136.4	-51.4	...	3.1	50.0	107.4
3481.1		2518.2		1682.2		-5.1		665.5	

Source : Central Bank of Ceylon.

MONEY AND BANKING

Currency Issue of
By

TABLE 3

End of period	Currency Issue (1)	CURRENCY NOTES						
		Rs. 100/-	Rs. 50/-	Rs. 10/-	Rs. 5/-	Rs. 2/-	Re. 1/-	-/50
1950 December ..	367.4	107.1	46.0	141.9	30.5	11.9	12.4	1.5
1951 March ..	395.3	121.7	49.5	148.7	31.7	12.3	12.8	1.9
June ..	389.3	116.5	51.5	146.5	30.4	12.1	12.8	1.2
September..	419.4	127.4	58.0	156.3	31.8	12.5	13.2	0.7
December ..	417.0	123.5	59.4	155.8	31.1	12.8	13.5	0.5
1952 January ..	406.9	120.0	60.1	148.6	30.4	12.8	13.6	0.5
February ..	404.8	118.5	59.4	148.8	30.4	12.4	13.5	0.5
March ..	402.5	115.9	59.9	149.3	30.1	12.0	13.3	0.5
April ..	409.1	116.4	60.9	151.7	30.8	12.9	14.2	0.5
May ..	402.9	114.9	60.9	148.7	29.4	12.9	13.9	0.5
June ..	394.6	112.8	61.1	144.7	28.5	12.0	13.3	0.5
July ..	393.9	111.3	62.3	144.3	28.5	12.0	13.6	0.5
August ..	393.7	111.4	62.3	143.4	28.7	12.2	13.6	0.5
September..	392.3	110.9	63.5	143.7	27.6	11.7	13.0	0.4
October ..	380.9	108.2	62.1	137.6	27.0	11.2	12.8	0.4
November ..	383.1	109.1	63.1	138.3	27.1	11.0	12.7	0.4
December ..	388.8	108.1	62.7	143.5	27.8	11.8	12.8	0.4
1953 January ..	385.6	109.0	63.9	138.7	27.1	11.9	12.9	0.4
February ..	386.9	110.2	64.8	138.5	27.1	11.8	12.5	0.4
March ..	394.5	110.1	65.2	142.9	28.3	12.7	13.1	0.4
April ..	393.5	107.7	66.0	144.0	27.5	12.6	13.2	0.4
May ..	391.3	106.5	67.9	141.2	27.8	12.4	13.1	0.4
June ..	388.8	105.6	69.5	138.7	27.7	12.0	12.9	0.4
July ..	384.6	103.6	69.3	137.0	27.7	11.8	12.9	0.4
August ..	376.7	101.1	67.7	134.4	27.0	11.4	12.7	0.4
September..	379.5	101.7	69.5	135.3	27.1	11.4	12.6	0.4
October ..	375.2	100.2	70.2	133.1	26.5	10.9	12.2	0.4
November ..	363.8	97.7	68.4	127.7	25.7	10.6	11.8	0.4
December ..	367.1	98.5	69.2	128.7	26.2	10.6	12.0	0.4

(1) Pursuant to Section 51 of the Monetary Law Act the Central Bank's holdings of notes and coins are not considered as part of its currency issue.

the Central Bank
Denominations

Rupees Million

			COINS							
-/25	-/10	Total	-/50	-/25	-/10	-/05	-/02	-/01	-/005	Total
1.3	0.5	353.2	4.0	3.5	3.0	2.2	0.5	0.8	0.09	14.1
1.6	0.5	380.7	4.0	3.5	3.0	2.5	0.5	0.8	0.09	14.6
1.1	0.5	372.6	4.8	4.4	3.2	2.7	0.6	0.9	0.09	16.7
0.7	0.5	401.1	5.7	5.0	3.4	2.7	0.6	0.9	0.09	18.3
0.6	0.5	397.8	6.0	5.3	3.7	2.7	0.6	0.9	0.09	19.3
0.6	0.5	387.1	6.0	5.7	3.7	2.7	0.6	0.9	0.09	19.8
0.6	0.5	384.6	6.3	5.9	3.7	2.7	0.6	0.9	0.09	20.2
0.6	0.5	382.0	6.5	5.9	3.7	2.7	0.6	0.9	0.09	20.5
0.6	0.5	388.5	6.6	6.0	3.7	2.7	0.7	0.9	0.09	20.7
0.6	0.5	382.2	6.7	6.0	3.7	2.7	0.7	0.9	0.09	20.7
0.6	0.5	374.0	6.7	5.9	3.7	2.6	0.7	0.9	0.09	20.6
0.5	0.5	373.4	6.7	5.8	3.7	2.6	0.7	0.9	0.09	20.5
0.5	0.5	373.1	6.7	5.9	3.7	2.6	0.7	0.9	0.09	20.6
0.5	0.5	371.8	6.7	5.8	3.7	2.6	0.7	0.9	0.09	20.4
0.5	0.5	360.4	6.8	5.8	3.7	2.6	0.7	0.9	0.09	20.6
0.5	0.5	362.7	6.8	5.8	3.6	2.5	0.7	0.9	0.09	20.4
0.5	0.5	368.2	6.9	5.8	3.7	2.5	0.7	0.9	0.09	20.6
0.5	0.5	365.0	6.9	5.8	3.7	2.5	0.7	0.9	0.09	20.6
0.5	0.5	366.3	6.9	5.8	3.7	2.5	0.7	0.9	0.09	20.6
0.5	0.5	373.8	7.0	5.8	3.7	2.5	0.8	0.9	0.09	20.7
0.5	0.5	372.5	7.1	5.9	3.7	2.5	0.8	0.9	0.09	21.0
0.5	0.5	370.2	7.2	6.0	3.7	2.5	0.8	0.9	0.09	21.0
0.5	0.5	367.9	7.1	5.9	3.7	2.5	0.8	0.9	0.09	20.9
0.5	0.5	363.7	7.1	5.9	3.7	2.5	0.8	0.9	0.09	20.9
0.5	0.5	355.7	7.2	5.9	3.7	2.5	0.8	0.9	0.09	21.0
0.5	0.5	358.9	7.1	5.7	3.7	2.4	0.8	0.9	0.09	20.6
0.5	0.5	354.6	7.1	5.7	3.6	2.4	0.8	0.9	0.09	20.6
0.5	0.5	343.3	7.0	5.6	3.6	2.4	0.8	0.9	0.09	20.5
0.5	0.5	346.6	7.0	5.7	3.6	2.4	0.8	0.9	0.09	20.5

Source: Central Bank of Ceylon.

MONEY AND BANKING

Assets and Liabilities

TABLE 4

End of period	No. of reporting banks	A S S				
		Cash on hand	Due from Central Bank	Due from domestic banks	Cash items in process of collec- tion	Foreign currency on hand and balances due from banks abroad
1949	12	228.0	—	173.2	0.6	101.5
1950	12	36.0	163.2	2.6	10.3	180.4
1951 March ..	12	34.7	175.6	7.5	11.3	232.4
June ..	12	23.5	181.5	3.3	14.2	187.8
September ..	14	36.8	199.4	3.9	10.8	127.6
December ..	14	33.8	191.7	4.3	10.4	137.4
1952 January ..	14	32.4	152.3	15.1	11.3	162.9
February ..	14	29.6	170.4	9.1	10.9	165.5
March ..	14	31.9	160.8	13.8	11.5	147.6
April ..	14	39.3	151.1	3.9	13.7	131.5
May ..	14	31.9	183.1	3.9	7.5	75.0
June ..	14	26.4	160.1	2.1	10.0	83.1
July ..	14	26.5	125.6	3.5	11.0	58.9
August ..	14	26.2	123.3	6.8	8.3	69.5
September ..	14	26.7	162.2	2.7	9.9	67.5
October ..	14	21.0	142.8	7.0	9.4	86.9
November ..	14	18.1	123.4	9.3	11.4	70.0
December ..	14	27.4	128.0	1.4	8.1	50.3
1953 January ..	14	22.0	147.2	6.2	11.9	51.4
February ..	14	19.3	133.8	2.6	9.3	73.5
March ..	14	28.2	127.0	2.8	9.2	57.2
April ..	14	33.6	120.6	2.6	14.1	56.9
May ..	14	26.4	124.1	2.9	11.8	51.5
June ..	14	22.5	107.1	4.3	12.0	47.5
July ..	14	26.8	98.2	7.4	13.2	34.4
August ..	14	24.9	90.9	11.5	16.0	17.5
September ..	14	25.9	101.8	7.2	14.5	28.0
October ..	14	22.5	65.5	6.6	12.6	24.3
November ..	14	17.1	62.0	5.1	10.4	33.7
December ..	14	25.5	65.6	3.1	13.9	50.8

(1) Fixed and other assets consist of banks' property, furniture, fittings and sundries (commission, interest, etc., adjustments).

of Commercial Banks

Rupees Million

E T S									Total assets or liabi- lities
Investments		Loans & Advances					Fixed and other assets (1)		
Ceylon Govern- ment obligations		Bills discounted			Over- drafts	Loans			
Trea- sury bills	Govt. secu- rities	Local	Import	Export					
16.5	187.3	0.3	5.2	24.7	75.1	26.2	14.0	852.6	
54.4	216.5	0.2	7.6	44.9	97.9	31.5	13.0	858.5	
65.3	216.5	0.3	18.0	52.5	89.3	31.2	13.4	948.1	
61.0	216.4	0.6	32.7	39.7	98.6	36.4	13.5	909.2	
27.0	221.2	0.8	24.8	34.1	137.9	39.5	16.0	879.9	
14.4	220.7	0.9	28.4	43.6	146.2	37.7	13.2	882.6	
14.3	222.3	0.4	25.7	39.4	151.2	46.6	13.0	887.1	
12.8	224.2	0.4	27.4	30.8	139.9	46.7	13.4	881.1	
15.5	224.5	0.6	28.5	33.5	139.9	37.4	14.9	860.3	
27.7	225.1	1.0	31.0	38.7	136.6	36.8	13.1	849.4	
32.8	225.2	1.1	25.3	43.3	136.1	37.8	17.1	820.2	
45.5	224.2	0.8	20.6	46.9	132.4	39.9	12.8	804.9	
50.0	250.3	0.7	18.1	42.4	134.3	38.7	12.7	772.7	
44.2	251.4	1.3	17.2	46.7	137.7	36.2	14.1	783.0	
43.4	250.9	0.8	14.2	47.5	134.2	35.8	17.2	812.9	
50.3	246.0	0.9	14.3	40.9	129.6	34.5	15.1	798.8	
64.2	243.1	1.3	18.3	42.5	135.7	35.3	19.8	792.3	
61.9	240.5	1.1	17.3	45.9	137.1	39.5	16.0	774.5	
55.6	238.8	0.9	13.5	50.4	141.5	34.7	14.5	788.7	
77.5	238.3	0.9	12.5	48.4	124.3	34.7	15.2	790.3	
52.8	238.2	1.3	12.4	51.7	131.0	34.5	16.6	762.8	
53.5	237.9	1.3	11.9	45.0	135.1	35.7	14.1	762.1	
43.5	237.9	1.2	12.8	52.6	132.8	36.1	15.1	748.5	
46.0	237.5	0.8	15.1	48.4	142.2	37.6	15.1	736.1	
48.6	237.6	0.9	13.4	52.0	152.0	36.9	15.0	736.5	
45.4	231.2	0.9	20.5	48.6	157.5	37.9	15.8	718.9	
51.4	231.4	1.2	18.1	50.7	152.7	38.6	18.2	739.6	
69.9	230.9	1.0	16.9	50.8	158.4	39.0	15.3	713.8	
63.3	230.3	1.3	16.0	49.5	156.7	37.5	16.3	699.2	
53.4	230.2	0.8	13.5	45.9	154.6	38.3	15.7	711.3	

Source : Central Bank of Ceylon.

MONEY AND BANKING

Assets and Liabilities

TABLE 4 (Contd.)

End of period					L I A B I L I					
					Paid-up capital, reserve funds & undistributed profits ⁽²⁾	Demand Deposits				
						Inter-bank		Ceylon Govt.	Resident constituents	Non-resident constituents
						Domestic	Foreign			
1949	..	..	..	..	11.6	176.2	5.6	153.2	396.1	9.4
1950	..	..	..	..	15.3	3.6	10.7	134.4	572.1	13.2
1951	March	..	..	..	16.4	16.2	8.4	120.9	653.8	14.7
	June	..	..	..	18.3	23.2	8.4	94.3	648.0	12.7
	September	..	..	..	18.6	5.5	7.0	112.0	604.6	14.1
	December	..	..	..	21.1	13.4	10.2	88.3	609.6	15.1
1952	January	..	..	..	21.4	14.2	8.4	72.0	618.0	15.1
	February	..	..	..	21.4	17.7	7.9	69.4	613.1	14.9
	March	..	..	..	19.6	6.3	7.4	67.2	586.2	15.5
	April	..	..	..	21.5	6.4	9.3	66.9	597.5	14.9
	May	..	..	..	21.8	8.3	8.1	60.3	564.9	14.0
	June	..	..	..	22.1	4.5	9.8	63.8	539.6	14.1
	July	..	..	..	22.4	1.8	6.3	66.7	540.9	13.1
	August	..	..	..	22.6	2.5	7.2	67.7	540.0	13.7
	September	..	..	..	22.4	2.4	6.8	93.3	534.9	13.6
	October	..	..	..	24.6	2.2	13.7	60.8	541.0	12.6
	November	..	..	..	24.9	2.0	18.6	60.4	534.8	12.5
	December	..	..	..	24.8	1.9	35.6	46.8	524.8	12.7
1953	January	..	..	..	25.1	1.9	49.5	50.2	517.0	12.3
	February	..	..	..	25.3	2.0	57.9	42.4	522.8	12.6
	March	..	..	..	23.7	1.8	31.2	41.4	521.7	11.8
	April	..	..	..	25.5	1.6	30.2	50.7	511.3	11.4
	May	..	..	..	26.1	1.7	16.9	51.5	499.1	12.6
	June	..	..	..	26.0	2.0	15.7	52.8	489.6	10.8
	July	..	..	..	26.3	2.0	12.7	57.3	487.8	10.2
	August	..	..	..	26.3	.9	10.1	60.0	458.6	9.8
	September	..	..	..	23.6	.9	10.3	77.6	463.7	9.9
	October	..	..	..	24.9	.9	14.1	42.5	463.3	9.5
	November	..	..	..	25.4	1.5	10.4	36.1	456.9	9.4
	December	..	..	..	24.8	1.4	11.7	43.4	481.7	9.3

(2) Paid-up capital applies only to local banks.

(3) Includes Central Bank.

of Commercial Banks

Rupees Million

T I E S

Time and savings deposits			Total—All deposits			Borrowings			Other liabilities
Ceylon Govt.	Resident constituents	Non-resident constituents	Demand	Time and savings	Total	Domestic		Foreign	
						Inter-bank (³)	Other		
14.7	46.5	5.5	740.5	66.7	807.2	—	—	13.1	20.6
4.3	67.5	5.4	733.9	77.1	811.1	2.0	—	7.7	22.4
4.1	72.6	5.3	813.9	82.0	895.9	3.1	—	5.3	27.5
4.2	74.6	2.7	786.6	81.6	868.2	—	—	7.7	15.1
4.6	76.5	2.9	743.1	84.1	827.2	—	2.0	10.7	21.4
4.3	83.9	2.9	736.6	91.1	827.7	1.0	2.0	8.2	22.6
6.9	79.4	2.9	727.7	89.2	817.0	21.5	2.0	6.0	19.2
6.5	80.1	2.9	723.0	89.5	812.5	15.6	2.0	9.6	20.1
8.6	84.1	2.8	682.5	95.5	778.0	10.7	2.0	24.5	25.5
7.5	83.2	2.9	695.1	93.5	788.6	0.7	2.0	14.7	21.9
4.7	85.3	2.7	655.7	92.7	748.4	1.9	2.0	27.6	18.5
3.5	84.5	1.2	631.8	89.3	721.1	2.0	2.0	38.1	19.6
3.1	84.3	1.2	628.9	88.6	717.5	3.5	2.0	7.5	19.8
3.1	87.5	1.1	631.1	91.7	722.9	7.0	2.0	6.9	21.5
2.9	97.1	1.1	651.1	101.1	752.1	1.5	2.0	7.5	27.3
2.9	95.3	1.0	630.3	99.2	729.5	5.0	2.0	15.7	22.0
2.8	96.7	1.1	628.4	100.5	728.9	7.5	2.0	8.0	21.0
2.3	100.0	1.1	621.9	103.4	725.3	—	2.0	5.7	16.7
2.4	97.9	1.1	630.9	101.3	732.2	4.0	2.0	2.7	22.6
2.4	96.6	1.1	637.6	100.0	737.7	0.5	2.0	2.6	22.3
2.5	94.2	1.0	607.9	97.8	705.6	—	2.0	3.7	27.7
2.5	99.1	1.1	605.2	102.6	707.8	—	2.3	3.7	22.9
3.2	100.5	1.1	581.8	104.9	686.7	0.5	2.0	8.3	24.9
2.2	100.0	1.1	570.9	103.3	674.2	3.2	2.0	5.8	24.9
3.2	95.5	1.1	570.0	99.8	669.8	6.1	3.0	6.4	25.0
2.3	95.3	1.1	539.4	98.7	638.1	10.7	5.0	10.5	28.3
2.6	98.9	1.1	562.5	102.6	665.1	5.2	6.0	8.5	31.2
2.4	102.1	1.2	530.3	105.7	636.0	7.9	6.0	16.3	22.7
2.5	101.6	1.2	514.4	105.3	619.7	5.3	6.0	17.0	25.9
2.5	98.7	1.2	547.5	102.3	649.8	4.8	6.0	7.0	19.0

Source : Central Bank of Ceylon.

MONEY AND BANKING

Assets and Liabilities

TABLE 5

End of period	A S S				
	International reserve				
	Cash and balances abroad including treasury bills	Foreign bills discounted	Foreign Government securities	Ceylon Govt. war Loan (payment guaranteed by the U.K. Govt.)	Total
1950	279.5	—	265.5	20.0	565.1
1951 March	348.2	11.9	265.5	18.3	643.9
June	327.2	42.2	265.5	14.9	649.9
September	423.9	13.1	250.6	16.0	703.6
December	323.2	17.4	311.8	15.9	668.4
1952 January	316.6	19.9	311.8	12.8	661.0
February	301.1	13.3	311.8	10.5	636.6
March	271.2	7.6	311.8	10.2	600.7
April	239.6	4.8	311.5	10.2	566.1
May	242.1	7.6	311.5	10.2	571.4
June	187.8	7.6	316.2	10.3	521.9
July	188.7	7.2	322.9	10.6	529.5
August	153.1	10.2	329.5	10.6	503.5
September	129.0	10.0	314.5	10.6	464.2
October	122.1	10.2	301.2	10.7	444.2
November	97.8	11.2	301.2	13.7	423.8
December	73.5	10.4	301.2	16.0	401.1
1953 January	101.3	13.5	274.5	16.0	405.4
February	88.1	16.3	274.5	16.2	395.1
March	104.7	18.5	221.3	16.2	360.7
April	98.3	20.5	206.7	16.2	341.7
May	81.5	20.6	190.6	16.2	308.9
June	76.4	23.8	177.2	16.2	293.7
July	103.1	23.0	181.6	16.2	323.9
August	103.9	24.8	181.6	16.2	326.5
September	79.7	24.9	181.6	16.2	302.3
October	91.8	18.6	154.9	16.2	281.5
November	104.2	11.0	128.2	16.2	259.7
December	102.4	8.0	118.9	15.8	245.1

(¹) Balance of Special Loan only up to February, 1952 ; *vide* Section 7 of includes provisional advances in March and April, 1952 ; thereafter

of the Central Bank

Rupees Million

E T S				Total assets or liabilities	International reserve as a percentage of currency and demand liabilities
Domestic assets					
Loans and advances		Government and Government guaranteed securities	Other assets and accounts		
To (1) Government	To Others				
14.3	—	4.5	2.8	586.6	101.1
14.0	—	—	1.4	659.3	102.0
14.0	—	...	1.2	665.2	102.5
14.0	—	3.3	2.1	723.0	102.2
14.0	—	3.1	4.2	689.6	101.5
14.0	—	2.8	3.9	681.6	101.5
12.0	—	3.4	3.1	655.1	101.7
23.0	—	3.5	3.8	631.0	99.9
29.0	—	12.8	4.1	611.9	97.5
24.0	—	27.5	3.4	626.3	96.2
43.0	—	32.8	2.9	600.5	91.9
—	—	41.0	3.2	573.6	98.1
—	—	49.8	3.8	557.0	96.4
72.0	—	57.9	5.0	599.1	82.5
61.0	—	60.8	5.9	571.9	83.2
74.0	—	55.5	6.6	559.9	81.4
85.0	—	75.6	3.9	565.6	75.8
89.0	—	80.7	3.3	578.4	74.8
87.6	—	73.3	2.0	558.1	75.5
91.1	—	107.5	2.5	561.8	68.6
86.4	—	124.1	2.5	554.7	66.0
91.0	—	153.7	4.4	558.0	59.4
84.2	—	170.8	5.0	553.7	57.0
58.2	1.0	136.4	6.1	525.6	66.6
13.3	1.0	163.5	6.6	511.0	69.5
70.5	0.2	145.7	7.2	525.9	62.5
74.1	4.7	118.7	7.6	486.7	63.5
81.4	2.2	121.5	7.8	472.6	60.7
72.1	3.3	151.3	4.5	476.3	56.4

Source : Central Bank of Ceylon.

Bretton Woods Agreements Act No. 20 of 1950 ;
provisional advances only.

MONEY AND BANKING

Assets and Liabilities

TABLE 5 (Contd.)

End of period				L I A B I					
				Capital accounts			Currency issue		
				Capital	Surplus	Total	Notes in circulation	Coins in circulation	Total
1950	..	..	..	15.0	10.0	25.0	353.2	14.1	367.4
1951	March	..	..	15.0	10.0	25.0	380.7	14.6	395.3
	June	..	..	15.0	10.0	25.0	372.6	16.7	389.3
	September	..	..	15.0	10.0	25.0	401.1	18.3	419.4
	December	..	..	15.0	10.0	25.0	397.8	19.3	417.0
1952	January	..	..	15.0	10.0	25.0	387.1	19.8	406.9
	February	..	..	15.0	10.0	25.0	384.6	20.2	404.8
	March	..	..	15.0	10.0	25.0	382.0	20.5	402.5
	April	..	..	15.0	10.0	25.0	388.5	20.7	409.1
	May	..	..	15.0	10.0	25.0	382.2	20.7	402.9
	June	..	..	15.0	10.0	25.0	374.0	20.6	394.6
	July	..	..	15.0	10.0	25.0	373.4	20.5	393.9
	August	..	..	15.0	10.0	25.0	373.1	20.6	393.7
	September	..	..	15.0	10.0	25.0	371.8	20.4	392.3
	October	..	..	15.0	10.0	25.0	360.4	20.6	380.9
	November	..	..	15.0	10.0	25.0	362.7	20.4	383.1
	December	..	..	15.0	10.0	25.0	368.2	20.6	388.8
1953	January	..	..	15.0	10.0	25.0	365.0	20.6	385.6
	February	..	..	15.0	10.0	25.0	366.3	20.6	386.9
	March	..	..	15.0	10.0	25.0	373.8	20.7	394.5
	April	..	..	15.0	10.0	25.0	372.5	21.0	393.5
	May	..	..	15.0	10.0	25.0	370.2	21.0	391.3
	June	..	..	15.0	10.0	25.0	367.9	20.9	388.8
	July	..	..	15.0	10.0	25.0	363.7	20.9	384.6
	August	..	..	15.0	10.0	25.0	355.7	21.0	376.7
	September	..	..	15.0	10.0	25.0	358.9	20.6	379.5
	October	..	..	15.0	10.0	25.0	354.6	20.6	375.2
	November	..	..	15.0	10.0	25.0	343.3	20.5	363.8
	December	..	..	15.0	10.0	25.0	346.6	20.5	367.1

(2) Includes in 1950 and the 1st three quarters of 1951, balances belonging to the Board of Commissioners of Currency.

of the Central Bank

Rupees Million

L I T T I E S

Deposits						Other liabilities and accounts
Government	Government agencies & institutions	Commercial banks	International organisations	Others ⁽²⁾	Total	
12.4	...	165.2	12.9	0.9	191.4	2.9
35.3	5.1	181.9	12.9	0.8	235.9	3.1
40.3	3.7	187.2	12.9	0.9	244.9	6.0
51.1	3.5	201.0	12.9	0.7	269.1	9.5
30.9	4.1	193.4	12.8	0.1	241.4	6.2
72.1	3.7	155.0	12.8	0.1	243.7	6.0
31.8	4.3	171.2	13.6	0.2	221.1	4.2
6.2	17.0	161.6	13.6	0.2	198.6	4.9
5.8	1.0	151.1	13.6	0.2	171.6	6.1
5.5	1.4	183.3	0.9	0.2	191.2	7.2
5.7	6.1	160.2	0.9	0.2	173.1	7.9
18.8	0.3	125.8	0.9	0.2	146.0	8.7
3.6	0.1	123.7	0.9	0.2	128.4	9.9
5.5	0.2	163.4	0.9	0.2	170.1	11.6
5.7	0.3	146.1	0.9	0.2	153.2	12.7
5.4	0.6	130.6	0.9	0.2	137.7	14.1
5.5	1.6	131.9	0.9	0.3	140.2	11.6
5.7	1.3	148.0	0.9	0.3	156.2	11.7
0.4	1.4	133.5	0.9	0.3	136.5	9.7
0.3	2.7	127.1	0.9	0.3	131.3	10.9
0.4	1.9	120.6	0.9	0.3	124.1	12.2
0.3	3.4	123.9	0.9	0.3	128.8	13.0
0.5	17.1	107.6	0.9	0.3	126.4	13.6
0.3	0.6	99.3	0.9	0.3	101.3	14.6
0.4	...	91.4	0.9	0.3	93.1	16.2
0.3	0.9	101.9	0.9	0.4	104.3	17.1
0.7	0.5	65.6	0.9	0.4	68.0	18.5
0.4	0.6	62.0	0.9	0.4	64.2	19.6
0.3	0.5	65.8	0.9	0.4	67.8	16.5

Source : Central Bank of Ceylon.

MONEY AND BANKING

Accounts of the Central Bank of Balance Sheet as

TABLE 6

LIABILITIES	Rs.	Cts.	Rs.	Cts.
Capital Accounts :—				
Capital	15,000,000	00		
Surplus	10,000,000	00	25,000,000	00
Liabilities :—				
Notes in Circulation	346,579,101	75		
Coins in Circulation	20,511,689	99	367,090,791	74
Deposits—				
Government	303,454	22		
Government Agencies and Institutions	467,944	82		
Commercial Banks	65,759,277	87		
International Organisations	852,227	98		
Others	386,639	89	67,769,544	78
Other Liabilities and Accounts			16,460,299	49
		Rs.	476,320,636	01

Profit and Loss Account for the

	Rs.	Cts.
To General charges (including salaries, rent, expenditure on currency notes and coins and other expenses) and allocations in terms of section 38 of the Monetary Law Act No. 58 of 1949	10,801,014	59
Balance, being net profit for the year ended 31st December, 1953. The net profit has been carried to surplus in terms of section 39 (b) of the Monetary Act No. 58 of 1949	2,000,000	00
Rs. ..	12,801,014	59

The accounts of the Central Bank for the year ended 31st December, 1953, have been of the state of affairs of the Bank as at 31st December, 1953, and the Profit and Loss Account to the best of my information and explanations furnished to me, and as shown by the

Audit Office,
Colombo 7.
10th March, 1954.

Ceylon as of 31st December, 1953

of 31st December, 1953.

ASSETS	Rs.	Cts.	Rs.	Cts.
International Reserve :—				
Cash and Balances abroad (including Treasury Bills)	102,368,488	98		
Foreign Bills Discounted	7,951,533	53		
Foreign Government Securities	118,939,756	38		
Ceylon Government War Loan (Payment Guaranteed by United Kingdom Government)	15,814,584	18	245,074,363	07
Domestic Assets :—				
Loans and Advances—				
to Government	72,100,000	00		
to Others	3,250,000	00		
Government and Government Guaranteed Securities	151,349,013	88	226,699,013	88
Other Assets and Accounts			4,547,259	06
		Rs.	476,320,636	01

Year ended 31st December, 1953

	Rs.	Cts.
By Interest, Discounts, Exchange, etc.	12,801,014	59
Rs. ..	12,801,014	59

N. U. JAYAWARDENA,
Governor.

D. C. GUNASEKERA,
Acting Chief Accountant,

audited under my direction. In my opinion, the Balance Sheet exhibits a true and fair view represents the results of its operations during the year ended 31st December, 1953, according books of the Bank.

A. WEERASINGHE,
Auditor-General.

MONEY AND BANKING

Money
Per centum

TABLE 7

End of period	Govern- ment treas- ury bills (1)	Central Bank rate on ad- vances	COMMERCIAL BANKS DEPOSIT RATES (2)							
			Fixed deposits						Savings deposits	
			3 months		6 months		12 months			
			Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
1952 December	0.92	2½	¾	¾	¾	¾	¾	¾	2	1
1953 January	0.92	2½	¾	¾	¾	¾	¾	¾	2	1
February	0.92	2½	¾	¾	¾	¾	¾	¾	2	1
March	1.05	2½	¾	¾	¾	¾	¾	¾	2	1
April	1.35	2½	1	1	1	1	1	1	2	1
May	1.71	2½	1	1	1	1	1	1	2	1
June	2.15	2½	1½	1½	1½	1½	1½	1½	2	1
July	2.47	3	1½	1½	1½	1½	1½	1½	2	1
August	2.47	3	1½	1½	1½	1½	1½	1½	2	1
September	2.48	3	1½	1½	1½	1½	2	2	2	1
October	2.48	3	1½	1½	1½	1½	2	2	2	1
November	2.48	3	1½	1½	1½	1½	2	2	2	1
December	2.48	3	1½	1½	1½	1½	2	2	2	1

(1) Weighted average of all bills issued.

(2) Rates ruling on the last Friday of each month. These rates relate only to the larger commercial banks in Ceylon.

Purchases and Sales of Foreign Exchange by The Central Bank

TABLE 8

Rupees Million

	PURCHASES			SALES			Net Pur- chases (+ Sales (—))
	Spot	Forward	Total	Spot	Forward	Total	
1953 January	13.5	21.3	34.8	43.5	—	43.5	— 8.7
February	4.0	24.7	28.7	44.8	—	44.8	—16.1
March	39.4	28.9	68.3	115.8	—	115.8	—47.5
April	23.4	21.1	44.5	71.7	—	71.7	—27.2
May	0.8	24.0	24.8	70.0	—	70.0	—45.2
June	1.4	24.5	25.9	43.4	—	43.4	—17.5
July	28.8	27.9	56.7	24.3	0.3	24.6	+32.1
August	4.2	31.6	35.8	37.1	—	37.1	— 1.3
September	4.9	16.2	21.1	44.5	0.8	45.3	—24.2
October	4.5	16.9	21.4	55.4	—	55.4	—34.0
November	6.4	7.8	14.2	57.2	28.6	85.8	—71.6
December	19.3	7.0	26.3	32.9	1.7	34.6	— 8.3

Source : Central Bank of Ceylon.

Rates per annum

COMMERCIAL BANKS ADVANCES RATES (2)

Inter-bank call loans		Bills purchased and discounted		Loans and Overdrafts											
				Secured by											
				Government securities		Shares of jt. stock companies		Stock in trade		Immovable property		Others		Unsecured	
Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$\frac{1}{2}$	$\frac{1}{2}$	6	$2\frac{1}{2}$	5	$2\frac{1}{4}$	6	4	8	3	7	$4\frac{1}{2}$	8	3	8	3
$1\frac{1}{2}$	$\frac{1}{2}$	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$
2	1	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$
2	1	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$
2	1	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$
2	1	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$
2	1	$6\frac{1}{2}$	3	5	$3\frac{1}{2}$	$6\frac{1}{2}$	$4\frac{1}{2}$	8	4	$7\frac{1}{2}$	$4\frac{1}{2}$	8	$3\frac{1}{2}$	8	$3\frac{1}{2}$

Source : Central Bank of Ceylon.

Reserve Position of Commercial Banks

TABLE 9

Rupees Million

End of period			(i) Demand deposits	(ii) Reserves required against demand deposits	(iii) Time and savings deposits	(iv) Reserves required against time and savings deposits	(v) Total required reserves (ii) + (iv)	(vi) Actual reserves (balances with Central Bank)	(vii) Excess reserves (vi) — (v)	(viii) Till cash
1950	..	..	733.9	73.4	77.1	3.9	77.3	165.2	87.9	36.0
1951	..	..	736.6	103.1	91.1	4.6	107.7	193.4	85.7	33.8
1952	..	..	621.9	87.1	103.4	5.2	92.3	131.9	39.6	27.4
1953	January	..	630.9	88.3	101.3	5.1	93.4	148.0	54.6	22.0
	February	..	637.6	89.3	100.0	5.0	94.3	133.5	39.2	19.3
	March	..	607.9	85.1	97.8	4.9	90.0	127.1	37.1	28.2
	April	..	605.2	84.7	102.6	5.1	89.8	120.6	30.8	33.6
	May	..	581.8	81.5	104.9	5.2	86.7	123.9	37.2	26.4
	June	..	570.9	79.9	103.3	5.2	85.1	107.6	22.5	22.5
	July	..	570.0	79.8	99.8	5.0	84.8	99.3	14.5	26.8
	August	..	539.4	75.5	98.7	4.9	80.4	91.4	11.0	24.9
	September	..	562.5	56.3	102.6	5.1	61.4	101.9	40.5	25.9
	October	..	530.3	53.0	105.7	5.3	58.3	65.6	7.3	22.5
	November	..	514.4	51.4	105.3	5.3	56.7	62.0	5.3	17.1
	December	..	547.5	54.8	102.3	5.1	59.9	65.8	5.9	25.5

Source : Central Bank of Ceylon.

Pursuant to regulations under Section 92 of the Monetary Law Act No. 58 of 1949, commercial banks are now required to maintain with the Central Bank cash reserves amounting to 10% of their demand deposits and 5% of their time and savings deposits. Between January 5th, 1951, and September 11, 1953, the required reserves were 14% of demand deposits and 5% of time and savings deposits.

(i) Includes inter-bank deposits.

(vi) According to Central Bank books.

MONEY AND BANKING

Bank

TABLE 10

Month	Y e					
	1939	1940	1941	1942	1943	1944
January	88.6	142.2	147.6	177.2	219.5	216.0
February	78.7	119.9	112.6	199.9	213.9	239.5
March	100.3	114.2	140.0	205.5	214.5	273.5
April	79.9	140.9	143.1	138.8	195.3	246.3
May	90.3	135.6	149.1	150.5	207.6	278.8
June	93.9	145.0	158.5	163.2	214.2	301.7
July	87.7	146.3	169.2	174.5	266.1	310.4
August	96.5	128.4	156.1	196.0	231.2	315.7
September	95.5	131.5	143.0	205.8	230.9	278.1
October	105.6	144.7	172.5	203.7	241.8	288.0
November	139.4	135.4	155.6	220.1	222.3	297.7
December	127.2	132.7	166.7	170.9	247.9	305.8
Monthly average	98.6	134.7	151.2	183.8	225.4	279.3

State Mortgage Bank
Loans Granted, Repaid and Outstanding

TABLE 11

Rupees

Period	Loans granted during the period	Capital repayment received during the period	Total loans outstanding at the end of the period
1937-38	1,134,019	460,388	7,499,287
1938-39	990,916	634,193	7,856,009
1939-40	1,095,593	672,683	8,267,386
1940-41	554,480	958,036	7,863,831
1941-42	661,250	1,758,201	6,766,879
1942-43	516,500	1,675,707	5,607,672
1943-44	543,500	1,553,849	4,597,323
1944-45	166,000	1,026,600	3,736,723
1945-46	591,650	716,456	3,611,917
1946-47	1,665,000	524,508	4,752,409
1947-48	2,281,500	661,490	6,372,419
1948-49	2,399,750	639,426	8,132,743
1949-50	2,569,750	799,765	9,902,729
1950-51	2,645,000	1,062,370	11,485,357
1951-52	3,184,000	1,281,884	13,387,474
1952-53*	4,224,500	1,425,181	16,186,786
1953 January	350,000	54,086	13,678,100
February	169,000	95,472	13,751,628
March	788,000	122,552	14,417,075
April	58,500	160,880	14,314,695
May	264,000	85,184	14,493,511
June	432,500	81,239	14,844,772
July	347,500	95,037	15,097,234
August	876,000	172,990	15,800,243
September	531,500	144,957	16,186,786
October	397,500	105,950	16,478,335
November	49,000	71,195	16,456,140
December	357,500	48,084	16,765,555

Source : State Mortgage Bank.

*Provisional figures.

Note: Financial year—October 1 to September 30.

Clearings

Rupees Million

a r								
1945	1946	1947	1948	1949	1950	1951	1952	1953
357.5	347.2	309.4	420.9	398.5	477.7	761.7	720.8	717.3
289.6	314.9	304.8	340.4	330.8	408.3	625.4	650.6	630.4
275.6	350.6	345.9	368.3	390.4	518.5	629.6	687.2	670.4
316.0	369.7	353.9	385.4	368.9	447.8	673.9	661.3	633.9
334.6	356.2	345.9	368.8	432.3	486.4	713.5	730.2	640.9
347.8	323.7	240.1	394.6	461.9	524.6	687.9	649.9	658.9
377.6	361.2	384.4	435.3	432.9	527.4	692.1	751.6	754.5
378.2	322.3	367.8	374.3	413.4	740.4	720.7	623.2	698.9
334.9	58.1	373.2	395.2	430.5	614.4	703.9	723.7	715.9
377.8	244.8	404.9	384.6	450.6	611.6	756.5	729.4	670.7
280.3	305.6	365.1	393.7	444.5	645.6	684.2	629.5	603.1
306.7	308.0	395.7	426.3	461.9	590.0	648.0	696.2	652.8
331.4	305.2	349.3	390.7	418.0	549.4	691.4	687.8	670.6

Source : Central Bank of Ceylon ; Department
of Census and Statistics.

Agricultural and Industrial Credit Corporation**Loans Granted, Repaid and Outstanding**

TABLE 12

Rupees

Period				Loans granted during the period	Capital repay- ment received during the period	Total loans outstanding at the end of the period
1944-45	..	..	..	3,344,000	883,614	3,643,387
1945-46	..	..	..	2,611,750	495,631	5,759,506
1946-47	..	..	..	1,774,975	742,240	6,792,241
1947-48	..	..	..	2,612,700	666,000	8,255,950
1948-49	..	..	..	3,027,600	438,000	9,889,678
1949-50	..	..	..	6,555,100	1,101,200	13,982,646
1950-51	..	..	..	9,455,133	3,721,639	19,734,004
1951-52	..	..	..	10,250,980	3,921,611	26,063,364
1952-53*	..	..	..	8,915,325	5,947,524	29,125,228
1953 January	..	..	..	664,750	476,333	26,692,838
February	..	..	..	1,085,050	937,869	26,840,019
March	..	..	..	1,048,750	593,735	27,295,033
April	..	..	..	64,500	595,935	27,033,597
May ..	..	..	..	993,000	333,670	27,692,927
June	..	..	..	206,450	538,080	27,361,296
July	..	..	..	1,135,500	537,822	27,960,091
August	..	..	..	489,650	190,021	28,259,719
September	..	..	..	1,234,125	94,197	29,125,228
October	..	..	..	420,750	451,557	29,090,420
November	..	..	..	572,850	554,191	29,109,079
December	..	..	..	463,100	599,680	28,972,499

Source : Agricultural and Industrial Credit Corporation.

*Provisional figures.

Note: 1944-45 was the Corporation's first complete financial year of operation. (Financial Year—October 1 to September 30.)

MONEY AND BANKING

Agricultural and Industrial Credit Corporation

Loans Granted—Classified by Purpose
Agricultural Purposes

TABLE 13

Period	Purchase and development of agricultural property		Purchase and redemption of debt on agricultural property		Redemption of debt and development of agricultural property		Total	
	No. of loans	Amount Rs.	No. of loans	Amount Rs.	No. of loans	Amount Rs.	No. of loans	Amount Rs.
1944–1945	17	2,526,000	4	221,500	6	404,000	27	3,151,500
1945–1946	13	1,357,750	8	566,000	8	553,000	29	2,476,750
1946–1947	22	1,028,850	9	139,125	6	91,500	37	1,259,475
1947–1948	33	1,452,200	4	72,000	14	832,000	51	2,356,200
1948–1949	35	1,347,250	27	1,048,350	15	417,500	77	2,813,100
1949–1950	64	4,334,500	42	887,600	35	840,000	141	6,062,100
1950–1951	71	6,546,308	47	1,593,675	28	459,000	146	8,598,983
1951–1952	63	4,376,250	52	2,999,930	42	917,800	157	8,293,980
1952–1953*	63	1,990,450	64	4,118,925	29	635,819	156	6,745,194
1953 January	4	18,750	4	202,000	4	42,000	12	262,750
February	9	691,050	3	30,500	5	247,500	17	969,050
March	6	34,250	9	796,500	4	93,000	19	923,750
April	2	13,250	1	3,500	2	38,969	5	55,719
May	4	10,500	5	216,500	1	4,500	10	231,500
June	5	48,500	5	92,500	2	3,200	12	144,200
July	10	339,500	7	729,000	2	25,000	19	1,093,500
August	5	42,650	4	344,000	3	11,400	12	398,050
September	4	76,500	11	893,625	2	135,000	17	1,105,125
October	1	3,250	5	203,500	5	145,000	11	351,750
November	7	135,000	6	284,600	4	93,250	17	512,850
December	4	27,500	10	416,000	2	7,600	16	451,100

Source : Agricultural and Industrial Credit Corporation.

*Provisional figures.

Note: 1944-45 was the Corporation's first complete financial year of operation.
(Financial year—October 1 to September 30).

Agricultural and Industrial Credit Corporation

Loans Granted—Classified by Purpose Industrial Purposes

TABLE 14

Period	Purchase and development of industrial property		Purchase and redemption of debt on industrial property		Redemption of debt and development of industrial property		Total	
	No. of loans	Amount Rs.	No. of loans	Amount Rs.	No. of loans	Amount Rs.	No. of loans	Amount Rs.
1944-1945 ..	3	62,500	—	—	1	130,000	4	192,500
1945-1946 ..	2	70,000	2	65,000	—	—	4	135,000
1946-1947 ..	5	265,500	1	200,000	2	50,000	8	515,500
1947-1948 ..	6	106,500	1	10,000	2	140,000	9	256,500
1948-1949 ..	7	189,500	1	10,000	1	15,000	9	214,500
1949-1950 ..	10	167,000	5	184,500	5	141,500	20	493,000
1950-1951 ..	14	633,500	2	34,650	3	188,000	19	856,150
1951-1952 ..	14	746,500	8	1,004,000	4	206,500	26	1,957,000
1952-1953* ..	16	1,328,781	10	669,350	8	172,000	34	2,170,131
1953 January ..	2	172,000	2	230,000	—	—	4	402,000
February ..	2	62,000	—	54,000	—	—	2	116,000
March ..	—	—	1	75,000	1	50,000	2	125,000
April ..	—	781	1	8,000	—	—	1	8,781
May ..	2	757,500	—	—	2	4,000	4	761,500
June ..	2	9,250	1	23,000	1	30,000	4	62,250
July ..	2	17,000	—	—	1	25,000	3	42,000
August ..	1	46,250	1	20,350	1	25,000	3	91,600
September ..	1	15,000	2	114,000	—	—	3	129,000
October ..	2	24,000	—	—	2	45,000	4	69,000
November ..	2	30,000	—	—	1	30,000	3	60,000
December ..	—	—	—	—	1	12,000	1	12,000

Source : Agricultural and Industrial Credit Corporation

*Provisional figures.

Note: 1944-1945 was the Corporation's first complete financial year of operation.
(Financial year—October 1 to September 30).

MONEY AND BANKING

Savings Deposits and Savings Certificates

TABLE 15

Rupees Million

End of period	Savings Deposits				(v) Savings certi- ficates outstand- ing	(vi) Total (iv) + (v)
	(i) Post Office Savings Bank	(ii) Ceylon Savings Bank	(iii) Commer- cial banks*	(iv) Total (i) + (ii) + (iii)		
1938	20.0	18.4	40.5	78.9	1.2	80.1
1939	19.3	19.9	41.5	80.7	1.6	82.3
1940	17.1	20.9	53.5	91.5	3.1	94.6
1941	16.0	21.5	49.9	87.4	3.4	90.8
1942	13.7	19.7	31.4	64.8	2.5	67.3
1943	21.5	26.5	41.4	89.4	10.7	100.1
1944	35.6	36.3	51.3	123.2	18.2	141.4
1945	65.0	51.5	63.6	180.1	25.8	205.9
1946	103.5	60.9	61.0	225.4	27.8	253.2
1947	118.4	59.1	63.6	241.1	27.0	268.1
1948	125.8	56.1	67.5	249.4	33.2	282.6
1949	134.9	55.3	66.7	256.9	32.1	289.0
1950	160.9	57.0	77.1	295.0	27.0	322.0
1951	206.4	61.8	91.1	359.3	26.8	386.1
1952 January ..	208.2	62.2	89.2	359.6	26.8	386.4
February ..	210.1	62.3	89.5	361.9	26.8	388.7
March ..	210.9	62.5	95.5	368.9	27.0	395.9
April ..	210.6	62.5	93.5	366.6	26.8	393.4
May ..	212.2	62.6	92.7	367.5	27.4	394.9
June ..	213.4	62.9	89.3	365.6	27.1	392.7
July ..	214.6	64.1	88.6	367.3	27.1	394.4
August ..	215.4	64.2	91.7	371.3	27.4	398.7
September ..	217.2	64.3	101.1	382.6	27.7	410.3
October ..	218.0	64.4	99.2	381.6	27.7	409.3
November ..	218.5	64.2	100.5	383.2	27.7	410.9
December ..	218.9	64.2	103.4	386.5	27.5	414.0
1953 January ..	218.9	64.0	101.3	384.2	27.5	411.7
February ..	221.5	63.5	100.0	385.0	27.2	412.2
March ..	220.6	63.3	97.8	381.7	27.1	408.8
April ..	219.4	63.2	102.6	385.2	27.0	412.2
May ..	219.6	62.9	104.9	387.4	27.0	414.4
June ..	219.9	64.1	103.3	387.3	27.0	414.3
July ..	220.5	63.8	99.8	384.1	27.0	411.1
August ..	219.7	63.3	98.7	381.7	27.0	408.7
September ..	220.3	63.1	102.6	386.0	26.9	412.9
October ..	220.2	62.8	105.7	388.7	26.7	415.4
November ..	219.5	62.6	105.3	387.4	26.6	414.0
December ..	222.6	62.5	102.3	387.0	26.6	413.6

Source : Department of Census and Statistics ;
Central Bank of Ceylon.

*Total of savings and time deposits.

GOVERNMENT FINANCE

Government Revenue and Expenditure

TABLE 16

Rupees Million

Period	REVENUE (a) (b)			EXPENDITURE (c)						
	Total	Rail-way and Elec-trical depart-ments	Other	Total	From current revenue (b) (d)				From loan funds (e)	
					Rail-way and Elec-trical depart-ments	Other	Total	% of total expen-diture	Amount	% of total expen-diture
1938-1939	135.3	18.4	116.9	157.2	22.5	127.1	149.6	95.2	7.6	4.8
1939-1940	143.2	20.1	123.1	152.7	23.8	122.4	146.2	95.7	6.5	4.2
1940-1941	154.4	22.0	132.4	158.4	25.7	127.3	153.0	96.6	5.4	3.4
1941-1942	188.2	31.7	156.5	204.6	27.6	153.3	180.9	88.4	23.7	11.6
1942-1943	243.7	43.7	200.0	243.6	32.5	185.0	217.5	89.3	26.1	10.7
1943-1944	305.8	56.5	249.3	274.6	36.2	210.7	246.9	89.9	27.7	10.1
1944-1945	368.7	64.8	303.9	330.4	44.4	254.4	298.8	90.4	31.6	9.6
1945-1946	444.9	61.6	383.3	412.9	57.0	319.9(f)	376.9	91.3	36.0	8.7
1946-1947	515.4	54.2	461.2	595.9	68.8	495.0(f)	563.8	94.6	32.1	5.4
1947-1948	600.5	59.9	540.6	673.9	78.2	525.4(f)	603.6	89.6	70.3	10.4
1948-1949	639.9	63.9	576.1	749.3	78.9	547.9	626.8	83.7	122.5	16.3
1949-1950	691.4	68.0	623.3	798.8	80.0	563.2	643.2	80.5	155.6	19.5
1950-1951	910.2	74.2	836.0	951.6	81.0	723.9	804.9	84.6	146.7	15.4
1951-1952	954.0	78.7	875.3	1,225.9	91.0	932.0	1,023.0	83.4	202.9	16.6
1952-1953	952.4	81.0	871.4	1,148.1	96.5	831.0	927.5	80.8	220.6	19.2
1953-1954*	951.2	100.2	851.0	1,040.0	93.9	702.4	796.3	76.6	243.7	23.4

Source : Central Government Treasury.

- (a) Excludes credits of an extraordinary nature, such as recovery from loan funds of sums advanced in previous years and surplus in sinking fund.
- (b) The Railway and Electrical Departments were excluded from the general budget prior to 1950-51. In this table, however, revenue from and expenditure on these departments are included in Government's revenue and expenditure from current revenue respectively, for years prior to 1950-51 as well.
- (c) Excludes expenditure financed from the National Development Reserve and net expenditure on advance accounts.
- (d) Excludes debits of an extraordinary nature such as sums advanced from revenue and chargeable to loan funds in subsequent years.
- (e) Includes not only expenditure from loan funds, but also advances from revenue for loan works pending raising of loans.
- (f) Rs. 174.4 million of food subsidies up to September 30, 1948, were debited to the consolidated fund in 1947-48. Of this, Rs. 96.6 million represented the net cost of subsidies financed outside the Budget during the previous years. This Rs. 96.6 million has here been distributed under expenditure from current revenue, Rs. 7.0 million for 1945-46 and Rs. 89.6 million for 1946-47.

*Budget Estimates.

GOVERNMENT FINANCE

Receipts and Payments of

TABLE 17

R E C E I P T S					1947-48	1948-49
(1) Tax revenue from public	..	..	..	..	469.0	501.7
(a) Direct taxes	..	..	..	..	98.3	114.9
(i) Income tax	..	..	..	..	62.0	76.7
(ii) Estate duty	..	..	..	..	3.8	2.6
(iii) Excess profit duty	..	..	..	..	21.5	15.4
(iv) Profits tax	..	..	..	..	9.0	18.4
(v) Fines and forfeitures	..	..	..	..	2.0	1.8
(b) Indirect taxes	..	..	..	..	370.7	386.8
(i) Import duties	..	..	..	..	177.0	180.2
(ii) Export duties	..	..	..	..	137.0	149.1
(iii) Excise and salt	..	..	..	..	46.8	46.2
(iv) Licence and internal revenue not otherwise classified	..	..	..	..	2.0	3.0
(v) Stamp duty	..	..	..	..	7.9	8.3
(2) Non-tax transfers	..	..	..	..	14.6	13.3
(a) Transfers from public	..	..	..	..	4.3	4.6
(b) Transfers from Government agencies	..	..	..	..	10.3	8.7
(3) Earnings	..	..	..	..	44.5	50.5
(a) Sale of existing property	..	..	..	..	0.5	0.9
(b) Service income	..	..	..	..	30.8	35.9
(c) Income from property	..	..	..	..	11.4	11.3
(d) Payment by Government agencies	..	..	..	..	1.8	2.4
(4) Receipts from Government enterprises	..	..	..	..	12.5	10.5
(a) Payment to Government on account of services and interest	..	..	..	..	6.6	7.7
(b) Appropriation to revenue	..	..	..	..	5.9	2.8
(5) Total Government revenue (1 through 4)	..	..	..	..	540.6	576.1
(6) Net domestic borrowing	..	..	..	..	27.0	35.8
(a) Net market borrowing	..	..	..	..	33.8	33.1
(b) Net administrative borrowing	..	..	..	..	-6.8	2.7
(7) External aid under the Colombo Plan	..	..	..	..	—	—
(8) Change in cash balances (including reserves)	..	..	..	..	-20.6	-73.5
(9) Total receipts	..	..	..	..	588.3	685.4

(2) (a) Mainly pension contributions.

(2) (b) Includes interest and annuity receipts from Government agencies. Government agencies in this statement include local authorities, the Tea Research Institute, the Currency Board/Central Bank, the Post Office Savings Bank, the Ceylon Savings Bank and the Loan Board.

(3) (b) Revenue from Port of Colombo, Medical, Postal and Telecommunication Departments and fees of Courts, etc.

(3) (c) Mainly rents and interest.

(4) Government enterprises include Railway and Electrical Departments, Government commercial undertakings and Local Loan and Development Fund (The Railway and Electrical Departments have been included only from 1950/51; prior to that they were not included in the general budget).

(6) (a) Figures are net of contributions from revenue to public debt sinking funds.

(8) The reserves are Railway and Electrical Departments' reserves and the Rubber Rehabilitation Reserve.

the Government of Ceylon

Rupees Million

1949-50	1950-51	1951-52	1952-53 (Revised Estimates)	1953-54 (Estimates)
537.9	736.3	770.2	727.7	721.5
125.0	141.0	212.6	232.1	206.6
78.5	96.4	146.9	166.0	162.5
6.2	4.2	5.9	4.5	4.5
14.1	11.1	5.0	4.0	2.5
24.4	27.4	52.9	55.5	35.0
1.8	1.9	1.9	2.1	2.1
412.9	595.3	557.6	495.6	514.9
188.3	245.0	259.9	245.4	259.5
167.6	282.7	227.2	172.2	169.7
43.7	49.1	49.9	57.5	66.4
4.5	5.6	8.5	9.0	9.3
8.8	12.9	12.1	11.5	10.0
13.9	21.1	17.1	15.2	16.3
4.8	5.1	7.4	6.2	6.4
9.1	16.0	9.7	9.0	9.9
56.7	64.2	72.9	72.1	95.4
0.9	0.9	1.1	1.1	1.2
42.8	48.1	55.3	54.9	63.3
10.5	13.4	14.6	13.8	28.6
2.5	1.8	1.9	2.3	2.3
14.9	88.4	93.8	103.0	117.9
8.0	8.7	9.7	14.0	13.8
6.9	79.7	80.1	89.0	104.1
623.3	910.2	954.0	918.0	951.2
85.9	114.0	186.1	216.5*	81.4
78.4	80.2	220.3	204.6	81.4
7.5	33.8	—34.2	11.9	—
—	—	0.4	10.5	19.1
—77.2	+64.0	—84.9	—22.9*	—22.6
786.4	960.2	1,225.4	1,167.9	1,074.4

Source : Central Bank of Ceylon.

*Final figures. Total receipts and payments do not balance for 1952-53, because some figures in respect of this year are final and others are estimates.

GOVERNMENT FINANCE

Receipts and Payments of

TABLE 17—(Continued)

P A Y M E N T S				1947-48	1948-49
(10)	Purchase of goods and services	..	..	266.0	299.3
	(a) Administration	..	..	63.8	71.0
	(i) Defence	..	..	2.9	3.5
	(ii) Civil administration	..	..	56.6	63.3
	(iii) Legislative	..	..	4.5	4.2
	(b) Social services	..	..	128.6	139.2
	(c) Economic services	..	..	50.4	67.2
	(i) Economic development	..	..	39.0	43.7
	(ii) Utility services	..	..	11.4	23.5
	(d) Payments to Government enterprises	..	..	23.2	21.8
(11)	Transfer payments	..	..	167.7	152.0
	(a) To Private current accounts	..	..	142.6	135.7
	(i) Food subsidies	..	..	77.8	55.1
	(ii) Interest on public debt	..	..	17.8	18.5
	(iii) Pension to Government employees	..	..	21.9	28.1
	(iv) Direct relief	..	..	15.4	28.5
	(v) Other	..	..	9.8	5.5
	(a) Grants-in-aid to local authorities	..	..	25.1	16.2
(12)	Total current payments (10 + 11)	..	..	433.7	451.3
(13)	Total capital expenditure (14 + 15)	..	..	152.6	212.4
(14)	Acquisition, construction and maintenance of real assets	..	..	152.4	210.2
	(Expenditure on capital maintenance)	..	..	(34.5)	(29.2)
	(a) Administration	..	..	6.3	11.5
	(i) Defence	..	..	—	1.0
	(ii) Civil administration	..	..	6.3	10.5
	(b) Social services	..	..	18.6	34.9
	(i) Health	..	..	3.2	7.1
	(ii) Education	..	..	5.6	13.1
	(iii) General housing	..	..	8.0	11.6
	(iv) Rural development	..	..	1.8	3.1
	(c) Economic services	..	..	127.6	163.8
	(i) Public utilities	..	..	74.9	78.0
	(ii) Agriculture, irrigation and fisheries	..	..	44.6	74.9
	(iii) Manufacture, mining and trade	..	..	8.1	10.9
(15)	Acquisition of financial assets	..	..	0.2	2.2
(16)	Net payment on account of operations financed through advance accounts (including other miscellaneous payments)	..	..	2.2	21.7
(17)	Total payments	..	..	588.3	685.4

(11) (a) (iv) Contains the major part of the expenditure of the Social Services Department and includes the cost of free milk scheme, cost of free mid-day meals to school-children, scholarships, etc.

(11) (a) (v) Subsidies to private enterprise and grants.

(11) (b) Grants-in-aid for capital works (*e.g.*, village works, wells, slum clearance, etc.) have been excluded and shown under 14 (b) iii and 14 (b) iv.

(12) Excludes contributions from revenue to public debt sinking funds, here regarded as repayments of public debt and netted in 6 (a).

(14) (a) (ii) The figure for 1949/50 is enlarged by Rs. 17.9 million, being the rupee component of the paid-up subscriptions to I.M.F. and I.B.R.D.

(14) (b) (ii) Includes expenditure on the University scheme financed from the National Development Reserve.

(14) (b) (iii) Includes expenditure on reclamation of land for housing and on quarters for Government officers.

(14) (c) (ii) Includes self-balancing expenditure of Rs. 11.0 million from the Rubber Rehabilitation Reserve, in 1953-54.

(15) Loans from revenue to Government agencies : mainly the Co-operative Wholesale Establishment, the Co-operative Federal Bank, the Agricultural and Industrial Credit Corporation, and the Lady Doehore Fund.

the Government of Ceylon—(Cont.)

Rupees Million

1949-50	1950-51	1951-52	1952-53 (Estimates)	1953-54 (Estimates)
325.6	453.2	492.8	533.2	541.8
74.5	107.3	99.2	113.1	106.3
4.8	7.4	13.3	19.3	20.4
64.8	94.8	80.6	87.4	79.7
4.9	5.1	5.3	6.4	6.2
156.6	172.1	207.5	192.1	204.6
74.2	84.9	91.5	126.0	132.5
46.3	56.3	61.9	76.8	69.7
27.9	28.6	29.6	49.2	62.8
20.3	89.0	94.5	102.1	98.4
135.4	237.7	375.3	277.3	120.8
114.5	219.2	353.6	260.6	103.5
35.8	131.6	247.8	161.0	—
19.7	21.4	23.2	25.5	31.1
30.5	33.9	40.3	38.9	41.9
22.3	26.1	37.3	25.4	27.4
6.2	6.2	5.0	9.8	3.1
20.9	18.5	21.6	16.7	17.3
461.0	690.9	868.1	810.5	662.6
249.2	250.9	361.5	519.6	411.8
243.7	245.7	342.5	519.6	411.8
(29.5)	(34.1)	(42.5)	(44.3)	(30.0)
30.9	9.9	11.7	15.6	38.4
2.1	2.3	3.7	10.0	22.0
28.8	7.6	8.0	5.6	16.4
52.2	48.5	62.6	78.3	70.1
14.0	6.2	6.7	24.2	18.9
18.8	18.5	28.6	37.9	34.1
15.9	16.2	17.5	13.2	10.9
3.5	7.6	9.8	3.0	6.2
160.6	187.4	268.0	425.7	303.3
78.0	85.2	123.5	192.2	132.2
75.2	93.3	130.6	158.4	139.5
7.4	8.9	13.9	75.1	30.6
5.5	5.2	19.0	—	—
76.1	18.4	—4.2	53.0*	<i>n.a.</i>
786.4	960.2	1,225.4	1,383.1	1,074.4

Source: Central Bank of Ceylon.

* Final figures. Total receipts and payments do not balance for 1952-53, because some figures in receipts of this year are final and others are estimates.

GOVERNMENT FINANCE

Treasury Bills

TABLE 18

Date of Issue		Rate % p. a.	Amount maturing	Amount offered	Amount tendered	Amount accepted	Total of bills outstanding
RUPEES THOUSAND							
1953							
January	1 ..	0.92	17,500	22,500	23,600	15,000	97,500
January	3 ..	0.92	5,000	7,500	7,500	7,500	100,000
January	15 ..	0.92	15,000	15,000	17,000	15,000	100,000
February	1 ..	0.92	10,000	10,000	20,000	10,000	100,000
February	3 ..	0.92	2,500	10,000	15,250	10,000	107,500
February	15 ..	0.92	10,000	15,000	26,400	15,000	112,500
February	17 ..	0.92	5,000	10,000	12,950	10,000	117,500
March	1 ..	0.99	10,000	20,000	20,705	20,000	127,500
March	15 ..	1.08	15,000	25,000	25,610	25,000	137,500
March	19 ..	1.12	10,000	10,000	10,000	10,000	137,500
April	1 ..	1.27	15,000	25,000	20,420	20,420	142,920
April	6 ..	1.32	7,500	12,500	12,500	12,500	147,920
April	15 ..	1.44	15,000	25,000	25,000	25,000	157,920
May	1 ..	1.60	10,000	30,000	30,000	30,000	177,920
May	3 ..	—	10,000	—	—	—	167,920
May	15 ..	1.80	15,000	35,000	35,000	35,000	187,920
May	17 ..	—	10,000	—	—	—	177,920
June	1 ..	2.05	20,000	30,000	30,000	30,000	187,920
June	15 ..	2.23	25,000	40,000	40,000	40,000	202,920
June	19 ..	—	10,000	—	—	—	192,920
July	1 ..	2.47	20,420	40,000	41,000	40,000	212,500
July	6 ..	—	12,500	—	—	—	200,000
July	15 ..	2.46	25,000	25,000	25,200	25,000	200,000
August	1 ..	2.47	30,000 1,220*	30,000	40,350	30,000	198,780
August	15 ..	2.47	35,000	30,000	30,150	30,000	193,780
September	1 ..	2.48	29,800	30,000	30,100	30,000	193,980
September	15 ..	2.48	39,930	30,000	31,100	30,000	184,050
October	1 ..	2.48	39,600	35,000	35,300	35,000	179,450
October	15 ..	2.48	24,450	25,000	25,275	25,000	180,000
November	1 ..	2.48	30,000	30,000	30,150	30,000	180,000
November	15 ..	2.48	30,000	30,000	30,000	30,000	180,000
December	1 ..	2.48	30,000	30,000	30,100	30,000	180,000
December	11 ..	2.48	—	10,000	10,000	10,000	190,000
December	15 ..	2.48	30,000	30,000	30,000	30,000	190,000

Source : Central Bank of Ceylon.

*Amount surrendered as on August 1, 1953,
in payment for stock of new Loan.

Net Cash Operating Surplus or Deficit

TABLE 19

Rupees Thousand

Period	Actual cash balances	Changes in cash balances		Net receipts or payments (—) on account of borrowing and lending operations		Net cash operating surplus or deficit (—)		
	(a)	(i)	(ii)	Cumulative(b) (iii)	(iv)	Cumulative(b) (v)	(vi)= (ii)—(iv)	Cumulative(b) (vii)
1947-48	218,371							
1948-49	147,776		—70,595		35,723		—106,318	
1949-50	73,038		—74,738		85,863		—160,601	
1950-51	139,159		66,121		113,935		— 47,814	
1951-52	66,154		—73,005		184,111		—257,116	
1952-53	50,767		—15,387		216,560		—231,947	
1951 : October ..	148,432		13,026	13,026	—11,058	—11,058	24,084	24,084
November ..	138,046		—10,386	2,640	— 2,998	—14,056	— 7,388	16,696
December ..	124,590		—13,456	—10,816	— 911	—14,967	—12,545	4,151
1952 : January ..	150,174		25,584	14,768	93	—14,874	25,491	29,642
February ..	104,532		—45,642	—30,874	—	—14,874	—45,642	—16,000
March ..	71,829		—32,703	—63,577	11,997	— 2,877	—44,700	—60,700
April ..	68,393		— 3,436	—67,013	19,394	16,517	—22,830	—83,530
May ..	68,805		412	—66,601	23,365	39,882	—22,953	—106,483
June ..	66,791		— 2,014	—68,615	31,660	71,542	—33,674	—140,157
July ..	86,472		19,681	—48,934	42,025	113,567	—22,344	—162,501
August ..	65,878		—20,594	—69,528	14,128	127,695	—34,722	—197,223
September ..	56,471		— 9,407	—78,935	75,039	202,734	—84,446	—281,669
October ..	59,292		2,821	2,821	—11,237	—11,237	14,058	14,058
November ..	54,880		— 4,412	— 1,591	26,235	14,998	—30,647	—16,589
December ..	55,488		608	— 983	36,233	51,231	—35,625	—52,214
1953 : January ..	51,600		— 3,888	— 4,871	4,125	55,356	— 8,013	—60,227
February ..	44,374		— 7,226	—12,097	16,027	71,383	—23,253	—83,480
March ..	42,649		— 1,725	—13,822	51,206	122,589	—52,931	—136,411
April ..	48,478		5,829	— 7,993	41,224	163,813	—35,395	—171,806
May ..	55,178		6,700	— 1,293	25,994	189,807	—19,294	—191,100
June ..	54,969		— 209	— 1,502	7,468	197,275	— 7,677	—198,777
July ..	57,842		2,873	1,371	—20,465	176,810	23,338	—175,439
August ..	47,922		— 9,920	— 8,549	— 5,032	171,778	— 4,888	—180,327
September ..	48,599		677	— 7,872	46,424	218,202	—45,747	—226,074
October ..	44,056		— 4,543	— 4,543	— 677	— 677	— 3,866	— 3,866
November ..	38,694		— 5,362	— 9,905	6,980	6,303	—12,342	—16,208
December ..	50,786		12,092	2,187	— 878	5,425	12,970	— 3,238

Source : Central Bank of Ceylon.

(a) End of period figures ; include readily realisable assets abroad. Where the period is a month and not a financial year, the figures do not include balances of minor Government departments.

(b) Cumulation is by financial years (*i.e.*, October 1 to September 30).

Note : The difference between the figures for 1951-52 and 1952-53 of the net cash operating deficits based firstly on the complete accounts of the Government and secondly on the cumulation of the deficits or surpluses during each of the twelve months of these financial years, is accounted for by the following :—

- (i) the exclusion of cash balances of minor Government departments from the monthly figures ; and
- (ii) the incompleteness of the monthly data relating to Government borrowing and lending operations.

GOVERNMENT FINANCE

Public

TABLE 20

End of period	FOREIGN DEBT			DOMESTIC			
	Sterling loans			Rupee loan			Treasury bills
	Gross	Sinking fund (b)	Net	Gross	Sinking fund (b) (c)	Net	
September: 1938..	163.2	55.6	107.6	30.9	10.7	20.2	—
1939..	163.4	52.7	110.7	40.3	10.5	29.8	—
1940..	125.4	14.7	110.7	45.3	11.6	33.7	—
1941..	125.4	18.1	107.3	55.3	13.3	42.0	—
1942..	125.4	21.1	104.3	67.1	14.9	52.2	10.0
1943..	125.4	24.7	100.7	103.3	15.1	88.2	9.5
1944..	125.4	28.4	97.0	169.2	15.3	153.9	12.0
1945..	125.4	32.0	93.4	266.9	18.1	248.8	9.0
1946..	125.4	36.8	88.6	312.2	23.4	288.8	10.0
1947..	125.4	38.8	86.6	343.6	34.3	309.3	—
1948..	125.4	43.1	82.3	367.5	47.3	320.2	24.0
1949..	125.4	45.3	80.1	423.7	59.9	363.8	16.2
1950..	125.4	49.7	75.7	436.0	70.0	366.0	78.6
1951..	125.4	52.2	73.3	582.0	110.3	471.7	30.0
1952..	125.4	52.9	72.5	684.3	123.4	560.9	92.5
1953..	125.4	59.8	65.7	730.5	117.5	612.9	184.0

(a) Excludes Ceylon Government War Loan re-lent to the United Kingdom Government and the promissory notes for Rs. 67.1 million and Rs. 12.7 million issued in favour of the I.M.F. and the I.B.R.D., respectively.

(b) Represents the market value of investments held on behalf of the Sinking Fund.

(c) Includes supplementary Sinking Funds held in sterling.

Prices and Yields of Selected

TABLE 21

Period	1 $\frac{3}{4}$ % LOAN, 1955 (2)		3% WAR LOAN, 1956-60 'A' Series (3)		
	Closing prices	Redemption yields	Closing prices	Redemption Yields	
				Earliest date	Latest date
1953					
January ..	100	1.75	103 $\frac{1}{16}$	1.97	2.52
February ..	99 $\frac{1}{2}$	1.94	103 $\frac{1}{16}$	1.95	2.52
March ..	98 $\frac{1}{2}$	2.33	102	2.29	2.68
April ..	98 $\frac{1}{2}$	2.35	100 $\frac{1}{4}$	2.91	2.96
May ..	97 $\frac{1}{2}$	2.79	99 $\frac{3}{4}$	3.10	3.04
June ..	97 $\frac{1}{4}$	2.94	98 $\frac{3}{8}$	3.64	3.27
July ..	97 $\frac{3}{4}$	2.75	97 $\frac{1}{4}$	4.13	3.47
August ..	97 $\frac{3}{8}$	2.96	97	4.28	3.52
September ..	97 $\frac{3}{8}$	3.01	97	4.32	3.52
October ..	97 $\frac{1}{2}$	3.00	98	3.90	3.35
November ..	97 $\frac{3}{4}$	2.92	98	3.93	3.36
December ..	98	2.83	98	3.97	3.36

(1) The prices quoted are exclusive of accrued interest. They are based where possible on actual transaction prices, quoted in the official list of the Colombo Brokers' Associations comparable stocks.

(2) Repayable on December 1, 1955.

Debt ^(a)

DEBT				Rupees Million	
Central Bank advances	Other (e)	Total		Total debt	
		Gross	Net	Gross	Net
—	—	30.9	20.2	194.1	127.8
—	—	40.3	29.8	203.7	140.5
—	—	45.3	33.7	170.7	144.4
—	—	55.3	42.0	180.7	149.3
—	—	77.1	62.2	202.5	166.5
—	—	112.8	97.7	238.2	198.4
—	—	181.2	165.9	306.6	262.9
—	—	275.9	257.8	401.3	351.2
—	—	322.2	298.8	447.6	387.4
—	—	343.6	309.3	469.0	395.9
—	—	391.5	344.2	516.9	426.5
—	—	439.9	380.0	565.3	460.1
(d)	—	514.6	444.6	640.0	520.3
(d)	—	612.0	501.7	737.4	575.0
72.0	—	848.8	725.4	974.2	797.9
70.5	58.6	1,043.6	926.0	1,169.0	991.7

Source : Central Bank of Ceylon.

(d) In August, 1950, a special loan of Rs. 14.3 million was made by the Central Bank to the Government to meet its obligations to the I.B.R.D. In May, 1952, the Government repaid the loan in full and converted Rs. 12.7 million of its paid up subscription to the I.B.R.D., into a promissory note.

(e) Loans from semi-Government Agencies.

Government Securities ⁽¹⁾

3% NATIONAL DEVELOPMENT LOAN, 1965-70 (4)			3% SRI LANKA LOAN, 1969-74 (5)		
Closing prices	Redemption Yields		Closing prices	Redemption Yields	
	Earliest date	Latest date		Earliest date	Latest date
100 $\frac{7}{16}$	2.96	2.97	100 $\frac{1}{8}$	2.99	2.99
100 $\frac{5}{16}$	2.97	2.98	100 $\frac{3}{16}$	2.99	2.99
99	3.10	3.07	96 $\frac{1}{2}$	3.28	3.23
95 $\frac{1}{2}$	3.45	3.34	94 $\frac{1}{8}$	3.49	3.40
94 $\frac{1}{2}$	3.55	3.42	92 $\frac{1}{16}$	3.61	3.50
93 $\frac{3}{4}$	3.63	3.48	90 $\frac{1}{2}$	3.81	3.66
90 $\frac{1}{2}$	3.99	3.75	89 $\frac{1}{4}$	3.95	3.77
87 $\frac{3}{4}$	4.30	3.99	85 $\frac{1}{4}$	4.31	4.07
88	4.28	3.97	85 $\frac{1}{4}$	4.32	4.07
88 $\frac{3}{8}$	4.25	3.95	85 $\frac{1}{2}$	4.30	4.05
90	4.07	3.81	85 $\frac{1}{2}$	4.31	4.06
90	4.07	3.81	85 $\frac{3}{4}$	4.29	4.04

Source : Central Bank of Ceylon.

(3) Repayable between March 1, 1956 and March 1, 1960.

(4) Repayable between November 1, 1965 and November 1, 1970.

(5) Repayable between March 1, 1969 and March 1, 1974.

EXTERNAL FINANCE

Balance of Payments

TABLE 22A

Item	1 9 5 1		
	Credit	Debit	Net
<i>Goods and Services</i>			
1. Merchandise	1,842.8	1,514.0	+ 328.8
2. Non-monetary gold movement (net)	—	2.2	— 2.2
3. Foreign Travel	5.4	49.0	— 43.6
4. Transportation and Insurance	36.6	96.6	— 60.0
5. Investment Income	26.2	90.4	— 64.2
(1) Direct Investment	8.3	52.6	— 44.3
(2) Other Interest and dividends	17.9	37.8	— 19.9
6. Government expenditure	46.0	29.1	+ 16.9
7. Miscellaneous	36.9	46.4	— 9.5
8. Total goods and services	1,993.9	1,827.7	+ 166.2
<i>Donations</i>			
9. Private remittances and migrants' transfers	12.7	89.8	— 77.1
10. Official donations	—	—	—
11. Total donations	12.7	89.8	— 77.1
Total current account	2,006.6	1,917.5	+ 89.1
<i>Capital and Monetary Gold</i>			
12. Private capital movements	37.0	78.0	— 41.0
(1) Direct investment	3.6	52.4	— 48.8
(2) Other long-term	8.7	24.4	— 15.7
(3) Other short-term	24.7	1.2	+ 23.5
13. Official and banking institutions	—	110.0	— 110.0
(1) Long-term capital	—	76.3	— 76.3
(2) Short-term assets	—	32.5	— 32.5
(3) Short-term liabilities	—	1.2	— 1.2
(4) Monetary gold	—	—	—
14. Total capital and monetary gold	37.0	188.0	— 151.0
15. Errors and omissions	61.9	—	+ 61.9

Explanatory Notes :—

(1) Statistics are based on Exchange Control records.

(2) Item 1 F.o.b. values not available. Invoice values predominantly c.i.f., have

(3) Item 9 "Migrants' transfers" are based on actual cash remittances; they do not

*Provisional.

for 1951—1953

Rupees Million

1 9 5 2			1 9 5 3*		
Credit	Debit	Net	Credit	Debit	Net
1,473.8	1,676.0	—202.2	1,502.5	1,588.9	— 86.4
—	2.5	— 2.5	—	2.2	— 2.2
5.6	53.3	— 47.7	4.2	40.9	— 36.7
45.5	101.6	— 56.1	108.0	115.2	— 7.2
21.7	67.2	— 45.5	23.5	59.8	— 36.3
2.0	42.6	— 40.6	3.4	43.6	— 40.2
19.7	24.6	— 4.9	20.1	16.2	+ 3.9
50.7	29.7	+ 21.0	54.2	31.2	+ 23.0
51.1	60.1	— 9.0	36.5	56.7	— 20.2
1,648.4	1,990.4	—342.0	1,728.9	1,894.9	—166.0
13.2	116.8	—103.6	7.1	65.9	— 58.8
—	—	—	3.3	—	+ 3.3
13.2	116.8	—103.6	10.4	65.9	— 55.5
1,661.6	2,107.2	—445.6	1,739.3	1,960.8	—221.5
53.4	28.3	+ 25.1	9.2	46.6	— 37.4
4.7	9.3	— 4.6	2.7	12.9	— 10.2
5.8	17.8	— 12.0	5.9	19.0	— 13.1
42.9	1.2	+ 41.7	0.6	14.7	— 14.1
378.2	6.7	+371.5	265.2	66.9	+198.3
—	6.7	— 6.7	265.2	—	+265.2
355.1	—	+355.1	—	36.2	— 36.2
23.1	—	+ 23.1	—	30.7	— 30.7
—	—	—	—	—	—
431.6	35.0	+396.6	274.4	113.5	+160.9
49.0	—	+ 49.0	60.6	—	+ 60.6

Source : Central Bank of Ceylon.

been recorded. Notable exception Ceylon Government imports which are c & f. include migrants' assets left in Ceylon.

EXTERNAL FINANCE

Balance of Payments
By

TABLE 22 B

Item	First quarter			Second quarter		
	Credit	Debit	Net	Credit	Debit	Net
<i>Goods and Services</i>						
1. Merchandise	358.5	399.2	— 40.7	360.5	394.1	— 33.6
2. Non-monetary gold movement (net)	—	—	—	—	1.1	— 1.1
3. Foreign travel	1.1	11.0	— 9.9	1.1	11.2	— 10.1
4. Transportation and insurance	23.4	31.8	— 8.4	28.6	31.9	— 3.3
5. Investment income	8.3	11.9	— 3.6	4.3	17.3	— 13.0
(1) Direct investment	0.9	6.6	— 5.7	1.0	11.3	— 10.3
(2) Other interest and dividends	7.4	5.3	+ 2.1	3.3	6.0	— 2.7
6. Government expenditure	14.0	12.1	+ 1.9	14.2	4.4	+ 9.8
7. Miscellaneous	10.5	16.5	— 6.0	8.4	14.5	— 6.1
8. Total goods and services	415.8	482.5	— 66.7	417.1	474.5	— 57.4
<i>Donations</i>						
9. Private remittances and migrants' transfers	1.8	19.2	— 17.4	2.3	19.3	— 17.0
10. Official donations	3.3	—	+ 3.3	—	—	—
11. Total donations	5.1	19.2	— 14.1	2.3	19.3	— 17.0
Total Current Account	420.9	501.7	— 80.8	419.4	493.8	— 74.4
<i>Capital and Monetary Gold</i>						
12. Private capital movements	4.1	8.3	— 4.2	2.0	13.2	— 11.2
(1) Direct investment	1.7	1.2	+ 0.5	0.9	1.1	— 0.2
(2) Other long-term	2.3	3.5	— 1.2	1.0	5.8	— 4.8
(3) Other short-term	0.1	3.6	— 3.5	0.1	6.3	— 6.2
13. Official and banking institutions	119.4	51.6	+ 67.8	80.9	18.7	+ 62.2
(1) Long-term capital	119.4	—	+ 119.4	70.2	—	+ 70.2
(2) Short-term assets	—	49.1	— 49.1	10.7	—	+ 10.7
(3) Short-term liabilities	—	2.5	— 2.5	—	18.7	— 18.7
(4) Monetary gold	—	—	—	—	—	—
14. Total capital and monetary gold	123.5	59.9	+ 63.6	82.9	31.9	+ 51.0
15. Errors and omissions	17.2	—	+ 17.2	23.4	—	+ 23.4

Explanatory Notes :

(1) Statistics are based on Exchange Control records.

(2) Item 1. F.o.b. values not available. Invoice values, predominantly c.i.f., have been recorded. Notable exception : Ceylon Government imports which are *c* and *f*.

for 1953

Quarters

Rupees Million

Third quarter			Fourth quarter*			Item
Credit	Debit	Net	Credit	Debit	Net	
402.7	399.3	+ 3.4	380.8	396.3	-15.5	<i>Goods and Services</i>
—	1.1	- 1.1	—	—	—	1. Merchandise.
1.0	10.3	- 9.3	1.0	8.4	- 7.4	2. Non-monetary gold movement (net).
29.0	25.4	+ 3.6	27.0	26.1	+ 0.9	3. Foreign travel.
5.9	14.3	- 8.4	5.0	16.3	-11.3	4. Transportation and insurance.
0.7	11.7	-11.0	0.8	14.0	-13.2	5. Investment income.
5.2	2.6	+ 2.6	4.2	2.3	+ 1.9	(1) Direct investment.
12.8	7.6	+ 5.2	13.2	7.1	+ 6.1	(2) Other interest and dividends.
9.4	12.2	- 2.8	8.2	13.5	- 5.3	6. Government expenditure.
460.8	470.2	- 9.4	435.2	467.7	-32.5	7. Miscellaneous.
1.7	14.1	-12.4	1.3	13.3	-12.0	8. Total goods and services.
—	—	—	—	—	—	<i>Donations</i>
1.7	14.1	-12.4	1.3	13.3	-12.0	9. Private remittances and migrants' transfers.
462.5	484.3	-21.8	436.5	481.0	-44.5	10. Official donations.
1.7	16.5	-14.8	3.4	10.6	- 7.2	11. Total donations.
0.1	5.7	- 5.6	—	4.9	- 4.9	Total Current Account.
1.4	4.4	- 3.0	1.2	5.3	-4.1	<i>Capital and Monetary Gold</i>
0.2	6.4	- 6.2	2.2	0.4	+ 1.8	12. Private capital movements.
26.3	1.2	+25.1	66.6	23.4	+43.2	(1) Direct investment.
9.0	—	+ 9.0	66.6	—	+66.6	(2) Other long-term.
17.3	—	+17.3	—	15.1	-15.1	(3) Other short-term.
—	1.2	- 1.2	—	8.3	- 8.3	13. Official and banking institutions.
—	—	—	—	—	—	(1) Long-term capital.
28.0	17.7	+10.3	70.0	34.0	+36.0	(2) Short-term assets.
11.5	—	+11.5	8.5	—	+ 8.5	(3) Short-term liabilities.
						(4) Monetary gold.
						14. Total capital and monetary gold.
						15. Errors and omissions.

*Provisional.

Source : Central Bank of Ceylon.

(3) Item 4. Since credits under item 1, Merchandise, include the freight component on exports, debits under item 4 include freight collected locally by agents of foreign lines.

(4) Item 9. "Migrants' transfers" are based on actual cash remittances; they do not include migrants' assets left in Ceylon.

EXTERNAL FINANCE

Balance of Payments

By Regions and

TABLE 22 C

Item	American account		Canada and Newfoundland		United Kingdom	
	Credit	Debit	Credit	Debit	Credit	Debit
<i>Goods and Services</i>						
1. Merchandise	119.4	57.6	49.8	14.5	429.4	411.9
2. Non-monetary gold movement (net)	—	—	—	—	—	2.2
3. Foreign travel	0.5	0.6	—	—	2.2	14.3
4. Transportation and insurance	3.7	7.6	0.2	—	79.9	83.3
5. Investment income	1.4	3.9	—	—	18.2	47.2
5.1 Direct investment	—	3.6	—	—	0.3	34.8
5.2 Other interest and dividends	1.4	0.3	—	—	17.9	12.4
6. Government expenditure ..	1.1	2.5	0.3	—	40.3	22.5
7. Miscellaneous	3.1	4.8	0.4	0.4	22.6	32.5
8. Total goods and services ..	129.2	77.0	50.7	14.9	592.6	613.9
<i>Donations</i>						
9. Private remittances and migrants' transfers	0.8	0.5	—	—	3.1	20.7
10. Official donations	—	—	—	—	—	—
11. Total donations	0.8	0.5	—	—	3.1	20.7
Total current account	130.0	77.5	50.7	14.9	595.7	634.6
<i>Capital and Monetary Gold</i>						
12. Private capital movements ..	1.6	—	—	—	6.8	42.9
12.1 Direct investment	0.1	—	—	—	2.3	11.0
12.2 Other long-term	0.1	—	—	—	4.0	16.4
12.3 Other short-term	1.4	—	—	—	0.5	15.5
13. Official and Banking institutions	—	54.1	—	35.8	258.5	244.1
13.1 Long-term capital	—	—	—	—	258.5	—
13.2 Short-term assets	—	54.0	—	35.8	—	243.3
13.3 Short-term liabilities	—	0.1	—	—	—	0.8
13.4 Monetary gold	—	—	—	—	—	—
14. Total capital and monetary gold	1.6	54.1	—	35.8	265.3	287.0
15. Errors and omissions	—	—	—	—	60.6	—

* Provisional.

Explanatory Notes :—

- (1) Statistics are based on Exchange Control records.
- (2) Item 1. F.o.b. values not available. Invoice values, predominantly c.i.f., have
- (3) Item 4. Since credits under item 1—Merchandise—include the freight component on physical allocation being based on nationality of ship-owners, and not on destination of goods.
- (4) Item 9. "Migrants' transfers" are based on actual cash remittances; they do not
- (5) Item 12.3. The figures shown in this item are mainly those of net change in balances operating under the system of "traders' accounts." These figures are : American Account Area : 0.1 (credit) ; Total : 12.8 (debit).
- (6) Item 13. Credit and debit figures in "Total" column are not the sum of credits and credits of items 13.1 to 13.4 appearing in the "Total" column. These latter items only
- (7) Item 13.2. No attempt has been made to show gross multi-lateral settlements. An and areas.
- (8) Item 15. The entire "errors and omissions" figure is shown under United Kingdom.

for 1953*

Monetary Areas

Rupees Million

India and Pakistan		Other sterling area		Continental O.E.E.C.		Other and unallocated		Total		
Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Net
50.7	210.3	315.1	393.9	176.8	156.0	361.3	344.7	1,502.5	1,588.9	— 86.4
—	—	—	—	—	—	—	—	—	2.2	— 2.2
0.5	20.3	0.6	1.2	0.2	3.9	0.2	0.6	4.2	40.9	— 36.7
9.0	8.0	1.5	0.4	11.2	13.6	2.5	2.3	108.0	115.2	— 7.2
1.1	5.3	2.8	1.3	—	2.1	—	—	23.5	59.8	— 36.3
0.3	3.9	2.8	0.7	—	0.6	—	—	3.4	43.6	— 40.2
0.8	1.4	—	0.6	—	1.5	—	—	20.1	16.2	+ 3.9
3.4	4.3	7.4	1.3	1.1	0.4	0.6	0.2	54.2	31.2	+ 23.0
4.2	7.4	4.1	3.4	1.2	2.0	0.9	6.2	36.5	56.7	— 20.2
68.9	255.6	331.5	401.5	190.5	178.0	365.5	354.0	1,728.9	1,894.9	— 166.0
0.4	40.1	2.6	3.1	0.1	1.1	0.1	0.4	7.1	65.9	— 58.8
—	—	3.3	—	—	—	—	—	3.3	—	+ 3.3
0.4	40.1	5.9	3.1	0.1	1.1	0.1	0.4	10.4	65.9	— 55.5
69.3	295.7	337.4	404.6	190.6	179.1	365.6	354.4	1,739.3	1,960.8	— 221.5
1.1	3.2	0.9	1.4	0.3	0.6	—	—	9.2	46.6	— 37.4
—	1.6	0.1	0.3	0.2	—	—	—	2.7	12.9	— 10.2
1.1	1.0	0.6	1.0	0.1	0.6	—	—	5.9	19.0	— 13.1
—	0.6	0.2	0.1	—	—	—	—	0.6	14.7	— 14.1
231.7	3.2	68.9	1.2	—	11.2	14.2	25.4	265.2	66.9	+ 198.3
6.7	—	—	—	—	—	—	—	265.2	—	+ 265.2
225.0	—	68.9	—	—	11.2	14.2	—	—	36.2	— 36.2
—	3.2	—	1.2	—	—	—	25.4	—	30.7	— 30.7
—	—	—	—	—	—	—	—	—	—	—
232.8	6.4	69.8	2.6	0.3	11.8	14.2	25.4	274.4	113.5	+ 160.9
—	—	—	—	—	—	—	—	60.6	—	+ 60.6

been recorded. Notable exception—Ceylon Government imports which are c & f. exports, debits under item 4 include freight collected locally by agents of foreign lines, geogra-

include migrants' assets left in Ceylon.

held abroad by sterling companies and in liabilities owing to foreign firms by local firms 1.4 (credit); United Kingdom: 14.0 (debit); India and Pakistan: 0.3 (debit); Other Sterling

debts recorded by countries and areas against this item, but represent the aggregate of debits record the net overall changes in them during the year.

attempt has been made to allocate net changes in short-term assets to the various countries

EXTERNAL FINANCE

External Assets* of Ceylon

TABLE 23

Rupees Million

End of period	Government (1)	Government agencies and insti- tutions	Currency Board/ Central Bank (2)	Commer- cial banks	Total	Changes between periods
1939	23.5	106.3	60.8	84.5	275.1	—
1940	29.3	67.2	80.2	147.7	324.4	+ 49.3
1941	99.9	95.6	105.9	133.3	434.7	+ 110.3
1942	51.6	66.4	192.0	211.4	521.4	+ 86.7
1943	135.8	81.5	229.7	224.6	671.6	+ 150.2
1944	259.8	103.7	313.9	282.6	960.0	+ 288.4
1945	420.6	142.3	460.5	236.5	1,259.9	+ 299.9
1946	393.5	184.4	415.2	217.2	1,210.3	— 49.6
1947	178.9	206.9	440.5	121.0	947.3	— 263.0
1948	157.4	222.3	459.9	149.4	989.0	+ 41.7
1949	86.8	235.8	514.9	96.2	933.7	— 55.3
1950 1st Quarter ..	69.7	238.2	419.7	168.1	895.8	— 37.9
2nd „ ..	66.1	242.4	418.4	155.5	882.4	— 13.4
3rd „ ..	65.7	247.5	512.2	108.0	933.4	+ 51.0
4th „ ..	76.8	265.7	560.4	173.7	1,076.6	+ 143.2
1951 1st „ ..	78.7	269.7	639.2	252.6	1,240.2	+ 163.6
2nd „ ..	80.2	274.4	645.6	187.2	1,187.4	— 52.8
3rd „ ..	73.1	286.4	701.5	123.7	1,184.7	— 2.7
4th „ ..	76.1	291.3	670.8	147.0	1,185.3	+ 0.6
1952 January ..	77.4	294.2	662.8	174.1	1,208.6	+ 23.3
February ..	76.0	296.3	638.3	181.7	1,192.3	— 16.3
March ..	73.0	298.4	602.3	147.2	1,120.9	— 71.4
April ..	73.3	315.2	571.2	144.2	1,104.0	— 16.9
May ..	70.9	317.9	572.3	86.0	1,047.1	— 56.9
June ..	72.3	318.9	521.6	86.3	999.2	— 47.9
July ..	70.5	312.2	531.3	61.0	975.0	— 24.2
August ..	68.7	307.1	506.1	81.5	963.6	— 11.4
September ..	69.8	309.3	465.1	81.3	925.6	— 38.0
October ..	69.4	310.0	439.3	97.2	915.9	— 9.7
November ..	67.6	310.4	424.8	76.6	879.4	— 36.5
December ..	65.9	310.6	403.4	57.1	836.9	— 42.5
1953 January ..	64.7	311.5	406.4	56.9	839.5	+ 2.6
February ..	65.5	309.6	395.9	87.3	858.3	+ 18.8
March ..	66.8	270.4	363.1	66.3	766.7	— 91.6
April ..	65.2	246.3	340.0	71.0	722.5	— 44.2
May ..	66.2	246.5	310.7	71.4	694.9	— 27.6
June ..	69.2	244.6	295.2	76.1	685.1	— 9.8
July ..	64.9	230.9	325.9	57.6	679.3	— 5.8
August ..	64.6	231.3	328.6	44.9	669.4	— 9.9
September ..	64.0	231.5	304.5	58.8	658.8	— 10.6
October ..	65.8	231.9	282.9	40.1	620.7	— 38.1
November ..	64.4	232.3	261.5	47.4	605.6	— 15.1
December ..	65.5	228.4	246.6	66.7	607.2	+ 1.6

Source : Central Bank of Ceylon.

(1) Includes War Loan re-lent to U.K. Government, less the part held by the Currency Board/Central Bank.

(2) The Assets of the Currency Board were transferred to the Central Bank on August 28, 1950.

*At face value according to books abroad.

EXTERNAL TRADE

Total External Trade

TABLE 24

Period	Value (Rs. Million)			Index numbers, 1934-1938 = 100										Terms of trade (2)
	Exports (f.o.b.)	Imports (c.i.f.)	Balance of trade	Value		Volume (1)		Price (1)						
				Exports	Imports	Exports	Imports	Exports				Im- ports		
								Tea	Rubber	Coconut products	All products		All products	
1938	285	236	+ 49	102	104	103	98	101	100	85	99	102	97	
1939	328	242	+ 86	117	107	103	103	114	128	99	114	101	113	
1940	387	283	+ 104	138	125	113	103	117	146	94	120	120	100	
1941	424	287	+ 137	151	126	111	93	132	149	104	133	147	90	
1942	531	296	+ 235	190	130	127	65	139	177	177	156	220	71	
1943	570	447	+ 123	204	197	124	69	142	197	216	166	315	53	
1944	680	518	+ 162	243	228	124	67	157	254	212	190	349	54	
1945	666	621	+ 45	238	274	111	78	167	262	253	205	340	60	
1946	765	696	+ 69	273	307	127	87	181	254	352	226	358	63	
1947	889	963	- 74	317	424	118	108	274	192	554	300	413	73	
1948	1,011	994	+ 17	361	438	129	110	276	177	595	305	443	69	
1949	1,063	1,029	+ 34	380	453	128	119	303	162	641	324	423	77	
1950	1,563	1,167	+ 396	558	514	142	133	351	393	857	439	434	101	
1951	1,904	1,559	+ 345	679	686	144	149	364	650	1,006	534	514	104	
1952	1,502	1,702	- 200	536	748	151	152	320	451	625	415	554	75	
1953	1,568	1,608	- 40	559	707	155	158	342	395	750	424	505	84	
1952 January	172	151	+ 21	735	799	174	160	320	554	833	463	620	75	
February	140	151	- 11	598	799	150	156	323	547	768	454	598	76	
March ..	116	150	- 34	496	794	129	167	334	485	696	442	602	73	
April ..	136	141	- 5	581	746	170	146	312	474	613	415	620	67	
May ..	136	129	+ 7	581	683	168	144	298	492	583	406	594	68	
June ..	127	170	- 43	543	899	165	173	293	457	577	390	607	64	
July ..	115	141	- 26	491	746	161	140	306	382	553	378	629	60	
August	119	102	+ 17	509	540	154	110	315	411	553	390	620	63	
September	119	147	- 28	509	778	152	167	331	389	553	400	571	70	
October	105	112	- 7	449	593	133	138	345	365	577	403	558	72	
November	102	130	- 28	436	688	126	156	348	359	619	409	567	72	
December	115	181	- 66	491	958	130	198	342	382	696	415	580	72	
1953 January	166	109	+ 57	709	577	183	128	326	430	702	418	549	76	
February	100	115	- 15	427	608	119	141	353	370	738	424	540	79	
March ..	133	145	- 12	568	767	146	177	370	398	744	442	532	83	
April ..	114	154	- 40	487	815	123	185	364	407	762	445	540	82	
May ..	138	137	+ 1	590	725	166	158	342	404	779	430	549	78	
June ..	126	149	- 23	538	788	163	183	331	388	797	418	527	79	
July ..	131	126	+ 5	560	688	166	160	326	375	756	406	532	76	
August ..	121	92	+ 29	517	487	142	114	328	416	738	421	536	79	
September	133	170	- 37	568	899	168	200	337	359	732	409	532	77	
October	134	143	- 9	573	757	163	168	339	393	738	421	536	79	
November	148	129	+ 19	632	683	165	167	345	405	779	433	532	81	
December	123	139	- 16	526	735	147	168	351	297	809	409	536	76	

Source : Central Bank of Ceylon ; Department of Census and Statistics ; H. M. Customs.

(1) The indices from January, 1950, onwards have been computed by converting to base 1934-38, the Department of Census and Statistics indices on 1948 base.

(2) $\frac{\text{Export Price Index}}{\text{Import Price Index}} \times 100.$

EXTERNAL TRADE

Ceylon's International Trade in Merchandise

By Regions and Monetary Areas

TABLE 25

Rupees Million

SOURCE	Total (a) Exports (f.o.b.)		Total Imports (c.i.f.)		Balance of trade	
	1952	1953 (b)	1952	1953 (b)	1952	1953 (b)
Commonwealth countries	766.3	776.7	931.9	900.9	-165.6	-124.2
Foreign countries	654.8	720.8	770.5	706.9	-115.7	+ 13.9
Sterling area	739.7	747.4	1,086.1	1,037.8	-346.4	-290.4
Dollar area	237.4	209.3	189.3	68.9	+ 48.1	+140.4
E.P.U. (Non-Sterling)	194.0	188.3	128.8	153.6	+ 65.2	+ 34.7
Others	250.0	352.5	298.2	347.5	- 48.2	+ 5.0
O.E.E.C. countries	614.7	575.1	512.1	514.1	+102.6	+ 61.0
Middle East	122.2	131.5	111.5	74.5	+ 10.7	+ 57.0
E.C.A.F.E. region	103.6	67.1	562.3	448.8	-458.7	-381.7
Colombo Plan countries	89.6	48.8	437.0	346.3	-347.4	-297.5

Source : Ceylon Customs Administration Report ;
Ceylon Customs Returns.

(a) Excludes ships' stores and bunkers.

(b) Provisional figures.

WAGES AND PRICES

Cost of Living Index Numbers—Colombo Town

TABLE 26

Month	November, 1938-April 1939 = 100														Average prices 1952 = 100
	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
January ..	100	114	117	133	183	197	214	222	244	251	263	271	281	290	100.1
February ..	100	110	116	135	189	197	218	220	253	260	261	271	284	286	99.5
March ..	99	110	117	143	199	198	217	223	251	260	257	266	284	280	98.7
April ..	100	108	115	154	195	198	222	223	252	263	255	266	283	280	99.6
May ..	102	107	119	164	194	199	222	225	257	262	254	266	283	276	100.7
June ..	102	109	121	160	197	200	223	228	259	261	255	271	284	279	102.3
July ..	101	110	123	173	198	200	228	227	255	263	256	272	281	277	103.1
August ..	101	112	125	180	200	201	226	227	253	261	256	274	279	275	105.5
September ..	107	113	125	178	199	203	221	233	252	261	256	283	279	278	105.1
October ..	110	115	125	182	197	204	218	237	250	259	259	279	282	282	103.0
November ..	110	117	129	183	197	202	220	238	249	259	262	277	284	286	100.9
December ..	111	120	132	183	199	203	222	239	251	264	264	273	288	285	101.0
Annual Average	104	112	122	164	196	200	221	229	252	260	258	272	283	281	101.6

Source : Department of Census and Statistics.

WAGES AND PRICES**Cost of Living Index Numbers—Estate Labour**

TABLE 27

Month	July-September, 1939 = 100														
	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
January ..	n.a.	n.a.	113	120	173	205	212	225	232	241	269	273	272	296	291
February ..	n.a.	n.a.	114	129	190	205	219	227	234	253	266	277	288	296	291
March ..	n.a.	n.a.	114	132	194	207	220	227	240	260	272	275	291	296	294
April ..	n.a.	104	117	140	206	210	222	228	238	260	266	275	292	292	286
May ..	n.a.	104	117	148	190	212	219	222	238	260	262	269	287	280	284
June ..	n.a.	104	118	151	193	213	222	221	241	255	261	271	285	276	n.a.*
July ..	100	105	119	156	196	215	226	225	239	259	262	272	286	276	n.a.
August ..	100	106	121	171	203	215	224	227	241	261	259	277	285	276	n.a.
September ..	100	108	121	178	199	216	227	233	248	264	261	278	287	284	n.a.
October ..	n.a.	108	121	173	199	214	226	233	242	263	261	273	292	290	n.a.
November ..	n.a.	109	122	173	201	212	225	233	240	263	264	274	294	285	n.a.
December ..	n.a.	111	125	173	203	210	224	232	240	268	266	268	296	291	n.a.
Annual Average	100	107	119	154	196	211	222	228	239	259	264	274	288	287	n.a.

Source : Department of Labour.

*From June, 1953, the computation of this index has been discontinued and estate labour minimum wage rates have been based on the Colombo Consumers' Price Index published in June, 1953.

Minimum Wage Rate Index—Tea and Rubber Estate Labour

TABLE 28

Month	1939 = 100														1952 = 100
	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	*	*	1953
January ..	100	100	101	122	188	207	215	273	285	295	324	356	437	480	101.6
February ..	100	100	110	122	202	207	220	278	285	295	324	361	441	480	101.6
March ..	100	100	110	141	205	210	222	278	285	307	324	366	461	480	101.6
April ..	100	100	110	151	207	212	222	278	298	320	332	366	473	480	101.6
May ..	100	100	110	163	195	212	220	278	290	320	324	366	473	473	100.0
June ..	100	100	110	166	198	215	222	273	290	320	320	356	468	463	99.0
July ..	100	100	110	171	200	215	227	273	298	312	310	366	468	456	101.6
August ..	100	100	110	185	205	215	278	278	290	312	310	366	468	456	102.6
September ..	100	100	110	193	202	217	273	285	298	320	305	373	468	456	103.6
October ..	100	100	110	188	202	215	278	285	302	320	310	373	468	463	103.6
November ..	100	100	110	188	205	212	278	285	298	320	310	378	473	473	102.6
December ..	100	100	110	188	205	212	278	285	298	320	349	439	473	468	100.0
Annual Average	100	100	110*	166*	202*	212	244	280*	293	315*	320	373*	463	468	101.6

Source : Department of Labour.

*Revised,

WAGES AND PRICES

Colombo Market Prices *

TABLE 29

MONTH	Tea (1)		Rubber (2)	
	Average all grades per lb.		R.M.A. No. 1 per lb.	
	1952	1953	1952	1953
January	1.77	1.95	1.73	1.35
February	1.88	2.06	1.51	1.35
March	1.71	2.06	1.46	1.35
April	1.53	1.87	1.51	1.36
May	1.54	1.83	1.48	1.37
June	1.61	1.81	1.59	1.36
July	1.74	1.83	1.37	1.36
August	1.81	1.88	1.21	1.36
September	1.86	1.89	1.06	1.36
October	1.94	1.90	1.11	1.36
November	1.91	1.92	1.27	1.36
December	1.73	2.01	1.31	1.30
Year/Annual averages				
1938	0.70		0.37	
1941-1945	1.08		0.77	
1946-1950	1.72		0.86	
1947	1.60		0.64	
1948	1.55		0.63	
1949	1.96		0.57	
1950	2.11		1.55	
1951	1.94		2.15	
1952	1.75		1.38	
1953	1.92		1.35	

* Arithmetic averages of daily prices for rubber, and of weekly prices for others,

of Export Commodities

Rupees

Copra (3) Estate No. 1 per candy		Coconut oil (3) White—naked wharf delivery per ton		Desiccated coconut (3) Assortment per lb.		Cocoa (3) Estate No. 1 per cwt.	
1952	1953	1952	1953	1952	1953	1952	1953
186.05	198.56	1,201.00	1,250.00	0.51	0.51	157.15	151.06
154.00	197.50	1,032.50	1,250.63	0.49	0.48	160.44	154.38
126.38	206.56	823.13	1,338.75	0.43	0.50	168.25	148.13
130.65	210.00	752.00	1,372.50	0.38	0.52	171.25	150.85
143.06	202.81	887.50	1,311.87	0.36	0.57	186.25	153.88
140.94	194.69	944.00	1,221.88	0.36	0.55	187.25	155.13
142.25	192.25	866.60	1,147.50	0.37	0.52	184.85	155.20
132.44	191.69	829.38	1,163.13	0.40	0.53	174.56	156.19
142.81	202.50	892.50	1,256.00	0.47	0.57	164.62	155.75
181.55	208.69	1,134.00	1,305.00	0.53	0.53	149.85	164.56
195.31	214.06	1,206.25	1,325.63	0.47	0.51	138.69	166.81
190.75	216.50	1,202.50	1,357.50	0.48	0.52	138.45	183.50
27.74		184.22		0.06		19.33	
58.20		443.28		0.20		36.60	
143.15		1,029.70		0.65		125.34	
122.00		995.59		0.80		91.00	
134.90		1,022.38		0.66		149.43	
150.00		1,021.75		0.51		110.66	
208.84		1,412.01		0.83		169.24	
244.74		1,623.58		0.61		177.47	
155.52		980.95		0.44		165.13	
202.98		1,275.03		0.53		157.95	

Sources : (1) Colombo Brokers' Association Weekly Tea Market Report,
 (2) Colombo Brokers' Association Daily Prices,
 (3) Ceylon Chamber of Commerce Weekly Price Lists.

WAGES AND PRICES

Indexes of Share Prices

(January-June, 1939=100)

TABLE 30

PERIOD	Rupee companies				Sterling companies		
	Tea	Rubber	Tea cum rubber	Commercial and industrial	Tea	Rubber	Tea cum rubber
1939—3rd Quarter ..	96	101	95	101	92	99	98
4th ..	109	122	106	110	91	110	104
1940—1st ..	113	123	111	113	95	110	109
2nd ..	107	112	105	108	90	92	100
3rd ..	109	108	99	108	73	84	82
4th ..	117	125	111	117	81	98	91
1941—1st ..	112	139	118	124	85	102	97
2nd ..	105	122	116	132	90	105	97
3rd ..	112	131	126	127	91	110	100
4th ..	121	149	140	159	93	110	100
1942—1st ..	113	130	124	154	75	113	82
2nd ..	113	131	122	144	77	96	78
3rd ..	125	174	149	188	98	114	102
4th ..	141	265	195	235	131	162	131
1943—1st ..	150	302	204	281	148	213	146
2nd ..	141	285	190	306	153	212	149
3rd ..	144	287	188	323	156	206	153
4th ..	147	262	178	336	153	186	145
1944—1st ..	152	322	205	351	149	201	143
2nd ..	158	322	208	394	154	214	149
3rd ..	168	294	198	417	161	211	153
4th ..	170	280	190	420	159	200	150
1945—1st ..	176	279	190	446	173	200	153
2nd ..	167	268	182	437	185	211	159
3rd ..	166	250	176	413	190	208	154
4th ..	161	227	164	384	183	206	155
1946—1st ..	164	225	167	365	185	201	156
2nd ..	173	242	179	390	184	200	156
3rd ..	180	228	182	433	193	186	156
4th ..	199	203	183	451	184	175	149
1947—1st ..	223	200	203	438	205	236	168
2nd ..	204	199	204	415	203	226	171
3rd ..	201	166	189	390	188	176	147
4th ..	193	159	180	354	189	197	149
1948—1st ..	184	133	168	306	194	180	151
2nd ..	168	103	142	278	188	150	140
3rd ..	171	105	143	275	176	121	121
4th ..	170	105	145	283	167	102	114
1949—1st ..	168	96	140	267	154	86	103
2nd ..	157	79	133	247	147	71	94
3rd ..	163	96	135	241	144	66	88
4th ..	193	115	165	249	151	69	91
1950—1st ..	207	134	182	250	160	85	102
2nd ..	222	186	215	260	189	123	126
3rd ..	230	206	234	259	182	135	130
4th ..	238	241	253	275	207	160	152
1951—1st ..	242	299	269	310	212	218	178
2nd ..	234	312	273	329	223	211	178
3rd ..	237	311	268	348	215	215	163
4th ..	233	314	272	368	194	215	147
1952—1st ..	214	311	249	367	172	181	127
2nd ..	194	252	201	345	147	137	104
3rd ..	193	234	189	335	132	116	91
4th ..	204	263	199	323	134	111	88
1953—1st ..	202	236	200	333	137	105	93
2nd ..	204	209	182	326	140	90	90
3rd ..	207	192	174	317	142	88	91
4th ..	201	163	162	307	161	87	96

Source : Central Bank of Ceylon ; Department of Census and Statistics.

REGISTRANTS FOR EMPLOYMENT

Number of Registrants at Employment Exchanges

TABLE 31

End of Period						Total	Technical and clerical	Skilled	Semi- skilled	Unskilled
1938	..	..	..	..	..	16,480	2,011	5,965	3,502	5,002
1939	..	..	..	..	..	26,677	3,712	11,964	5,034	5,967
1940	..	..	..	..	..	27,645	4,734	13,130	4,800	4,981
1941	..	..	..	..	..	20,458	5,274	8,882	2,351	3,951
1942	..	..	..	..	..	19,333	6,589	9,411	1,882	1,451
1943	..	..	..	..	..	8,335	2,282	2,872	1,312	1,869
1944	..	..	..	..	..	1,053	295	358	227	173
1945	..	..	..	..	..	21,366	2,258	11,025	3,267	4,816
1946	..	..	..	..	..	36,544	5,636	10,012	7,527	13,369
1947	..	..	..	..	..	34,744	2,883	7,325	8,113	16,423
1948	..	..	..	..	..	66,656	4,474	13,027	12,443	36,712
1949	..	..	..	..	..	69,732	5,132	11,994	13,591	39,015
1950	..	..	..	..	..	65,122	5,627	10,525	13,523	35,447
1951	1st Quarter	..	..	..	..	60,953	6,288	9,753	13,191	31,721
	2nd	..	..	..	..	54,999	5,573	8,505	12,179	28,742
	3rd	..	..	..	..	53,621	5,718	8,268	12,254	27,381
	4th	..	..	..	..	52,707	5,515	8,186	12,520	26,486
1952	1st Quarter	..	..	..	..	52,122	6,260	7,795	12,748	25,319
	2nd	..	..	..	..	49,020	5,992	7,010	12,122	23,896
	3rd	..	..	..	..	51,641	6,494	7,398	13,131	24,618
	4th	..	..	..	..	53,023	6,883	7,522	13,795	24,823
1953	January	..	..	..	..	55,022	8,104	7,684	14,375	24,859
	February	..	..	..	..	54,432	8,424	7,485	14,223	24,300
	March	..	..	..	..	54,483	8,810	7,452	14,136	24,085
	April	..	..	..	..	53,176	8,752	7,324	13,723	23,377
	May	..	..	..	..	52,124	8,493	7,066	13,524	23,041
	June	..	..	..	..	51,925	8,439	7,021	13,458	23,007
	July	..	..	..	..	52,479	8,371	6,975	13,700	23,433
	August	..	..	..	..	51,814	8,333	6,806	13,395	23,280
	September	..	..	..	..	51,690	8,321	6,789	13,714	22,866
	October	..	..	..	..	51,580	8,383	6,687	13,624	22,886
	November	..	..	..	..	51,512	8,336	6,579	13,528	23,069
	December	..	..	..	..	51,546	8,374	6,462	13,676	23,034

Source : Department of Labour.

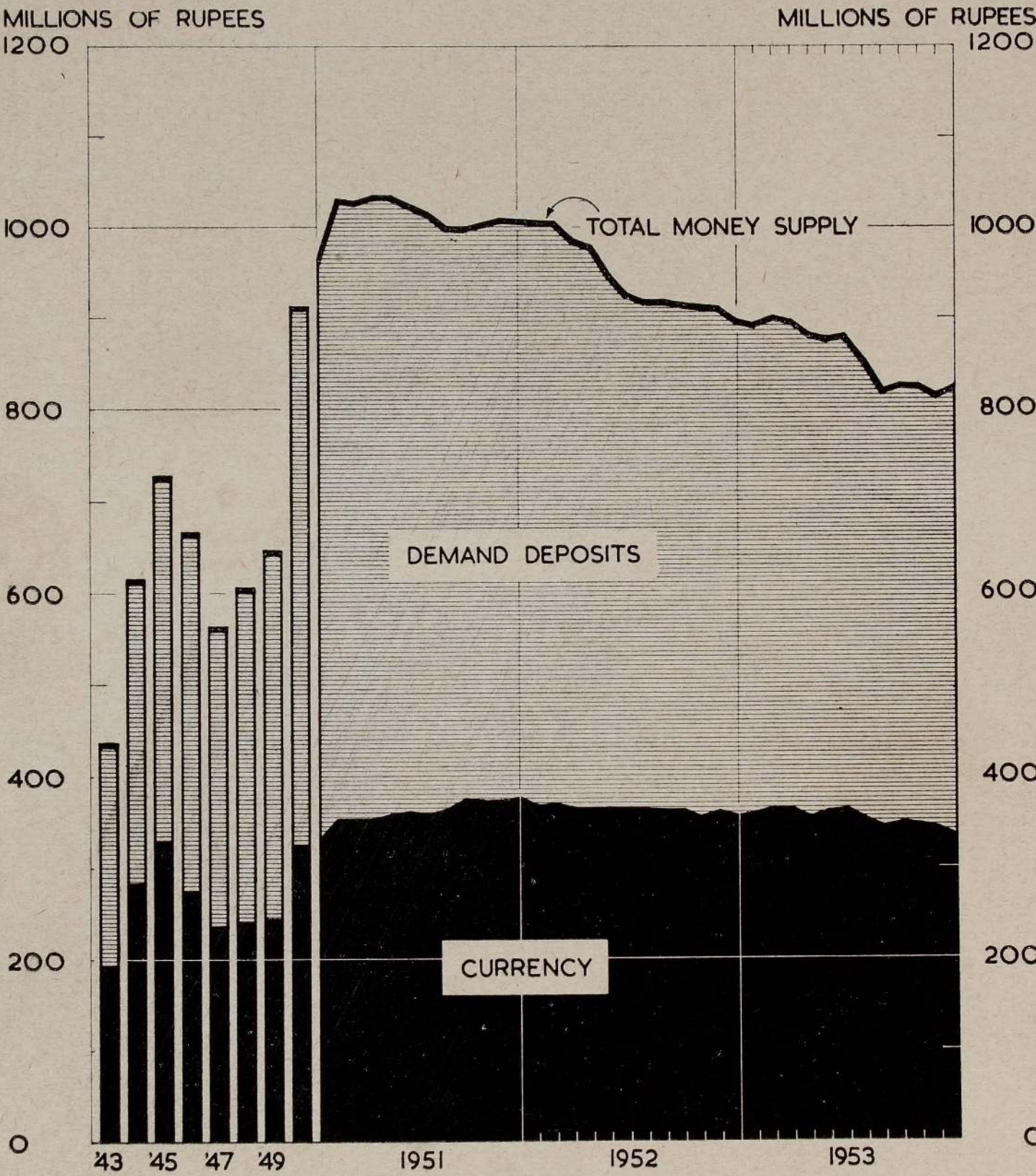
The figures listed are those of persons whose names remained on the registers of the employment exchanges in the island at the end of each period given. They include two categories :

- (i) persons who were employed on a full or part-time basis, but who wanted other employment ; and
- (ii) persons who were unemployed at the time of registration and were seeking employment.

APPENDIX III
CHARTS

MONEY SUPPLY

End of year 1943 – 1950; End of month January, 1951–

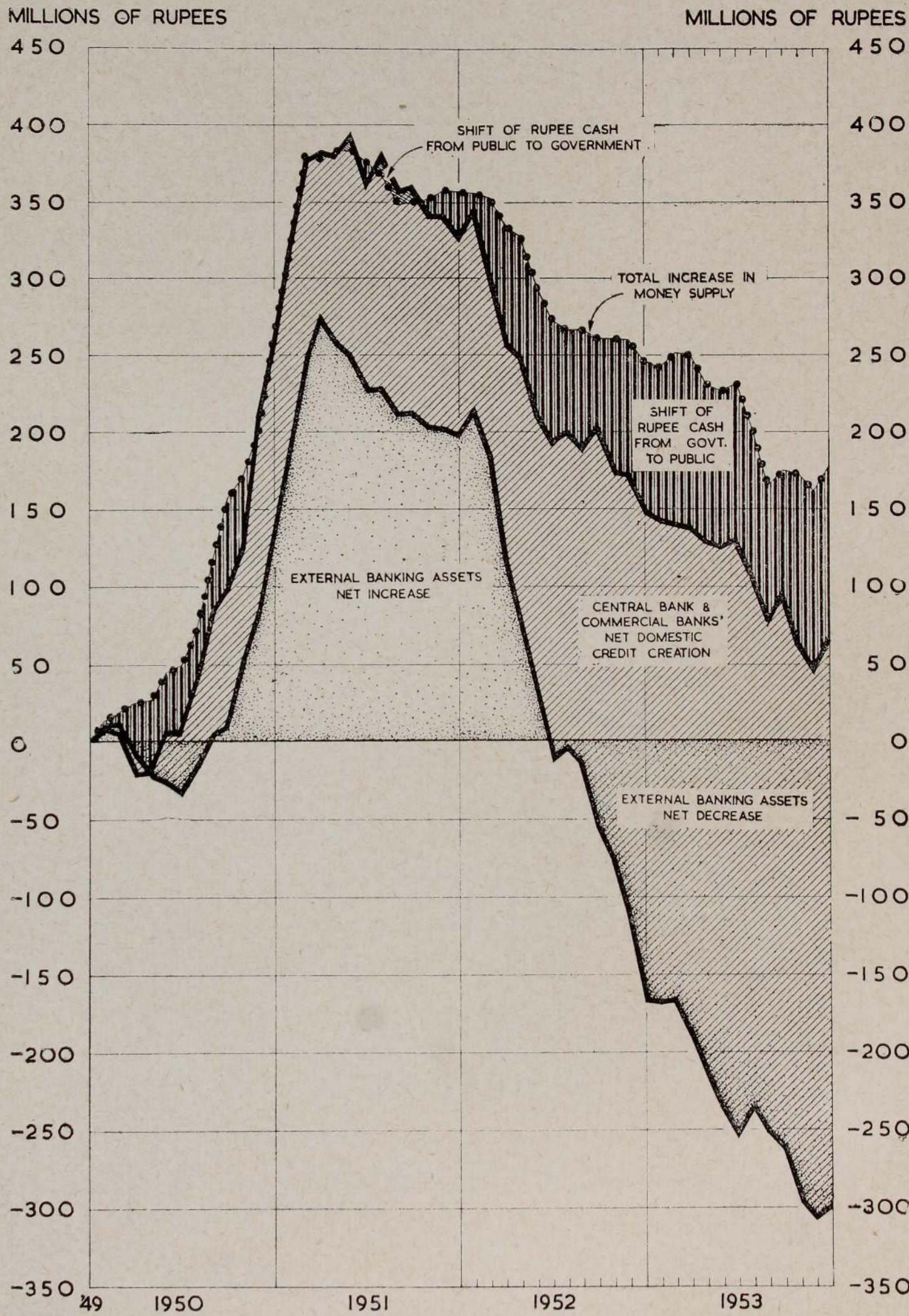


Dept. of Economic Research,

Source—Central Bank of Ceylon

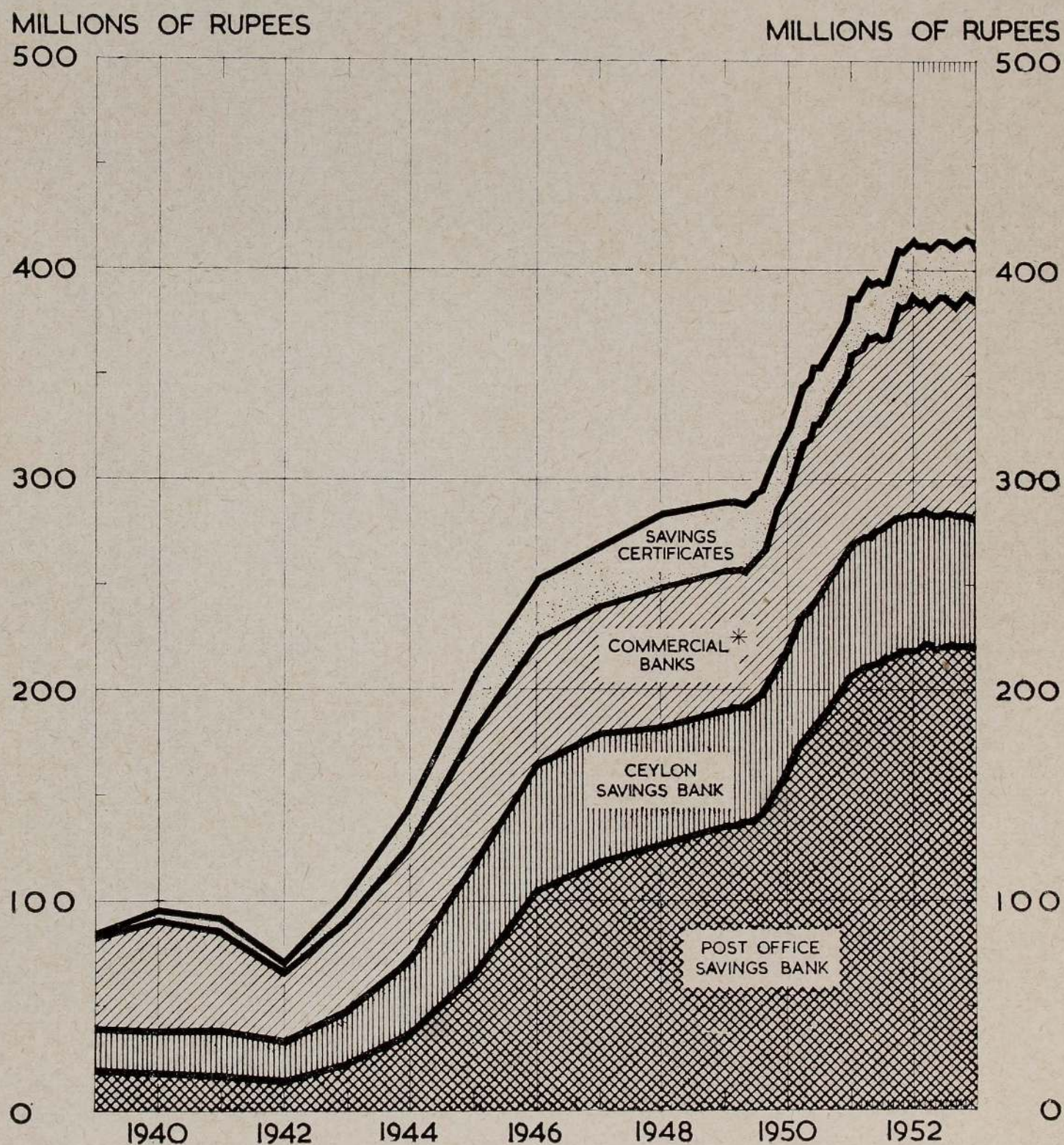
FACTORS AFFECTING MONEY SUPPLY

Cumulative changes, monthly from end of December, 1949



SAVINGS

End of year 1939–1949; End of month Jan. 1950–



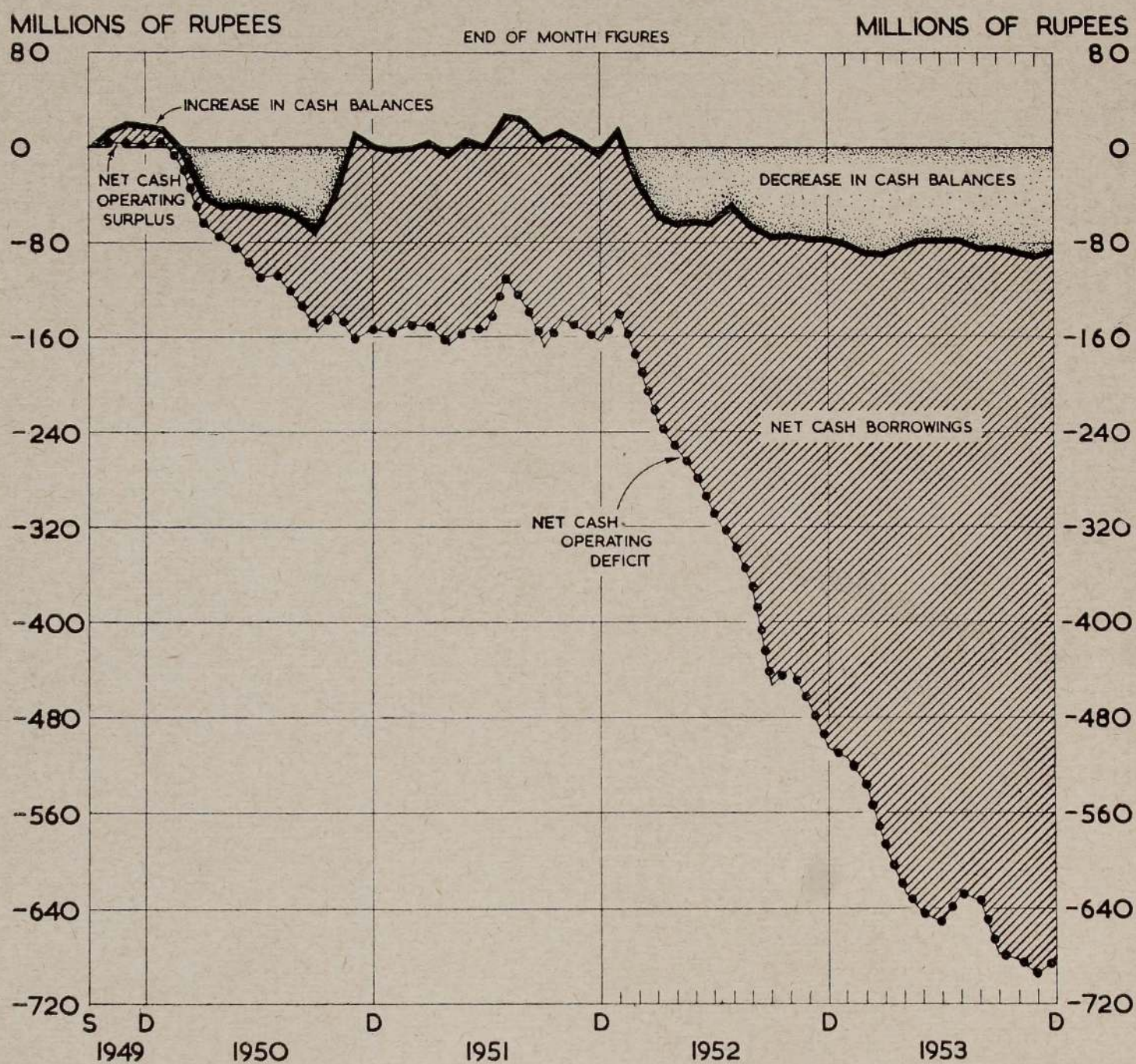
* INCLUDES BOTH SAVINGS & TIME DEPOSITS

Dept. of Economic Research.

Source:- Dept. of Census & Statistics
and Central Bank of Ceylon.

GOVERNMENT NET CASH OPERATING SURPLUS AND DEFICIT

Cumulative since end of September, 1949

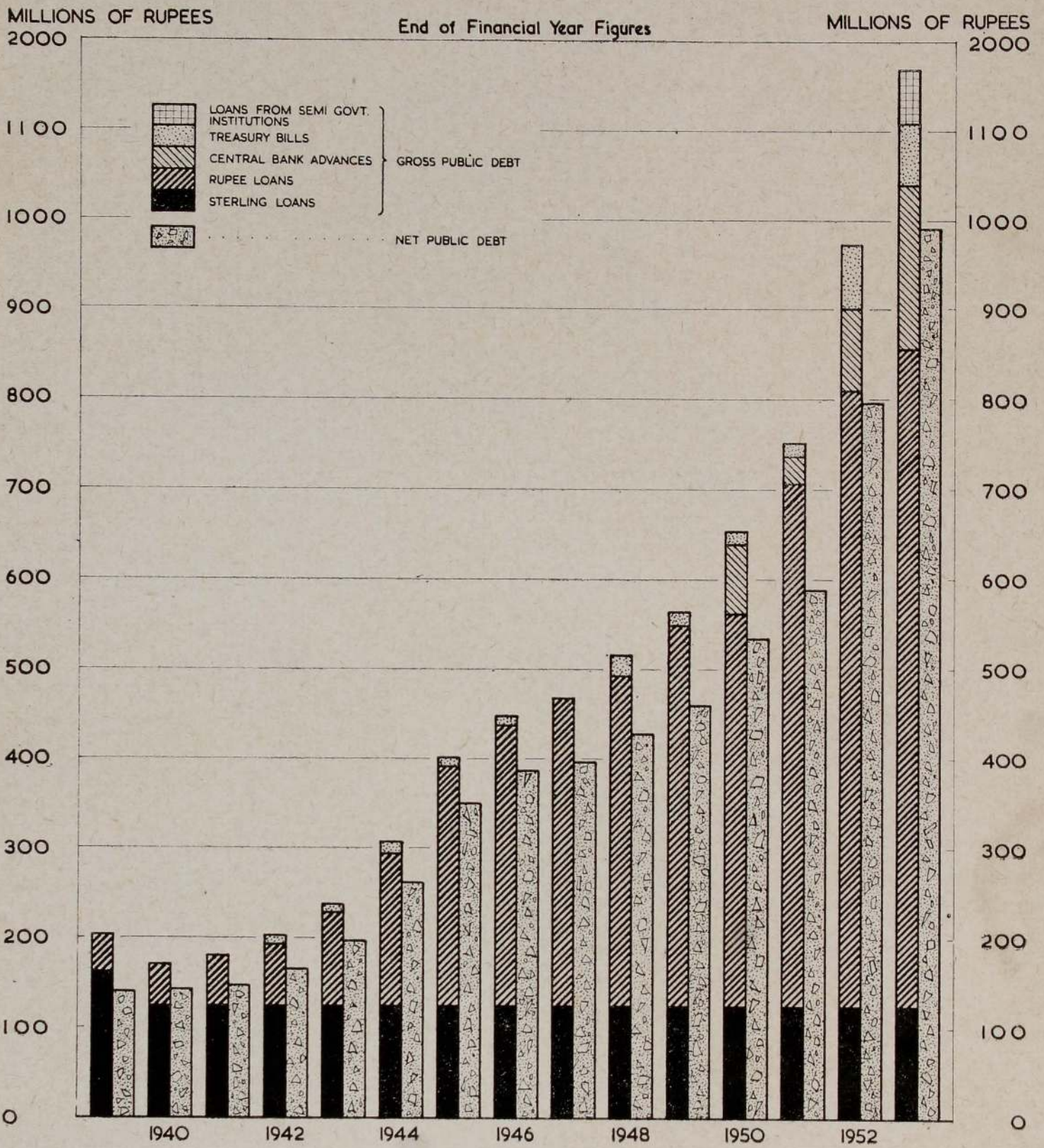


NOTE:- CASH BALANCES INCLUDE READILY MARKETABLE
STERLING AND INDIAN RUPEE INVESTMENTS

Dept. of Economic Research.

Source:- Central Bank of Ceylon.

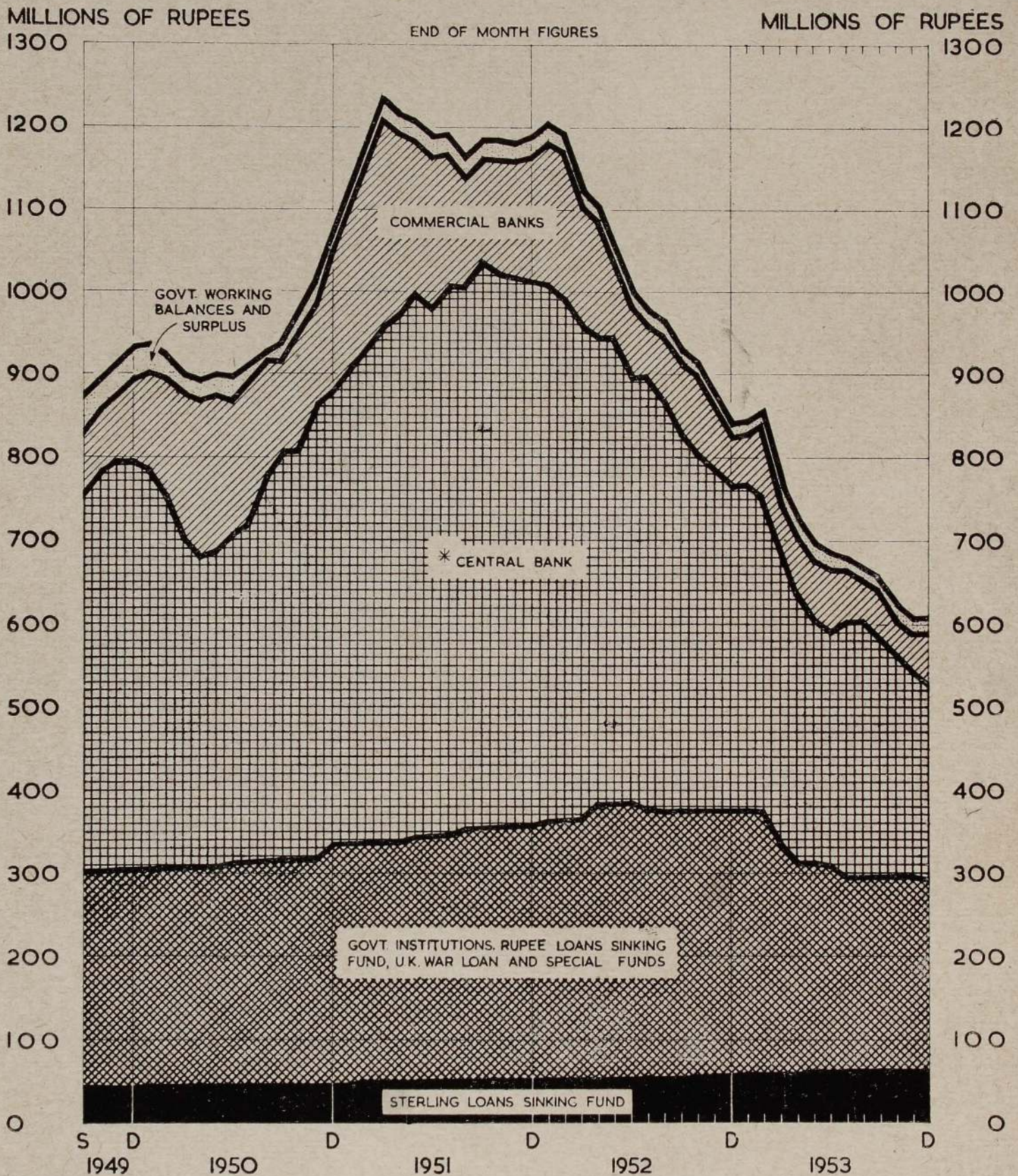
PUBLIC DEBT



Dept. of Economic Research.

Source:- Central Bank of Ceylon

EXTERNAL ASSETS OF CEYLON

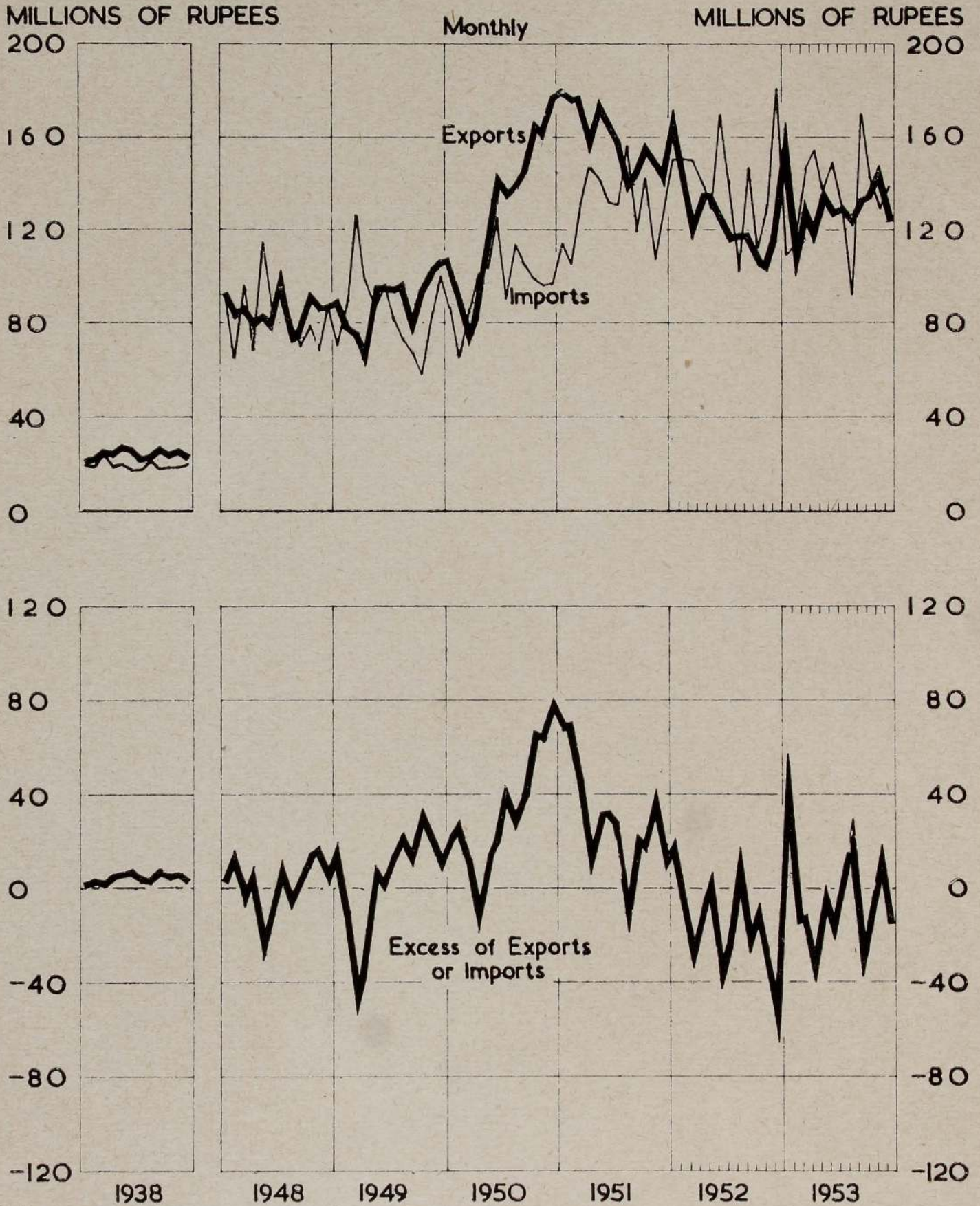


* CURRENCY BOARD PRIOR TO 28.8.50
 NOTE:- PRIVATE EXTERNAL ASSETS OTHER THAN
 BANKING ASSETS NOT INCLUDED.

Dept. of Economic Research.

Source:- Central Bank of Ceylon.

MERCHANDISE EXPORTS & IMPORTS

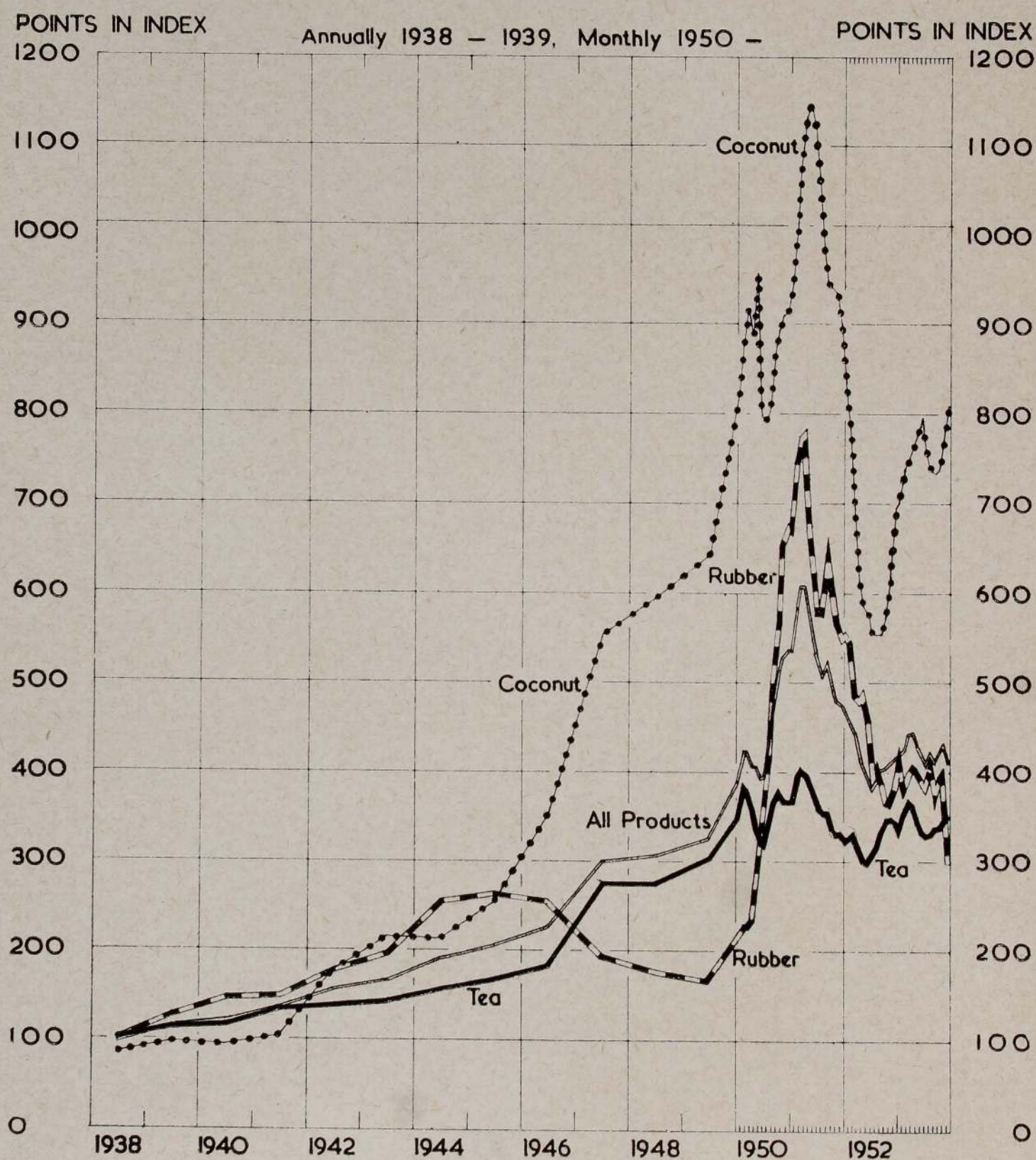


Dept. of Economic Research.

Source:- Ceylon Customs Returns.

EXPORT PRICE INDEX

1934 - 1938 = 100

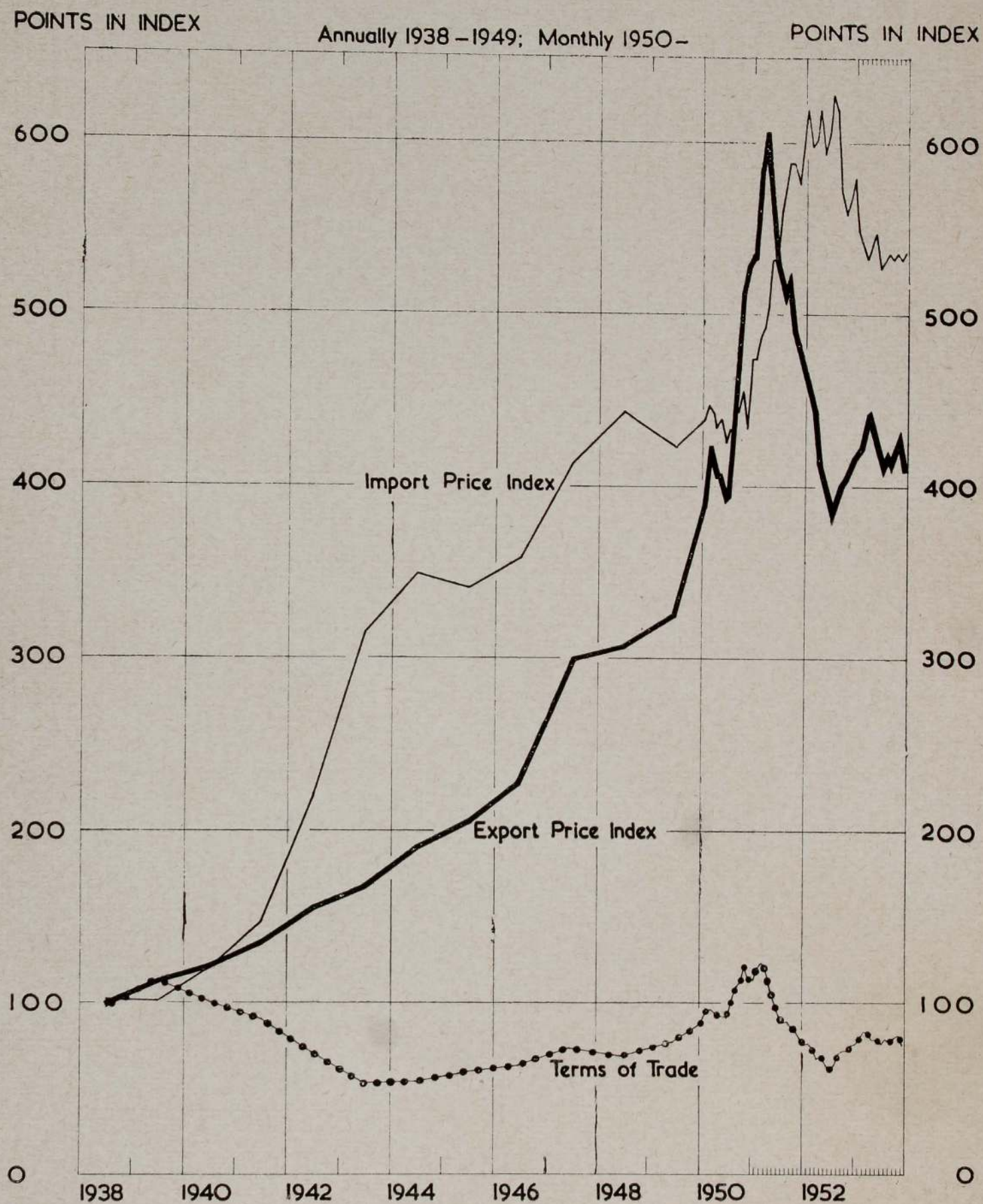


Dept. of Economic Research.

Source:- Dept. of Census and Statistics &
Central Bank of Ceylon.

EXPORT & IMPORT PRICE INDEXES

1934-1938=100

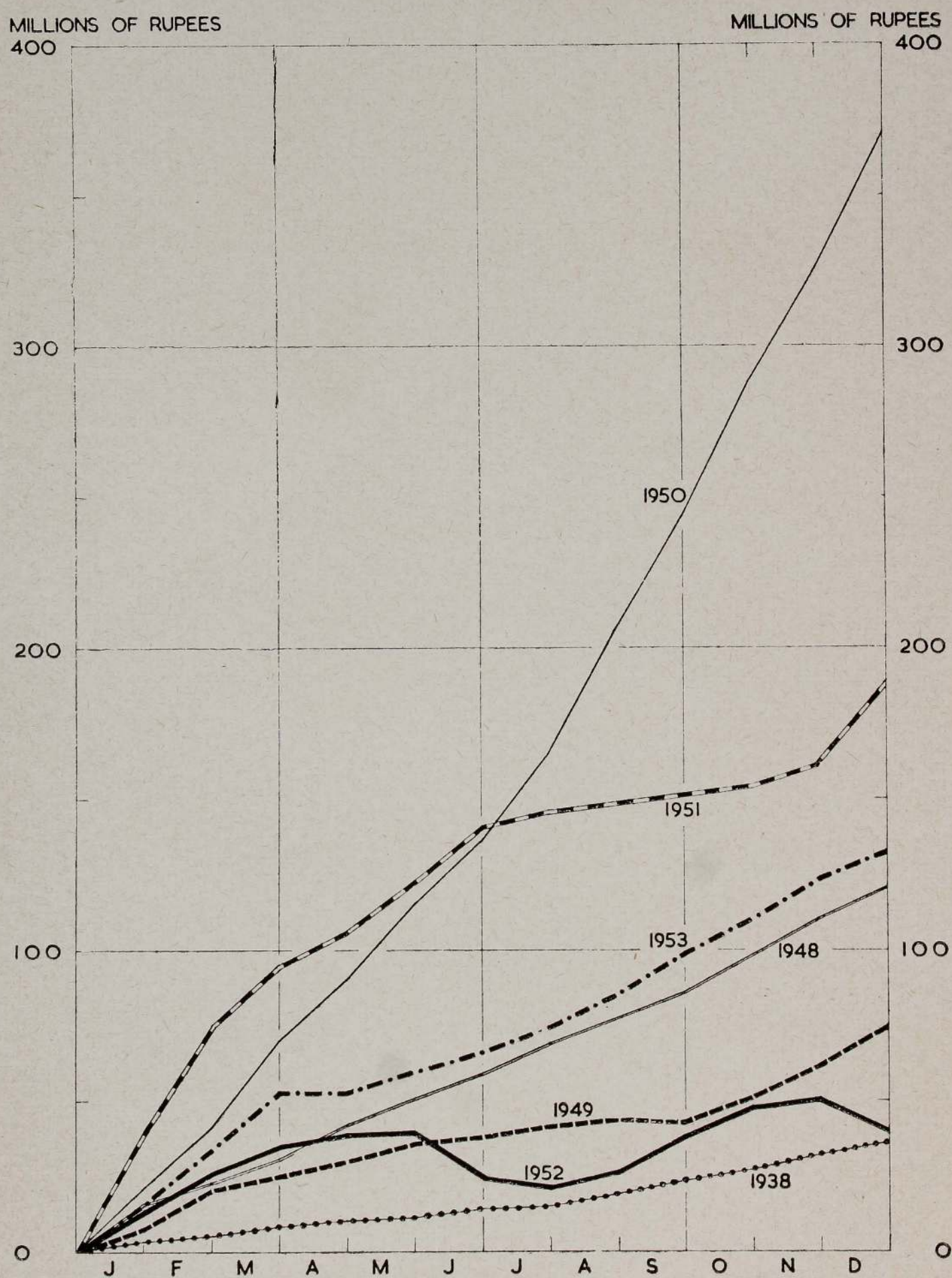


Dept. of Economic Research.

Source:- Dept. of Census Statistics.

BALANCE OF TRADE WITH UNITED STATES & CANADA

Cumulative—Monthly : Beginning of year equals Zero.



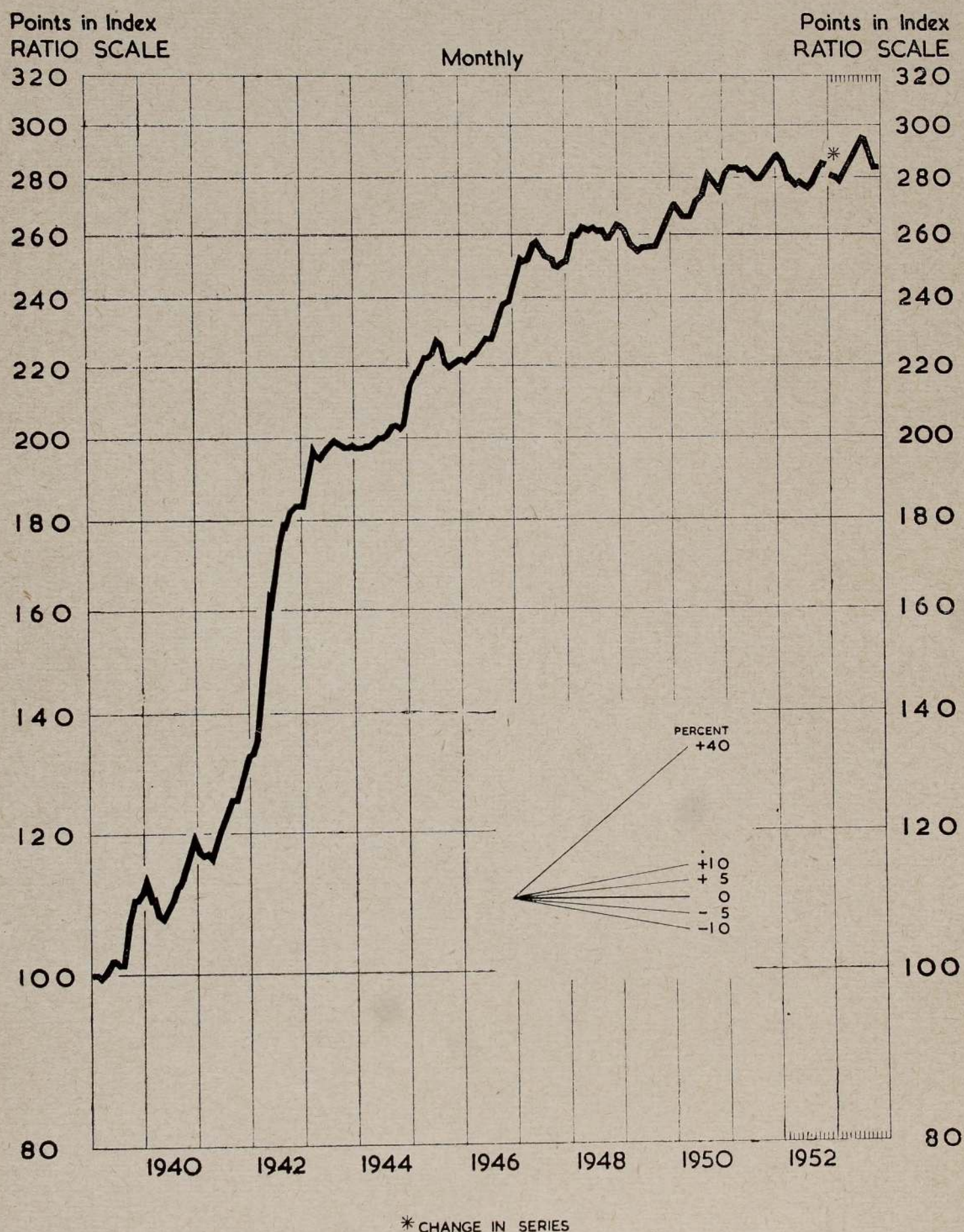
Dept. of Economic Research.

Source :- Ceylon Customs Returns.

COST OF LIVING INDEX

LOWER INCOME GROUP, COLOMBO TOWN

Average Price, November, 1938 to April 1939 = 100



Dept. of Economic Research.

Source: Dept. of Census & Statistics.

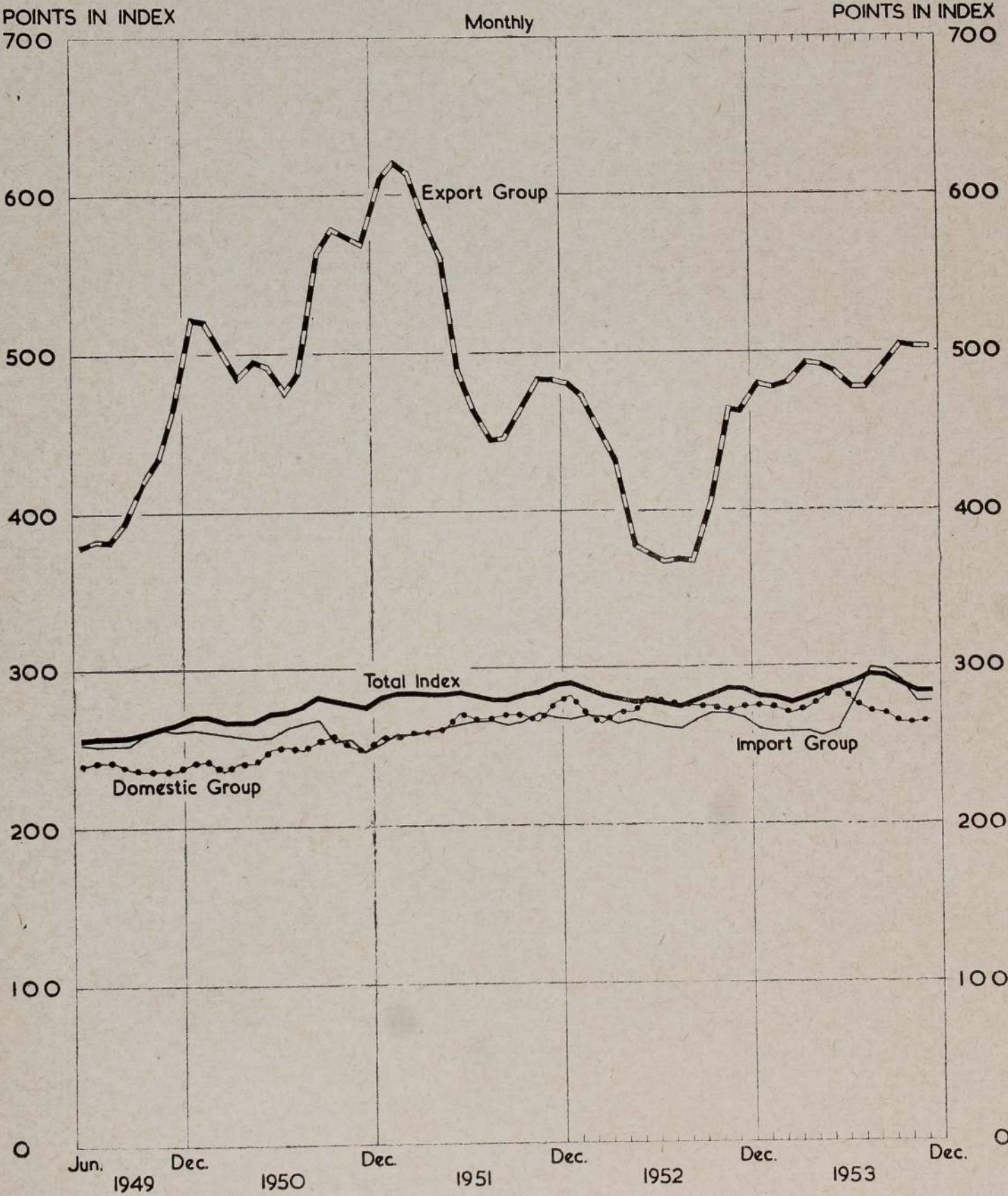
Note : Ceylon charts of the cost of living, other than those of the Central Bank's 1951 Report, have been plotted on an arithmetic vertical scale, in which equal amounts of change were given equal space. This is plotted on a ratio or logarithmic, vertical scale, in which equal percentages of change are given equal space.

The ratio scale implies an assumption ; that Ceylon is primarily interested in percentage changes in the cost of living, not in amounts of change. Hence it gives a truer impression of what has taken place in the movements of this index.

At every point in the chart the angles given to the right indicate the same per cent. per year changes.

COST OF LIVING INDEX - LOWER INCOME GROUP
COLOMBO TOWN
BY COMMODITY GROUPS

Average Price, Nov. 1938 - Apr. 1939 = 100

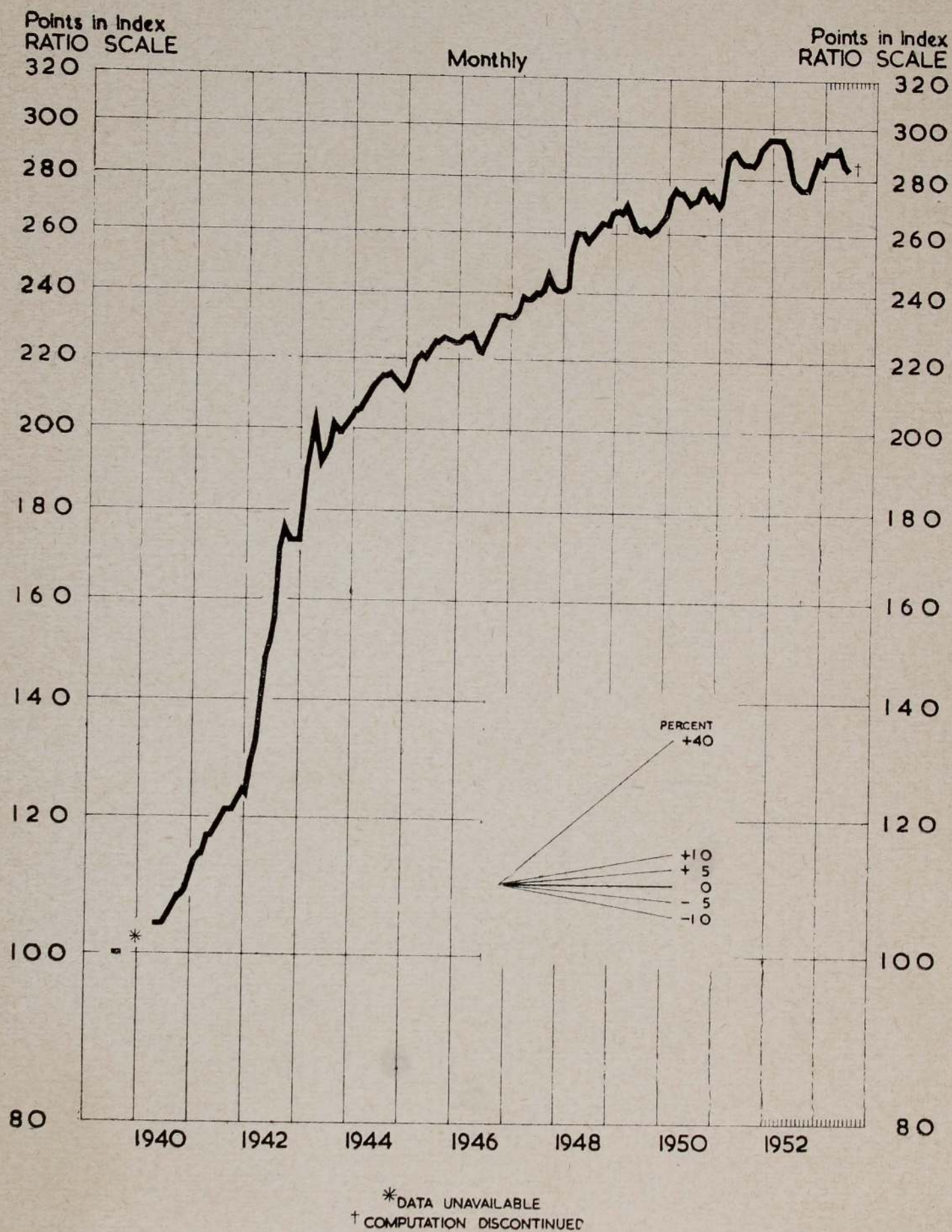


Dept. of Economic Research.

Source: Dept. of Census, Statistics.

COST OF LIVING INDEX - ESTATE LABOUR

July - September, 1939 = 100



Dept. of Economic Research.

Source:- Dept. of Labour.

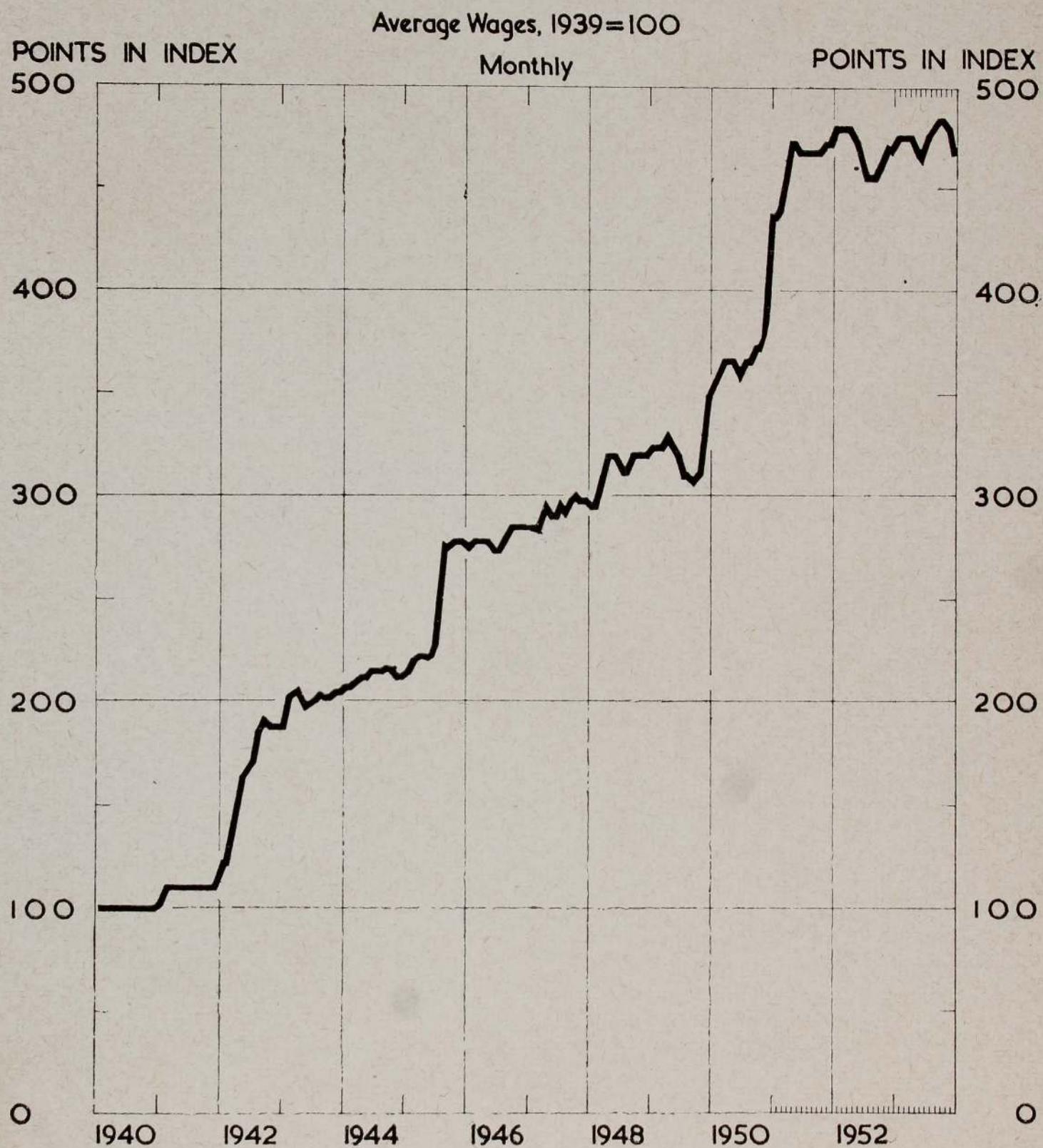
Note : Ceylon charts of the cost of living index for estate labour, other than those of the Central Bank's 1951 Report, have been plotted on an arithmetic vertical scale, in which equal amounts of change were given equal space. This is plotted on a ratio or logarithmic, vertical scale, in which equal percentages of change are given equal space.

The new scale implies an assumption ; that Ceylon is primarily interested in percentage changes in the cost of living, not in amounts of change. Hence it gives a truer impression of what has taken place in the movements of this index.

At every point in the chart the angles given to the right indicate the same per cent. per year changes.

MINIMUM WAGE RATE INDEX

TEA AND RUBBER ESTATE LABOUR



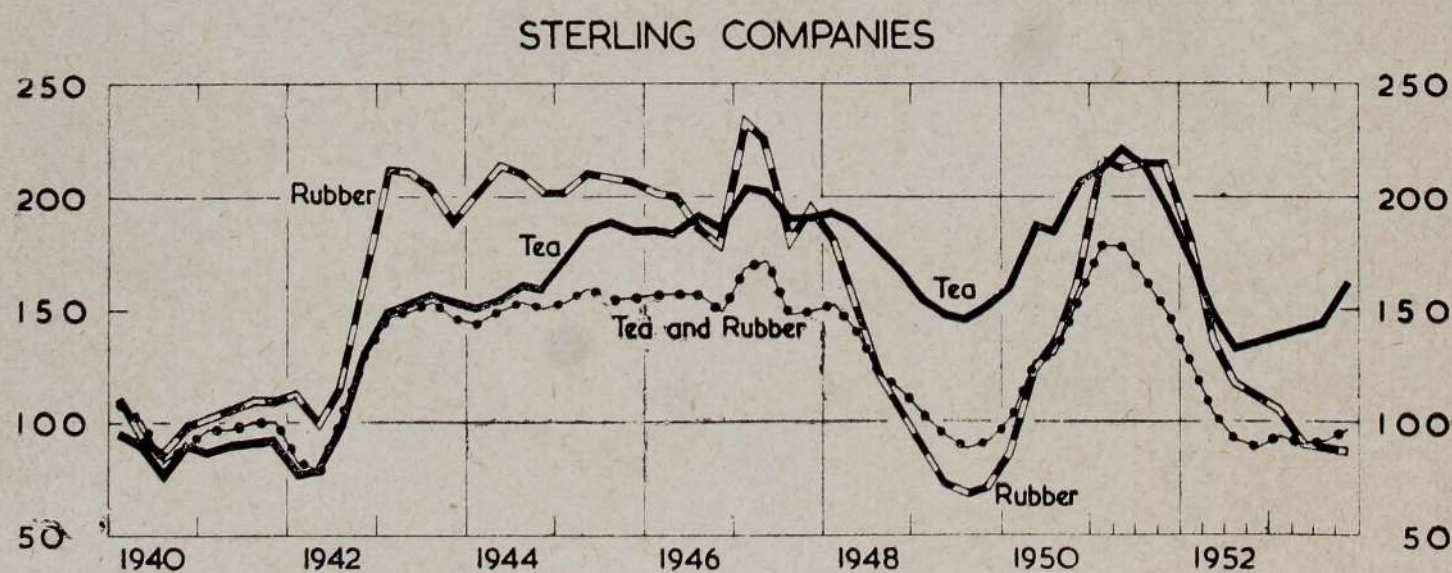
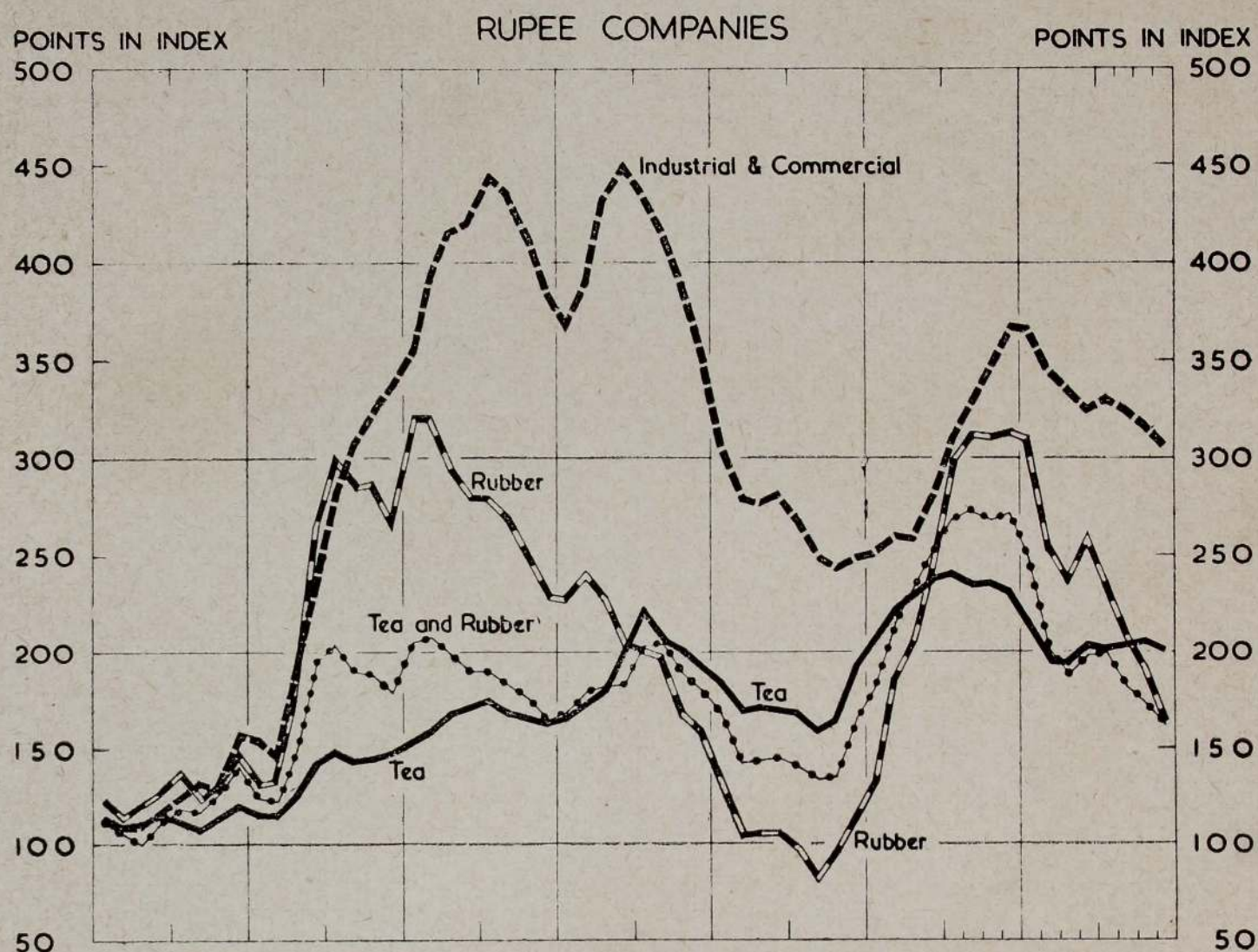
Dept. of Economic Research.

Source:- Dept. of Labour.

INDEXES OF SHARE PRICES

Jan. - June, 1939 = 100

Quarterly



Dept. of Economic Research.

Source:- Dept. of Census and Statistics

