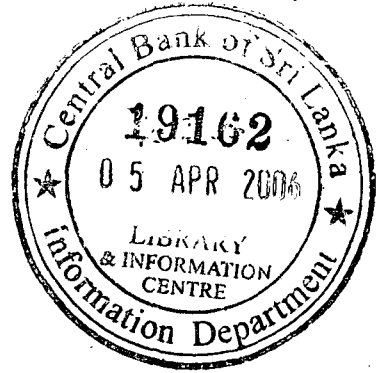
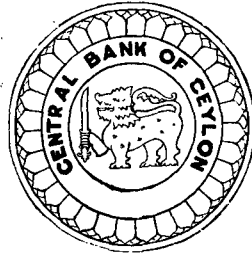


CENTRAL BANK OF CEYLON



ANNUAL REPORT OF THE MONETARY BOARD TO THE MINISTER OF FINANCE

FOR THE YEAR
1952

Letter of Submittal

THE HON. J. R. JAYEWARDENE,

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 Third Annual Report of the Monetary Board of the Central Bank of Ceylon covering the Bank's operations during the year 1952.

I am, dear Sir,
Yours faithfully,

JOHN EXTER,
Governor.

Central Bank of Ceylon,
Colombo 1, 31st March, 1953.

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

JOHN EXTER

Governor

A. G. RANASINHA, C.M.G., C.B.E.

Permanent Secretary to the Ministry of Finance

J. TYAGARAJA

Principal Officers

JOHN EXTER *Governor*

N. U. JAYAWARDENA *Senior Deputy Governor*

THEODORE MORGAN *Deputy Governor*

J. B. LOYNES
J. F. PIERCE
D. W. RAJAPATIRANA
(*on duty with the International
Monetary Fund*)

} *Advisers*

Department of Banking and Currency :—

W. TENNEKON *Chief Accountant*

D. C. GUNESKERA *Deputy Chief Accountant*

Department of Bank Supervision :—

W. TENNEKON *Acting Director*

Department of Economic Research :—

B. B. DAS GUPTA *Director*

Department of Exchange Control :—

A. H. ABEYNAIKE *Acting Deputy Controller*

Department of Public Debt :—

C. L. B. PERERA *Superintendent*

Secretariat :—

P. M. JAYARAJAN *Secretary*

Auditor

A. WEERASINGHE

Auditor-General to the Ceylon Government,

CONTENTS

| | PAGE |
|---|------|
| I. Introduction | 3 |
| II. The Basic Problems | 3 |
| III. Policies and Measures | 6 |
| IV. Basic Economic Data | 11 |
| V. The International Bank Report | 21 |
| VI. Operations and Accounts of the Central Bank | 21 |

APPENDIX I.

| | |
|--|----|
| A—MAJOR LEGAL ENACTMENTS ADOPTED BY THE GOVERNMENT IN 1952 .. | 25 |
| (i) Bank of Ceylon (Amendment) Act 19 of 1952 | 25 |
| (ii) Exchange and Securities Control (Continuation) Act 35 of 1950 .. | 25 |
| B—MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1952 | 26 |
| (i) Prescription of Central Bank's Exchange Rates | 26 |
| Circular No. 1, Revised January 4, 1952 | 26 |
| Circular No. 1, Revised January 28, 1952 | 27 |
| Central Bank Exchange Rates for U.S. Dollars | 28 |
| (ii) Prescription of Commercial Banks' Exchange Rates | 30 |
| Circular No. 2, Revised January 4, 1952 | 30 |
| Circular No. 2, Revised January 8, 1952 | 30 |
| Circular No. 2, Revised January 28, 1952 | 31 |
| Circular No. 2, Revised May 24, 1952 | 31 |
| (iii) Parities Notice of June 27, 1952 | 32 |

APPENDIX II—STATISTICAL TABLES 35

I. MONEY AND BANKING.

| | |
|---|-------|
| Table 1—Money Supply | 37 |
| 2—Analysis of Changes in the Money Supply | 38 |
| 3—Currency Issue of the Central Bank | 40 |
| 4—Assets and Liabilities of Commercial Banks (1943—1948) | 42 |
| 5—Assets and Liabilities of Commercial Banks (1949—52) | 44-46 |
| 6—Monthly Movement of the Accounts of the Central Bank January—December, 1952 | 48 |
| 7—Accounts of the Central Bank as of 31st December, 1952 | 50 |
| 8—Money Rates | 52 |
| 9—Purchases and Sales of Foreign Exchange by the Central Bank | 52 |
| 10—Reserve Position of Commercial Banks | 53 |
| 11—Bank Clearings | 54 |
| 12—The State Mortgage Bank—Loans granted and Outstanding | 54 |
| 13—Agricultural and Industrial Credit Corporation—Loans granted and Outstanding | 55 |
| 14—Agricultural and Industrial Credit Corporation—Loans granted—Classified by Purpose—Agricultural Purposes | 56 |
| 15—Agricultural and Industrial Credit Corporation—Loans granted—Classified by Purpose—Industrial Purposes | 58 |
| 16—Savings Deposits and Savings Certificates | 60 |

II. GOVERNMENT FINANCE.

| | |
|--|----|
| Table 17—Government Revenue and Expenditure | 61 |
| 18—Government Revenue (Classified) | 62 |
| 19—Distribution of Government Expenditure | 64 |
| 20—Treasury Bills | 66 |
| 21—Government Net Cash Operating Surplus or Deficit | 67 |
| 22—Public Debt | 68 |
| 23—Prices and Yields of Selected Government Securities | 68 |

III. EXTERNAL FINANCE.

| | |
|---|----|
| 24A—Balance of Payments for 1952 by Quarters | 70 |
| 24B—Balance of Payments for 1952 (Provisional) by Regions and Monetary Areas | 72 |
| 25 —External Assets of Ceylon | 74 |
| 26 —Total External Trade | 75 |
| 27 —Ceylon's International Trade in Merchandise by Regions and Monetary Areas | 76 |

IV. WAGES AND PRICES

| | |
|---|----|
| 28—Cost of Living Index—Lower Income Group—Colombo Town.. | 76 |
| 29—Cost of Living Index—Estate Labour | 77 |
| 30—Minimum Wage Rate Index—Tea and Rubber Estate Labour.. | 77 |
| 31—Indexes of Share Prices | 78 |
| 32—Colombo Market Prices of Export Commodities | 78 |

V. REGISTRANTS FOR EMPLOYMENT.

| | |
|--|----|
| 33. Numbers Registered at Employment Exchanges | 80 |
|--|----|

APPENDIX III.—CHARTS.

| | |
|---|----|
| Money Supply | 1 |
| Factors Affecting Money Supply | 2 |
| Savings | 3 |
| Government Net Cash Operating Surplus and Deficit | 4 |
| Public Debt | 5 |
| External Assets of Ceylon | 6 |
| Merchandise Exports and Imports | 7 |
| Export Price Index | 8 |
| Export and Import Price Indexes | 9 |
| Balance of Trade with United States and Canada | 10 |
| Cost of Living Index—Lower Income Group, Colombo Town | 11 |
| Cost of Living Index—Lower Income Group, Colombo Town—By Commodity Groups | 12 |
| Cost of Living Index—Estate Labour | 13 |
| Minimum Wage Rate Index—Tea and Rubber Estate Labour | 14 |
| Indexes of Share Prices | 15 |