

V. Operations and Accounts of the Central Bank

90. Financial accounts of the Central Bank for the year 1954, are set out in table 6. The main changes in comparison with 1953 were :—

	Rs. million	Per cent
Total demand liabilities	+ 71.1	+ 16.3
Currency in circulation	+ 9.1	+ 2.5
Demand deposits	+ 62.0	+ 91.4
(of which commercial banks)	(+ 39.6)	(+ 60.2)
International reserve	+279.4	+114.0
Domestic assets	-199.8	- 86.4
Advances to Government	- 72.1	-100.0
Government and Government guaranteed securities	-124.3	- 82.1

Increase +

Decrease —

The ratio of the International Reserve to total demand liabilities increased from 56.4 per cent at the end of 1953 to 103.6 per cent at the end of 1954.

91. The Central Bank's rate for advances to commercial banks against the pledge of Government securities was reduced from 3 per cent to 2½ per cent on June 11th, 1954, and remained unaltered during the rest of the year. The Central Bank's discount rate for treasury bills continued to be fixed at 1/8 of one per cent over the last average tender rate.

92. The reserve ratios to be maintained by commercial banks with the Central Bank remained unchanged at 10 per cent of their demand deposits and 5 per cent of time and savings deposits.

93. The Central Bank's rates for the U.S. dollar were changed from time to time (as shown in Appendix I) in alignment with movements in the sterling-dollar rate. There were no changes during the year in the Central Bank's rates for sterling and the Indian rupee which were—

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

94. Total foreign exchange transactions of the Central Bank are recorded in table 10. Spot purchases were Rs. 455·2 million (Rs. 150·6 million in 1953) and spot sales Rs. 342·3 million (Rs. 640·6 million in 1953). The value of contracts entered into for forward purchases was Rs. 207·3 million (Rs. 251·9 million in 1953) and for forward sales Rs. 2·3 million (Rs. 31·4 million in 1953). Deliveries under forward purchase and sale contracts were Rs. 179·4 million and Rs. 11·6 million respectively. Total purchases (spot and deliveries under forward contracts) amounted therefore to Rs. 634·6 million and the corresponding total of sales to Rs. 353·9 million.

95. *Bank Supervision.*—The Department of Bank Supervision examined eleven banks in 1954. Nine examinations were completed during the year.

96. *Income and Expenditure.*—The income of the Central Bank for the year amounted to Rs. 11,509,135·75 and expenditure including allocations to reserves in terms of section 38 of the Monetary Law Act amounted to Rs. 9,509,135·75. The net profit of Rs. 2 million was paid and credited to the Consolidated Fund in terms of section 39 (c) of the Act.