

a special increase in Ceylon's quota in the International Monetary Fund (with a corresponding increase in the World Bank subscription) beyond that provided for in the resolutions of the Board of Governors. It was subsequently decided that Ceylon's quota be raised to \$45 million. Such an increase of quota will mean that Ceylon's ability to purchase foreign currencies from the Fund in case of balance of payments difficulties would be correspondingly expanded. In view of the wide swings to which our balance of payments is subjected—the more so as the development programme gathers momentum—providing for an added line of reserve against possible payments difficulties is both prudent and timely.

V. ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

Financial accounts of the Central Bank for the year 1958 are given in Table 6. The main changes in comparison with 1957 were :—

TABLE V—1

	Change	
	Rs. Million	Per cent
Total demand liabilities	+144.6	+ 24.7
Currency circulation	+103.2	+ 21.7
Demand deposits	+ 41.4	+ 37.7
(of which commercial banks)	+ 1.6	+ 1.8
International reserve	— 52.1	— 8.8
Domestic assets	+172.6	+195.4
Government and Government guaranteed securities	+100.6	+190.7

+ Increase ; — Decrease.

The ratio of the International Reserve to currency and demand liabilities decreased from 101.0 per cent at the end of 1957 to 73.8 per cent at the end of 1958.

The Central Bank's rates for U.S. Dollars 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 s. 6 3/64d.	.. 1 s. 6 1/32d.
	.. Forward	.. 1/128d. per month	.. 1/128d. 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 discount	.. 1/32 of a rupee per .. month premium
		.. against spot	.. against spot

Total foreign exchange transactions of the Central Bank are shown in Table 10. Spot purchases were Rs. 167.9 million and spot sales Rs. 567.8 million as compared with Rs. 160.8 million and Rs. 776.3 million in 1957. The value of contracts entered into for forward purchases was Rs. 370.2 million (Rs. 380.6 million in 1957) and for forward sales Rs. 97.8 million (Rs. 0.8 million in 1957). Deliveries under forward purchase contracts including those outstanding from the previous year amounted Rs. 387.7 million and those under forward sale contracts amounted to Rs. 59.5

million. Total purchases (spot and deliveries under forward contracts) amounted, therefore, to Rs. 555.6 million and total sales to Rs. 627.3 million.

Income and Expenditure.—The income of the Central Bank for the year amounted to Rs. 20,646,598.54 and expenditure including an allocation to reserves of a sum of Rs. 9,171,594.05 in terms of Section 38 of the Monetary Law Act amounted to Rs. 14,646,598.54. The net profit of Rs. 6 million was credited to Surplus in terms of Section 39 (b) of the Monetary Law Act as the total of the Capital Accounts of the Bank as at the end of December, 1958, was less than 15 per cent of the difference between the total assets of the Bank and its assets in foreign currencies. The Surplus now stands at Rs. 18 million.

Bank Supervision.—In the year 1958, 11 examinations of commercial banks were conducted by the Department of Bank Supervision in terms of Section 29(1) of the Monetary Law Act.

This Department also continued to perform certain functions connected with the implementation of the Bank Debits Tax Act, No. 42 of 1957.

VI. PERSONNEL

Sir Arthur Ranasinha, Governor, left the island on September 22, 1958, to attend the Annual Meeting of the International Monetary Fund and the International Bank for Reconstruction and Development which was held in New Delhi. Mr. D. W. Rajapatirana, Senior Deputy Governor, who had been nominated by the Government as a Ceylon Representative to the Thirteenth Session of the United Nations General Assembly at New York, left the island on September 10, 1958, and resumed duties in the Central Bank with effect from December 22, 1958. In terms of section 24 of the Monetary Law Act, Mr. W. Tennekoon, Deputy Governor, was designated Senior, with effect from the date of Mr. D. W. Rajapatirana's departure until his return from duty abroad.

Dr. Michael Greenberg was appointed Director of Economic Research and assumed duties on May 8, 1958. Consequent to the passing of the Employees' Provident Fund Act No. 15 of 1958, a new Department of the Central Bank known as the Employees' Provident Fund Department was established with effect from August 1, 1958, in terms of section 33 of the Monetary Law Act, and Mr. H. L. D. Selvaratnam was appointed to officiate as Superintendent of the Department. Mr. C. L. B. Perera, Superintendent of Public Debt, entered on leave prior to retirement on August 18, 1958, and Mr. O. B. Gunawardana was appointed to officiate. The services of Mr. D. C. Gunsekera, Chief Accountant, were released for a further year from November 1, 1958, for appointment as Alternate Executive Director in the International Bank for Reconstruction and Development. Mr. P. M. Jayarajan, Secretary, was appointed as Assistant to the Governors with effect from December 8, 1958, and Mr. S. E. P. Jansz was appointed Secretary, with effect from the same date. Besides Dr. Gamani Corea, one other Staff Officer attached to the Economic Research Department continued to work full time in the Planning Secretariat. Other Staff Officers of the Research Department assisted various Ministries from time to time during the year on special assignments.