

### III. ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

Financial accounts of the Central Bank for the year 1960 are given in Table 6 in Appendix II. The main changes in comparison with 1959 were:—

	Change	
	Rs. Million	Per cent
Total demand liabilities .. .. .	+ 52.1	+ 6.5
Currency circulation .. .. .	+ 23.3	+ 3.7
Demand deposits .. .. .	+ 28.8	+ 15.9
(of which commercial banks) .. .. .	+ 44.9	+ 47.1
International reserve .. .. .	—196.5	— 50.8
Domestic assets .. .. .	+267.2	+ 52.0
Government and Government guaranteed securities .. .. .	+224.3	+ 65.1

+Increase.

—Decrease.

The ratio of the International Reserve to currency and demand liabilities decreased from 48.2 per cent at the end of 1959 to 22.2 per cent at the end of 1960.

The Central Bank's rates for U.S. dollars were changed from time to time (as shown in Appendix IB(ix), 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	.. Spot	.. 1s. 6 3/64d.	.. 1s. 6 1/32d.
(per Ceylon rupee)	.. Forward	.. 1/128d. per month	.. 1/128d. per month
	(up to six months)	.. discount against spot.	.. premium against spot.
Indian rupees	.. Spot	.. Rs. 99 3/4	.. Rs. 99 13/16
(per 100)	.. Forward	.. 1/32 of a rupee per month discount	.. 1/32 of a rupee per month premium
	(up to six months)	.. against spot	.. against spot

Total foreign exchange transactions of the Central Bank are shown in Table 1 0. Spot purchases were Rs. 162·3 million and spot sales Rs. 498·7 million as compared with Rs. 170·9 million and Rs. 495·9 million in 1959. The value of contracts entered into for forward purchases was Rs. 218·5 million (Rs. 218·3 million in 1959) and for forward sales Rs. 142·5 million (Rs. 52·4 million in 1959). Deliveries under forward purchase contracts including those outstanding from the previous year amounted to Rs. 240·4 million and those under forward sale contracts amounted to Rs. 111·1 million. Total purchases (spot and deliveries under forward contracts) amounted therefore to Rs. 402·7 million and total sales to Rs. 609·8 million.

*Income and Expenditure.*—The income of the Central Bank for the year amounted to Rs. 21,784,739·66 and expenditure including allocation to reserves of a sum of Rs. 11,180,360·01 in terms of Section 38 of the Monetary Law Act amounted to Rs. 19,784,739·66. The net profit of Rs. 2 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, 1960, 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. 25 million.

*Bank Supervision.*—In the year 1960, the Department of Bank Supervision examined 12 commercial banks under Section 29(1) of the Monetary Law Act and one banking institution which is not a commercial bank on a directive by the Monetary Board in terms of Section 29(2).

Since 1955 the examination period determined under Section 29(6) of the Act was the period commencing on the 1st of May in each calendar year and closing on the 30th of April in the succeeding year. In 1960, the Monetary Board altered the examination period extending the 1959/60 period up to the end of the year 1960 and declared that as from 1.1.61 the examination period shall be two years.

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