

III. ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

Financial accounts of the Central Bank for the year 1962 are given in Table 6—Appendix II. The main changes in comparison with 1961 were:

	CHANGE	
	Rs. Million	Per cent
Total Demand Liabilities	+ 107.5	+ 10.9
Currency Circulation	+ 25.6	+ 3.3
Demand Deposits	+ 81.9	+ 37.3
(of which commercial banks)	+ 20.1	+ 23.2
International Reserve	- 32.6	- 17.7
Domestic Assets	+ 158.2	+ 17.1
Government and Government Guaranteed Securities ..	+ 175.8	+ 24.8

+ Increase

- Decrease

The ratio of the International Reserve to currency and demand liabilities decreased from 18.8 per cent at the end of 1961 to 13.9 per cent at the end of 1962.

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

Total foreign exchange transactions of the Central Bank are shown in Table 11. Spot purchases were Rs. 447.6 million and spot sales Rs. 569.4 million as compared with Rs. 342.1 million and Rs. 503.1 million in 1961. The value of contracts entered into for forward purchases was Rs. 202.6 million (Rs. 221.8 million in 1961) and for forward sales Rs. 144.5 million (Rs. 61.6 million in 1961). Deliveries under forward purchase contracts including those outstanding from the previous year amounted to Rs. 211.9 million, and deliveries under forward sale contracts amounted to Rs. 133.7 million. Total purchases (spot and deliveries under forward contracts) amounted therefore to Rs. 659.5 million and total sales to Rs. 703.1 million.

Currency Issue

During the year a new Rs. 50/- currency note bearing the portrait of the late Prime Minister, the Hon. S.W.R.D. Bandaranaike, was put into circulation. The new note is smaller than the Rs. 50/- note issued earlier, its size being $5 \frac{15}{16}$ " \times $3 \frac{1}{10}$ ".

The front of the note is mainly in blue printed over an intricate multi-coloured pattern appearing in the centre and extending to the upper and lower borders of the note. The portrait appears in the panel on the right hand side of the note and the "Heraldic Lion" watermark in the panel on the left hand side. A metallic thread is incorporated vertically in the note on the right hand side.

The back of the note also printed mainly in blue, carries a reproduction of the Moonstone and steps and on the right hand side a circular panel containing microscopic lettering of varying sizes.

Notes of the same denomination issued earlier continue to remain in circulation along with the new notes.

Income and Expenditure

The income of the Central Bank for the year amounted to Rs. 28,050,100.01 and expenditure including allocation to reserves of a sum of Rs. 9,333,848.22 in terms of Section 38 of the Monetary Law Act amounted to Rs. 18,050,100.01. The net profit of Rs. 10 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, 1962 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. 40 million.

Bank Supervision

In the year 1962, the Department of Bank Supervision examined six 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).

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

The Minister of Finance appointed the Director of Bank Supervision as the competent authority for the purposes of Part III of the Finance Act, No. 65 of 1961 dealing with the opening of accounts in Banks.