

III. ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

Financial accounts of the Central Bank for the year 1963 are given in Table 6—Appendix II. The main changes in comparison with 1962 were:—

	CHANGE	
	Rs. Million	Per cent
Total Demand Liabilities	+ 135.7	+ 12.4
Currency Circulation	+ 111.4	+ 14.1
Demand Deposits	+ 24.3	+ 8.1
(of which Commercial Banks)	+ 1.8	+ 1.7
International Reserve	- 37.9	- 24.9
Domestic Assets	+ 184.4	+ 17.1
Government and Government Guaranteed Securities	+ 139.5	+ 15.8

+ Increase

- Decrease

The Central Bank's rates for U.S. dollars were changed from time to time (as shown in Appendix I B) 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 (up to six months)	.. 1/128d. per month discount against spot	.. 1/128d. 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

Foreign Exchange transactions of the Central Bank are shown in Table 11. Appendix II.

The Central Bank's rates of interest on advances against Government Securities and against usance promissory notes arising out of certain specified transactions remained unchanged at 4% per annum. There was also no change in the Central Bank's rate of interest on advances against usance promissory notes of Co-operative Societies resulting from the purchase, sale or storage of locally grown agricultural products, which rate remained at 3% per annum. The Central Bank's discount rate for Treasury Bills continued to be fixed at 1/8% per annum over the last accepted average tender rate.

Currency Issue

New design currency notes of the Rs. 5 and Rs. 2 denominations were issued in 1963, the Rs. 5 note in September and the Rs. 2 note in October.

The front of the Rs. 5 note is printed mainly in red and sepia, over an intricate multi-coloured pattern appearing in the centre and extending to the lower border of the note. The portrait of the late Prime Minister, the Hon. S.W.R.D. Bandaranaike, appears in a panel on the right hand side of the note and in a panel on the left hand side the watermark of the "Heraldic Lion" can be seen. A metallic thread is incorporated vertically in the note on the right hand side. The back of the note carries a reproduction of the statue of Parakrama Bahu the Great, printed in red in a panel in the centre. Panels on the two sides are filled with microscopic lettering of varying sizes.

The front of the Rs. 2 note is mainly in brown, printed over an intricate multi-coloured pattern appearing in the centre and extending to the lower border of the note. The portrait of the late Prime Minister, the Hon. S.W.R.D. Bandaranaike, appears in a panel on the right hand side of the note and in a panel on the left hand side the watermark of the "Heraldic Lion" can be seen. A metallic thread is incorporated vertically in the note on the right hand side. The back of the note is also mainly in brown and carries a reproduction of the Vatadage at Medirigiriya. A panel on the right hand side is filled with microscopic lettering of varying sizes, this lettering being carried on at the top of the note.

New design subsidiary coins of all denominations were also issued in 1963. In each of the denominations, 50 cents, 25 cents and 1 cent, the new coins are smaller than the coins of the earlier design, while the new 10 cents, 5 cents and 2 cents coins are of the same size as their earlier counterparts. The obverse side of the new coins carries the Armorial Ensigns of Ceylon, with the reverse side carrying in the centre the value in figures, and in words in Sinhala, Tamil and English between designs derived from the "Liyawela" motif in Sinhala Art. The new 50 cents and 25 cents coins are minted in cupro-nickel, and the new 2 cents and 1 cent coins in an aluminium alloy. The new 10 cents and 5 cents coins are minted in the same nickel-brass alloy as the coins of these denominations in the earlier design.

The new design notes and coins are in circulation along with the notes and coins issued earlier, which continue to be legal tender.

Income and Expenditure

The income of the Central Bank for the year amounted to Rs. 31,952,225.18 and expenditure including allocations to reserves of a sum of Rs. 10,441,108.96 in terms of Section 38 of the Monetary Law Act amounted to Rs. 19,952,225.18. The net profit of Rs. 12 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, 1963 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. 52 million.

Bank Supervision

In the year 1963, the Department of Bank Supervision examined five commercial banks.

The Department continued to perform functions connected both with the implementation of the Bank Debts Tax Act No. 42 of 1957 and with the operation of Part III of the Finance Act No. 65 of 1961 dealing with the opening of accounts in banks.