

(D) MONETARY AND BANKING DEVELOPMENTS

It has not been possible to undertake a review of monetary and banking developments in the year as a whole owing to a strike of commercial bank employees which commenced on 1 September 1972 and ended on 17 December 1972. Banks have not been able to furnish data for the whole of the strike period; even if such data were available they cannot be meaningfully employed in an analysis of this nature as the strike had the effect of disrupting banking activities a great deal. The following review is therefore mainly confined to developments in the period January-August 1972.

1. (a) Money Supply - Principal Trends

The growth in the money supply and the factors affecting it in the first eight months of 1972 show marked variations from those of the corresponding period in the previous year. Monetary expansion was very mild at Rs. 6.0 million or 0.3 per cent, compared with the corresponding period in 1971 when the money supply rose by Rs. 176.0 million or 8.9 per cent. The average monthly level of the money supply was, however, 2.4 per cent higher than in the corresponding period of the previous year.

The money supply level tended to fluctuate markedly from month to month in the period under review, and this may be attributed to the fact that the primary expansionary influence on the money supply was the extension of bank credit for the purchase of paddy under the Guaranteed Price Scheme. In January and February, the money supply fell by Rs. 47.4 million and Rs. 15.2 million respectively but with the commencement of the purchase of the Maha crop of paddy it rose by Rs. 17.9 million and Rs. 47.9 million in March and April respectively. Goods receipts advances for the purchase of paddy, having declined from Rs. 84.9 million at the end of December 1971 to Rs. 64.5 million at the end of January 1972 and to Rs. 44.4 million at the end of February, rose to Rs. 73.9 million and Rs. 128.2 million at the end of March and April respectively. Although these advances continued to rise further, the contractionary influence arising from the operations of the government sector and the external sector had the effect of reducing the level of money supply by Rs. 7.9 million in May. The money supply rose again by Rs. 16.3 million in June primarily due to an increase in advances for the purchase of paddy but fell sharply by Rs. 50.3 million in July. The fall in July is attributable both to a decline in advances for the purchase of paddy and to a contraction arising from government operations. In August, however, although advances for paddy purchases fell substantially by Rs. 46.5 million, the money supply rose by Rs. 44.7 million under the expansionary influences of the other sectors. Over the period as a whole (January-August) it would appear that the money supply would have declined markedly but for the substantial increase of Rs. 74.2 million in bank credit for paddy purchases. In the corresponding period in 1971, these advances declined by Rs. 56.4 million but the money supply rose more or less steadily as a result of the improvement in the net external assets of the banking system.

Thus, while the substantial monetary expansion in the 1971 period arose almost wholly under the influence of the external sector, the major expansionary influence in the 1972 period was the extension of bank credit

TABLE II (D) 1

The Money Supply

Amounts in Rupees Million

End of Period					1968	1969	1970	1971	1972	% Change (1969 over 1968)	% Change (1970 over 1969)	% Change (1971 over 1970)	% Change (1972 over 1971)
January	..	..	..	..	1,792	1,883	1,872	1,943	2,102	+ 5.1	- 0.6	+ 3.8	+ 8.2
February	..	..	..	..	1,793	1,880	1,884	1,973	2,086	+ 4.8	+ 0.2	+ 4.7	+ 5.7
March	..	..	..	..	1,831	1,911	1,932	2,050	2,104	+ 4.4	+ 1.1	+ 6.1	+ 2.6
April	..	..	..	..	1,857	1,917	1,942	2,101	2,152	+ 3.2	+ 1.3	+ 8.2	+ 2.4
May	..	..	..	..	1,869	1,900	1,974	2,120	2,144	+ 1.7	+ 3.9	+ 7.4	+ 1.1
June	..	..	..	..	1,857	1,918	1,990	2,150	2,161	+ 3.3	+ 3.7	+ 8.0	+ 0.5
July	..	..	..	..	1,831	1,872	1,983	2,134	2,110	+ 2.2	+ 5.9	+ 7.6	- 1.1
August	..	..	..	..	1,839	1,880	2,017	2,143	2,155	+ 2.2	+ 7.3	+ 6.2	+ 0.6
September	..	..	..	..	1,850	1,885	2,066	2,149		+ 1.9	+ 9.6	+ 4.0	
October	..	..	..	..	1,889	1,891	2,068	2,175		+ 0.1	+ 9.4	+ 5.2	
November	..	..	..	..	1,896	1,902	1,927	2,140		+ 0.3	+ 1.3	+11.0	
December	..	..	..	..	1,913	1,883	1,967	2,150		- 1.6	+ 4.5	+ 9.3	
Monthly Average	..	..	..	..	1,851	1,893	1,969	2,102		+ 2.3	+ 4.0	+ 6.7	

Source: Central Bank of Ceylon

to the co-operatives mainly for paddy purchases. The operations of the rest of the private sector and of the external sector were also expansionary. The operations of the government sector, on the other hand, had the effect of off-setting those expansionary influences substantially.

1. (b) **Factors affecting money supply.**

An analysis of the factors affecting the money supply is presented in Table II (D) 2.

The major expansionary influence on the money supply emerged, as indicated already, from the operations of the private sector. Bank credit to that sector (including public corporations and the co-operatives) rose by Rs. 130.5 million which compares with an increase of Rs. 19.9 million in the corresponding period in 1971. Co-operative institutions absorbed the bulk of the credit, amounting to Rs. 83.2 million, in contrast to the period in the previous year when credit to the co-operatives declined by Rs. 19.2 million. A major part of the increase in credit to the co-operatives, amounting to Rs. 74.2 million, represents advances against goods receipts relating to the sale of paddy under the Guaranteed Price Scheme. The high level of bank credit for paddy purchases after the seasonal peak (April-June) may be attributed mainly to procedural changes in financing paddy purchases, with the commencement of operations by the Paddy Marketing Board in January 1972.¹

Commercial bank credit to government corporations increased by Rs. 6.0 million compared to an increase of Rs. 31.3 million in the corresponding period a year earlier. On the other hand, credit to the rest of the private sector which rose by only Rs. 7.8 million in the 1971 period, rose substantially by Rs. 41.3 million. However, a major part of this increase amounting to Rs. 28.4 million took place in the month of August 1972.

The total expansion of Rs. 130.5 million arising from the extension of bank credit to the private sector as a whole was off-set partly by that sector's accumulation of time and savings deposits with the banks amounting to Rs. 33.7 million. The government corporations and the co-operatives together accounted for Rs. 3.6 million. The deposits of the rest of the private sector thus rose by Rs. 30.1 million which compares with a larger increase of Rs. 55.1 million in the corresponding period in 1971. Taking into account the decline of Rs. 14.2 million in 'other liabilities and accounts (net)' of the commercial banks, the net expansionary effect on the money supply attributable to the operations of the private sector as a whole amounted to Rs. 111.0 million.

Monetary expansion arising in the period under review from the surplus on external payments amounted to Rs. 43.4 million as against an expansion of Rs. 290.0 million in the corresponding period of 1971. The balance of payments on current account showed a deficit of about Rs. 210.0 million, while official capital repayments amounted to about Rs. 75.0 million. The potential contractionary influence of these deficits was however more than off-set by the

1. Prior to January 1972, advances granted by banks against goods receipts relating to the sale of paddy under the Guaranteed Price Scheme were settled by the Government with little delay, under normal circumstances. Since then, these advances are settled by the Paddy Marketing Board but only after obtaining payment for the rice sold mainly to the Government. Since the Board handles the milling of paddy, there is a considerable time-lag between the purchase of paddy by the Board and its sale of rice. The stocks thus held by the Board (including stocks with millers) have to be financed with bank credit

TABLE II (D) 2
Changes in the Money Supply and Underlying Factors
 (Based on end-year figures)

Rupees Million												
Factors affecting Money Supply	End 1967 to End 1968		End 1968 to End 1969		End 1969 to End 1970		End 1970 to End 1971		End 1970 to End Aug.1971		End 1971 to End Aug.1972	
	Expansionary Factors	Contractionary Factors	Expansionary Factors	Contractionary Factors	Expansionary Factors	Contractionary Factors	Expansionary Factors	Contractionary Factors	Expansionary Factors	Contractionary Factors	Expansionary Factors	Contractionary Factors
1. External Banking Assets (net)	..	115.7	..	299.6	..	1.5	200.5	..	290.0	..	43.4	..
2. Private sector†	264.1	165.4	226.0	193.8	219.4	238.3	152.6	228.8	39.1	147.4	144.7	33.7
(a) Commercial bank credit to co-operative institutions	18.5	..	19.9	..	146.3	..	..	3.4	..	19.2	83.2	..
(b) Commercial bank credit to other private sector constituents	155.0	..	136.2	..	..	42.0	84.1	..	7.8	..	41.3	..
(c) Time and savings deposits of co-operative institutions	..	1.5	..	2.9	..	7.6	..	11.9	..	6.9	..	1.1
(d) Time and savings deposits of other private sector constituents	..	100.8	..	144.4	..	188.7	..	132.0	..	55.1	..	30.1
(e) Other liabilities and accounts (net) of commercial banks	..	40.9	..	35.7	12.4	..	..	81.5	..	58.3	14.2	..
(f) Commercial bank credit to government corporations	90.6	..	69.9	..	43.2	..	62.3	..	31.3	..	6.0	..
(g) Time and savings deposits of government corporations	..	22.2	..	10.8	17.5	..	6.2	..	..	7.9	..	2.5
3. Government Sector	306.9	184.5	243.1	7.6	349.8	244.6	181.2	127.7	114.3	119.7	68.2	215.9
(a) Commercial banks' holdings of treasury bills, government and government guaranteed securities and government import bills	..	114.9	4.9	..	193.4	..	52.8	..	26.3	..	..	55.7
(b) Cash items purchased on government account	..	..	8.2	..	0.7	..	..	3.5	10.2	..	6.7	..
(c) Central Bank's holdings of treasury bills and government and government guaranteed securities	269.4	..	112.0	..	126.2	..	..	19.7	..	45.9	61.5	..
(d) Central Bank's advances	37.5	..	..	7.6	29.5	..	61.0	..	11.7	..	..	47.9
(e) Central Bank's other liabilities and accounts (net)	..	0.2	46.1	..	..	120.4	..	104.5	..	73.8	..	82.9
(f) Government deposits with banking system and cash balances with the Treasury and Kachcheries	..	69.4	71.9	..	..	124.2	67.4	..	66.1	..	..	29.4
4. Adjustments for items in transit	0.2	..	1.7	..	..	1.1	4.7	..	..	0.3	..	0.7
Total Expansionary/Contractionary factors	571.2	465.6	470.8	501.0	569.2	485.5	539.0	356.5	443.4	267.4	256.3	250.3
Change in Money Supply	..	..	..	..	..	..	..	..	..	..	..	..
	+105.6		-30.1		+83.5		+182.5		+176.0		+6.0	

† The outstanding value of export bills discounted is included under external banking assets.

Source: Central Bank of Ceylon

Government's receipts of foreign aid amounting to about Rs. 285.0 million, a surplus of about Rs. 35.0 million in private capital movements and a net decline of about Rs. 10.0 million in short-term credit. The result was an increase of Rs. 43.4 million in net external banking assets.¹

The improvement in the net external assets of the banking system was reflected mainly in an increase of Rs. 57.2 million in the international reserve of the Central Bank, a decline of Rs. 4.5 million in the external assets of the commercial banks and an increase of Rs. 9.7 million in the external liabilities of the Central Bank. The increase in the international reserve of the Central Bank was made up mainly of an increase of Rs. 80.3 million in holdings of Special Drawing Rights and a decline of Rs. 26.2 million in cash and balances abroad. On the liabilities side, the Central Bank's borrowings abroad were reduced by Rs. 47.4 million but deposits of international organisations with the Bank rose by Rs. 57.1 million due mainly to purchases from the International Monetary Fund exceeding repurchases by Rs. 57.6 million.

The operations of the Government sector in the period under review exerted a very large contractionary impact of Rs. 147.7 million as compared to Rs. 5.4 million in the corresponding period of 1971. The comparison between the two periods, however, is very unrealistic because while the Government's financial year 1970/71 ended with September 1971, its financial year 1971/72 ended with December 1972. The Government's outgoings are usually heavy in the last quarter of a financial year, which in the case of the financial year 1971/72 would be October-December 1972.

The Government's indebtedness to the banking system in the period under review declined by Rs 35.4 million compared with an increase of Rs. 2.3 million in the corresponding period in 1971. The Central Bank's holdings of Government paper rose by Rs. 61.5 million but the Bank's provisional advances to the Government declined by Rs. 47.9 million. Thus, the Government's debt to the Central Bank rose by Rs. 13.6 million in contrast to a decline of Rs. 34.2 million in the corresponding period of the previous year. Commercial bank credit to the Government, on the other hand, declined by Rs. 49.0 million, in contrast to an increase of Rs. 36.5 million in the 1971 period. The decline in commercial bank credit to the Government was reflected in a decline of Rs. 58.0 million in treasury bill holdings, off-set slightly by increases in holdings of Government securities and cash items. Besides the decline in the Government's debt to the banking system as a whole, the Government was also able to add Rs. 29.4 million to its cash balances which in the 1971 period were drawn down by Rs. 66.1 million. The total contractionary effect of the decline in bank credit to the Government and the increase in the Government's cash balances thus amounted to Rs. 64.8 million. 'Other liabilities and accounts (net)' of the Central Bank also exerted a contractionary impact of Rs. 82.9 million, as compared with Rs. 73.8 million in the corresponding period of 1971. The net impact on the money supply attributable to the operations of the Government sector was therefore a contraction of Rs. 147.7 million.

1. (c) Liquidity in the non-bank private sector.

Table II (D) 3 presents the distribution of primary and secondary liquid assets of the non-bank private sector for the years 1969-72.

1. The balance of payments data in this paragraph have been worked out on a pro rata basis for the first eight months of the year; they do not therefore add up exactly to the change in net external banking assets.

TABLE II (D) 3

Total Liquid Assets of the Non-Bank Private Sector
(as at the end of month)

Description	Amounts (Rupees Million)					Percentage of G.N.P. (a)				
	1969 December	1970 December	1971 August	1971 December	1972 August	1969 December	1970 December	1971 August	1971 December	1972 August
1. Primary liquid assets										
(a) Notes and coins	1,083.9	935.1	1,122.1	1,115.3	1,157.4	10.1	8.0	9.5	9.4	9.1
(b) Demand deposits	799.2	1,031.5	1,020.5	1,033.8	997.7	7.4	8.9	8.6	8.7	7.9
Total	1,883.1	1,966.6	2,142.6	2,149.1	2,155.1	17.5	16.9	18.1	18.2	17.0
Percentage change	- 1.6	+4.4	+8.9	+ 0.3	+0.3					
2. Secondary liquid assets										
(a) Savings deposits with commercial banks	375.1	534.4	574.6	614.4	635.3	3.5	4.6	4.9	5.2	5.0
(b) Savings deposits with Post Office Savings Bank	490.5	594.4	605.4	659.0*	—	4.6	5.1	5.1	5.6	—
(c) Savings deposits with Ceylon Savings Bank(1)	102.4	113.3	160.6	197.7*	—	0.9	1.0	1.4	1.7	—
(d) Savings deposits with National Savings Bank	—	—	—	—	842.7*	—	—	—	—	6.7
(e) Time deposits with commercial banks	594.3	613.8	643.5	671.4	684.2	5.5	5.3	5.4	5.7	5.4
(f) Time deposits with National Savings Bank	—	—	—	—	43.9	—	—	—	—	0.3
(g) Foreign balances of residents	—	—	—	—	—	—	—	—	—	—
(h) Savings Certificates	86.3	73.1	66.8	65.3	62.0	0.8	0.6	0.6	0.6	0.5
(i) Treasury bills	15.4	12.7	12.2	13.3	13.1	0.1	0.1	0.1	0.1	0.1
(j) Tax reserve certificates	15.8	43.5	45.4	53.1	53.5	0.1	0.4	0.4	0.4	0.4
(k) Government bonds	937.4	1,024.2	1,115.7	1,148.7	1,239.2	8.7	8.8	9.4	9.7	9.8
Total	2,617.2	3,009.4	3,224.2	3,422.9*	3,573.9*	24.3	25.9	27.3	28.9	28.2
Percentage change	+9.6	+15.0	+7.1	+6.2	+4.4					
3. Total private sector liquid assets	4,500.3	4,976.0	5,366.8	5,572.0	5,729.0	41.9	42.8	45.4	47.1	45.2
Percentage change	+4.7	+10.6	+7.8	+3.8	+2.8					
Not included above are holdings of treasury bills and government bonds by such financial institutions as the Post Office Savings Bank, Ceylon Savings Bank, National Savings Bank, Employees' Provident Fund etc. amounting to	2,026.5	2,168.9	2,594.7	2,735.6	3,060.0	18.8	18.7	21.9	23.1	24.2

* Provisional

(1) Includes fixed deposits

(a) At current factor cost prices

Source: Central Bank of Ceylon

While the increase in primary liquid assets in the period under review was insignificant, secondary liquid assets rose substantially by Rs. 151.0 million. The share of secondary liquid assets in the total thus rose from 61.4 per cent at the end of December 1971 to 62.4 per cent at the end of August 1972.

The change in primary liquid assets is reflected in a decline of Rs. 36.1 million in demand deposits and an increase of Rs. 42.1 million in currency holdings. As a consequence, currency as ratio of money supply rose from 51.9 per cent at the end of December 1971 to 53.7 per cent at the end of August 1972. The monthly average level of demand deposits in the period under review was Rs. 1013.9 million, which was only Rs. 0.1 million higher than the average of Rs. 1013.8 million for the corresponding period in 1971. The stagnation in the volume of demand deposits, however, was made good to some extent by an increase in their rate of turnover, the monthly average of which rose to 2.17 from 1.99 in the 1971 period. The monthly average level of currency holdings of the public, on the other hand, was Rs. 50.1 million higher than the average for the corresponding period in 1971. The increasing role of currency in the transactions of the public thus becomes apparent; attention to this feature was drawn in the last year's Annual Report.

The increase in the currency component of the money supply was also accompanied by an increase in the share of the larger denominations in the currency issue. Notes of the denominations of Rs. 100 and Rs. 50, which together formed 47.0 per cent and 57.1 per cent of the total currency issue at the end of 1970 and 1971 respectively, rose to 60.9 per cent at the end of August 1972. The components of the money supply and the currency composition are shown in Tables II (D) 4 and II (D) 5.

TABLE II (D) 4
Components of the Money Supply

Components of the Money Supply					Rupees Million
End of Period	Currency held by public		Demand deposits held by public		Total money supply
	Amount	As % of total money supply	Amount	As % of total money supply	
1958	529.8	49.2	546.9	50.8	1,076.8
1959	565.0	48.0	612.7	52.0	1,177.7
1960	595.3	49.2	613.6	50.8	1,208.9
1961	692.2	53.8	596.4	46.2	1,288.6
1962	712.6	53.1	630.0	46.9	1,342.7
1963	828.4	55.0	677.7	45.0	1,506.0
1964	853.0	52.6	768.8	47.4	1,621.8
1965	901.4	52.5	814.3	47.5	1,715.7
1966	882.5	53.2	776.4	46.8	1,658.9
1967	979.9	54.2	827.7	45.8	1,807.6
1968	1,066.2	55.7	847.0	44.3	1,913.2
1969	1,083.9	57.6	799.2	42.4	1,883.1
1970	935.1	47.6	1,031.5	52.4	1,966.6
1971	1,115.3	51.9	1,033.8	48.1	2,149.1
August 1972	1,157.4	53.7	997.7	46.3	2,155.1

Source: Central Bank of Ceylon.

TABLE II (D) 5

Currency Composition by Denominations of Rs. 100, 50, 10 & 5

Rupees Million

End of Period			Rs. 100	Rs. 50	Rs. 10	Rs. 5	Currency Issue*
1957	..	..	116.5	116.7	155.8	29.9	475.1
1958	..	..	157.5	143.6	184.0	33.7	578.3
1959	..	..	174.5	152.1	193.5	36.2	621.3
1960	..	..	148.4	148.4	237.6	40.1	644.6
1961	..	..	211.9	180.3	254.6	42.1	763.8
1962	..	..	238.2	186.8	241.9	42.8	789.4
1963	..	..	275.3	236.7	257.6	46.5	900.9
1964	..	..	168.4	258.3	359.5	55.5	932.1
1965	..	..	239.9	297.8	319.7	50.5	1,002.8
1966	..	..	272.0	292.9	288.2	48.6	993.7
1967	..	..	316.2	313.1	296.3	51.3	1,072.8
1968	..	..	393.7	330.6	299.5	55.3	1,181.9
1969	..	..	435.7	322.9	293.7	54.1	1,212.7
1970	..	..	252.0	261.0	384.4	71.4	1,090.4
1971	..	..	421.1	312.9	353.1	70.7	1,285.1
1972	..	..	532.4	351.4	353.9	74.9	1,444.8

Source: Central Bank of Ceylon

* Includes notes of denominations of Rs. 2, Re. 1 and all coins

Table II (D) 6 shows the ownership of deposits of the private sector with the commercial banks. The data for this Table are obtained from banks on a quarterly basis and in view of the strike which commenced on 1st September 1972, it has not been possible for the banks to provide data for the last two quarters of 1972. The analysis is therefore restricted to the first half of the year.

In the first half of 1972, an increase of Rs. 11.3 million in the demand deposits of the business sector was fully offset by a decline of Rs. 26.7 million in the deposits of the non-business sector, with the result that the total demand deposits of the private sector declined by Rs. 15.4 million. This follows the pattern in the corresponding period of the previous year when an increase of Rs. 2.4 million in the demand deposits of the business sector was offset by a decline of Rs. 23.9 million in those of the non-business sector, resulting in a decline of Rs. 21.5 million in the deposits of the private sector as a whole. A substantial increase of Rs. 49.0 million in the deposits of trading establishments and decreases of Rs. 29.5 million and Rs. 9.3 million in those of manufacturing establishments and plantations respectively were the main features of the change in demand deposits of the business sector. The change in the demand deposits of the non-business sector was marked by a substantial drop of Rs. 33.6 million in deposits held by individuals, following on a similar drop of Rs. 30.2 million in the corresponding period in the previous year. The share of individuals in total demand deposits, which stood at 42.7 per cent at the end of June 1970, fell to 38.8 per cent a year later and to 35.6 per cent at the end of June 1972.

Time and savings deposits held by the private sector with the commercial banks too repeated the pattern in the first half of 1971. While time deposits fell by Rs. 13.8 million, savings deposits rose by Rs. 24.4 million; in the first

TABLE II (D) 6

Ownership of Demand, Time & Savings Deposits of the Private Sector
with Commercial Banks (as at end of period)

Amount in Rs. Million.

Ownership	Demand		Time		Savings		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Financial Institutions								
December 1970 ..	56.1	5.7	135.3	24.0	16.3	3.0	207.7	10.0
March 1971 ..	55.1	5.7	131.5	23.3	18.7	3.4	205.3	9.9
June 1971 ..	55.9	5.8	131.0	24.0	18.3	3.2	205.3	9.9
September 1971 ..	47.8	4.9	126.6	22.3	18.1	3.1	192.5	9.1
December 1971 ..	59.0	5.9	123.1	21.4	18.8	3.1	200.9	9.2
March 1972 ..	54.2	5.8	122.7	21.9	18.8	3.0	195.6	9.3
June 1972 ..	60.1	6.1	114.9	20.5	19.3	3.0	194.3	8.9
Plantations								
December 1970 ..	56.8	5.8	42.1	7.5	0.3	0.1	99.2	4.8
March 1971 ..	89.1	9.2	42.8	7.6	0.4	0.1	132.3	6.4
June 1971 ..	64.4	6.7	37.5	6.9	0.4	0.1	102.3	4.9
September 1971 ..	66.8	6.9	30.4	5.4	0.2	...	97.4	4.6
December 1971 ..	61.2	6.2	30.4	5.3	0.5	0.1	92.2	4.2
March 1972 ..	56.2	6.0	28.2	5.0	0.3	...	84.7	4.0
June 1972 ..	51.9	5.3	21.3	3.8	0.6	0.1	73.9	3.4
Trading								
December 1970 ..	185.1	18.8	94.6	16.8	6.4	1.2	286.1	13.7
March 1971 ..	172.7	17.9	97.4	17.2	7.2	1.3	277.3	13.3
June 1971 ..	176.8	18.4	97.9	17.9	8.1	1.4	282.9	13.6
September 1971 ..	150.8	15.6	119.7	21.1	8.6	1.5	279.1	13.2
December 1971 ..	146.5	14.8	102.2	17.8	9.9	1.6	258.7	11.9
March 1972 ..	129.0	13.8	80.2	14.3	10.4	1.7	219.7	10.4
June 1972 ..	195.5	20.0	90.3	16.1	11.5	1.8	297.4	13.7
Manufacturing Establishments								
December 1970 ..	98.9	10.0	41.7	7.4	0.4	0.1	141.0	6.8
March 1971 ..	109.7	11.3	39.8	7.0	0.2	...	149.8	7.2
June 1971 ..	98.3	10.2	24.3	4.5	0.1	...	122.6	5.9
September 1971 ..	116.8	12.0	30.5	5.4	0.5	...	147.8	7.0
December 1971 ..	138.6	13.9	32.0	5.6	3.0	0.5	173.6	8.0
March 1972 ..	119.2	12.8	32.3	5.8	2.0	0.3	153.5	7.3
June 1972 ..	109.1	11.2	38.1	6.8	3.5	0.5	150.8	6.9
Other Business								
December 1970 ..	107.0	10.9	50.7	9.0	8.2	1.5	165.9	8.0
March 1971 ..	109.1	11.3	54.7	9.7	8.8	1.6	172.5	8.3
June 1971 ..	110.9	11.5	49.2	9.0	11.0	1.9	171.1	8.2
September 1971 ..	126.8	13.1	55.4	9.8	7.2	1.2	189.4	9.0
December 1971 ..	116.1	11.7	69.3	12.0	9.6	1.6	195.0	8.9
March 1972 ..	110.8	11.9	77.2	13.8	8.8	1.4	196.7	9.3
June 1972 ..	116.1	11.9	71.7	12.8	9.2	1.4	197.1	9.0
Local Authorities								
December 1970 ..	16.9	1.7	12.2	2.2	0.2	...	29.3	1.4
March 1971 ..	18.4	1.9	12.1	2.1	0.2	...	30.8	1.5
June 1971 ..	21.3	2.2	12.4	2.3	0.2	...	33.9	1.6
September 1971 ..	26.2	2.7	12.3	2.2	0.3	...	38.8	1.8
December 1971 ..	31.4	3.2	11.7	2.0	0.3	...	43.4	2.0
March 1972 ..	33.5	3.6	11.3	2.0	0.2	...	45.1	2.1
June 1972 ..	34.4	3.5	12.1	2.2	0.2	...	46.8	2.1
Non-Business Institutions								
December 1970 ..	59.7	6.1	54.2	9.6	7.8	1.5	121.7	5.8
March 1971 ..	58.1	6.0	53.2	9.4	7.5	1.4	118.8	5.7
June 1971 ..	61.6	6.4	55.8	10.2	7.7	1.3	125.0	6.0
September 1971 ..	62.1	6.4	46.1	8.1	7.3	1.3	115.6	5.5
December 1971 ..	58.8	5.9	46.6	8.1	8.2	1.3	113.6	5.2
March 1972 ..	54.5	5.8	47.5	8.5	8.5	1.4	110.5	5.2
June 1972 ..	62.7	6.4	47.3	8.4	8.2	1.3	118.2	5.4
Individuals								
December 1970 ..	403.6	41.0	132.4	23.5	496.0	92.6	1,032.0	49.5
March 1971 ..	354.2	36.6	133.2	23.6	503.5	92.1	991.0	47.7
June 1971 ..	373.4	38.8	137.2	25.2	526.4	92.0	1,037.1	49.9
September 1971 ..	372.4	38.4	146.3	25.8	534.3	92.7	1,053.1	49.8
December 1971 ..	381.3	38.4	160.2	27.8	564.0	91.8	1,105.5	50.6
March 1972 ..	375.6	40.2	161.1	28.7	566.3	92.1	1,102.9	52.3
June 1972 ..	347.7	35.6	166.0	29.5	586.2	91.8	1,099.9	50.5
Total								
December 1970 ..	984.1	100.0	563.1	100.0	535.6	100.0	2,082.8	100.0
March 1971 ..	966.5	100.0	564.9	100.0	546.5	100.0	2,077.9	100.0
June 1971 ..	962.6	100.0	545.3	100.0	572.2	100.0	2,080.1	100.0
September 1971 ..	969.7	100.0	567.3	100.0	576.5	100.0	2,113.7	100.0
December 1971 ..	993.0	100.0	575.6	100.0	614.4	100.0	2,183.0	100.0
March 1972 ..	933.1	100.0	560.6	100.0	615.2	100.0	2,108.9	100.0
June 1972 ..	977.6	100.0	561.8	100.0	638.8	100.0	2,178.3	100.0

Source: Central Bank of Ceylon

half of 1971, while the former fell by Rs. 17.8 million, the latter rose by Rs. 36.6 million. Time deposits of financial institutions, plantations and trading establishments declined by Rs. 8.2 million, Rs. 9.1 million and Rs. 11.9 million respectively, while those of manufacturing establishments and individuals rose by Rs. 6.1 million and Rs. 5.8 million respectively. The increase in savings deposits was, as usual, reflected almost wholly in those of individuals. Time and savings deposits of commercial banks together amounted to 36.9 per cent of the total secondary liquid assets of the non-bank private sector at the end of August 1972 as against 37.8 per cent at the end of August 1971.

The National Savings Bank, formed by the amalgamation of the Post Office Savings Bank, the Ceylon Savings Bank and the Savings Certificate Fund commenced operations on 1st April 1972. The total deposits of the Bank at the end of August 1972 showed an increase of Rs. 29.9 million over the level of deposits of its predecessors at the end of December 1971. The increase in the total deposits of its predecessors in the corresponding period of 1971 was much higher at Rs. 58.3 million. The increase of Rs. 29.9 million in deposits was made up of an increase of Rs. 18.9 million in fixed deposits and Rs. 11.0 million in savings deposits. The accrual of savings deposits with the commercial banks in the same period was substantially higher at Rs. 20.9 million, despite the fact that the National Savings Bank paid a rate of interest of 2.7 per cent higher than that paid by commercial banks and had a much wider geographical coverage than the commercial banks.

Claims on government held by the non-bank private sector rose in the period under review by Rs. 90.7 million compared with an increase of Rs. 92.9 million in the corresponding period of 1971. While the increase in the holdings of treasury bills and tax reserve certificates was negligible, holdings of government bonds rose by Rs. 90.5 million. The Insurance Corporation, whose holdings of government bonds rose by Rs. 50.6 million, accounted as usual for more than half the increase in the total holdings of the non-bank private sector. Trusts, benevolent, pension and provident funds (other than the Employees' Provident Fund) increased their holdings by Rs. 40.9 million.

In sum, the period under review witnessed a continuation of the trend indicated in the last two Annual Reports for the secondary liquid assets of the non-bank private sector to grow significantly. The share of the claims on government in total secondary liquid assets has also continued to rise, from 35.5 per cent at the end of December 1971 to 36.5 per cent at the end of August 1972. It is however the institutional investors who continue to account for almost the whole of claims on government. The disappointing feature in the growth of primary liquid assets has been the increase in currency holdings at the expense of demand deposits. All financial assets together at the end of August 1972 amounted to 45.2 per cent of G. N. P. as against 47.1 per cent at the end of 1971.

1. (d) Interest rates.

There were no changes in interest rates in the period under review except for the revision by the National Savings Bank in May 1972 of the rate on savings certificates from 5 per cent to 11 per cent.

2 (a) Commercial Banking - Principal Trends

The accrual of resources to the commercial banks in the period under review was impaired by a substantial increase of Rs. 42.1 million in the currency holdings of the public in the context of a modest increase of Rs. 6.0 million in money supply. The increase in time and savings deposits with the commercial banks in the period was also not very large. These had the effect of lowering the liquidity of the banks in relation to the previous year. Yet, their liquidity position was quite comfortable as reflected in the fact that the monthly average ratio of liquid assets to total deposits at 33.9 per cent was higher than the average ratios of 32.4 per cent and 30.8 per cent in 1969 and 1970 respectively. The average ratio of cash to total deposits, however, was higher than that of the corresponding period in 1971; borrowings from the Central Bank were on average slightly lower.

2 (b) Structure of Bank Assets and Liabilities

The increase of Rs. 45.5 million in the total assets/liabilities of commercial banks in the period under review compares with an increase of Rs. 51.2 million in the corresponding period of the previous year. The major changes on the liabilities side were a sharp decline of Rs. 90.1 million in 'other liabilities' and an increase of Rs. 93.6 million in inter-bank borrowings. In the corresponding period of 1971, while 'other liabilities' rose by Rs. 6.5 million, inter-bank borrowings declined by Rs. 27.5 million. Deposits rose by Rs. 35.3 million made up of an increase of Rs. 39.3 million in government deposits and a decrease of Rs. 4.0 million in the deposits of the private sector. In the corresponding period of 1971, deposits rose by Rs. 50.3 million reflecting an increase of Rs. 61.1 million in private sector deposits and a decrease of Rs. 10.9 million in government deposits. Capital and reserves of the banks rose by Rs. 7.0 million compared with an increase of Rs. 23.9 million in the 1971 period.

Among the assets of the commercial banks, loans and advances rose by Rs. 44.5 million as compared with an increase of Rs. 95.4 million in the corresponding period in 1971. Fixed and other assets declined by Rs. 69.0 million as compared with a smaller decrease of Rs. 27.8 million in the 1971 period. Cash holdings (including statutory reserves) registered a significant decline of Rs. 33.2 million as against a decline of Rs. 10.3 million in the 1971 period. Treasury bill holdings too declined, by Rs. 58.0 million as against an increase of Rs. 14.6 million in the corresponding period in 1971. Thus, the liquidity of the banks in the first eight months of 1972 was not as high as it was in the corresponding period in 1971 but as has already been explained their liquidity in 1972 was high in relation to the years 1969 and 1970. In fact, it may be said that the banks had excess liquidity in 1971 which they continued to have in the period under review, though on a reduced scale. This is confirmed by the fact that the monthly average ratio of loans and advances (including bills purchased and discounted) to total deposits of 70.1 per cent for the period under review, though higher than the ratio of 66.7 per cent for the corresponding period in 1971, was considerably lower than the ratios of 79.5 per cent and 85.5 per cent for 1969 and 1970 respectively. It is clear however that there has been some improvement in the demand for bank credit from the private sector in the period under review.

Statistics of selected items of the consolidated assets and liabilities of the commercial banks for the period 1962-72 are presented in Table II (D) 7.

2 (c) Sources of Funds and their Utilisation.

Changes in commercial banks' resources and their utilisation for the period 1969-72 are shown in Table II (D) 8.

In the first eight months of 1971 the transactions of the private sector (including government corporations and the co-operatives) with the commercial banks released substantial resources for utilisation mainly in the government sector. The pattern was reversed in the period under review with a net flow of Rs. 138.1 million from the commercial banks to the private sector and the government sector making a net contribution of Rs. 88.3 million to commercial bank resources. The accrual of resources to the banks from the government sector consisted mainly of a reduction of Rs. 55.4 million in the banks' holdings of government paper and an increase of Rs. 39.3 million in government deposits with the banks.

In the private sector, the co-operatives utilised Rs. 83.8 million of the increase in commercial bank resources, almost wholly in the form of an increase in advances. Government corporations, on the other hand, made a net contribution of Rs. 20.2 million to commercial bank resources. The transactions of the rest of the private sector resulted in a decrease of Rs. 33.2 million in their deposits and an increase of Rs. 41.3 million in advances. There was thus a net flow of Rs. 138.1 million from the banks to private sector as a whole, in contrast to a net flow of Rs. 42.2 million in the opposite direction in the corresponding period of 1971.

Resources accruing from within the commercial banking system in the period under review amounted to Rs. 116.3 million while utilisation within the system amounted to Rs. 105.4 million. In the corresponding period of 1971, accrual within the system exceeded utilisation by Rs. 46.8 million. The Central Bank made a net contribution of Rs. 35.1 million to commercial bank resources, which was reflected in a decrease of Rs. 48.5 million in reserves held by the commercial banks and a decrease of Rs. 13.4 million in commercial bank borrowings. In the corresponding period of 1971, a decrease of Rs. 25.3 million in commercial bank borrowings was accompanied by a decrease of Rs. 20.4 million in reserves, resulting in a flow of Rs. 4.9 million from the commercial banks to the Central Bank. Resources accruing to the banks from the foreign sector amounted to Rs. 4.1 million as against a net out flow of Rs. 36.5 million in the corresponding period of 1971.

2. (d) Bank Credit to the Private Sector.

Of the increase of Rs. 127.5 million in bank credit to the private sector, a major part amounting to Rs. 83.1 million was in the form of cash items in process of collection which represents mainly the purchase of goods receipts relating to the sale of paddy under the Guaranteed Price Scheme. In the corresponding period of 1971, while bank credit to the private sector rose by Rs. 46.0 million, cash items in process of collection declined by Rs. 48.7 million. Thus, the increase

TABLE II (D) 7
Selected Items of Assets and Liabilities of Commercial Banks.
Average of Monthly figures.

Rupees Million.

	1962	1963	1964	1965	1966	1967	1968	1969	1970*	1971	1971 1st 8 Months	1972 1st 8 Months	End of Period	
													Aug. 1971	Aug. 1972
Cash on hand and deposits at Central bank (inclusive of statutory reserve requirements) ..	186	164	182	224	233	218	247	250	248	369	357	382	360	344
Foreign balances ..	55	44	49	55	62	57	72	63	36	51	52	57	51	67
Treasury bills ..	89	128	73	89	124	80	102	50	41	308	306	269	296	263
Bills discounted ..	136	114	126	173	175	198	252	241	275	158	156	153	170	149
Total liquid assets ..	466	450	430	541	594	553	673	604	600	886	871	861	877	823
Total investments** ..	303	313	330	329	330	300	278	275	263	373	371	377	374	377
Total loans and overdrafts ..	477	495	633	669	682	809	1,000	1,240	1,391	1,490	1465	1630	1473	1661
Demand deposits† ..	829	789	853	917	949	914	955	945	958	1,219	1216	1213	1203	1194
Time and savings deposits ..	380	460	535	572	631	649	798	915	989	1,238	1214	1328	1241	1353
Total deposits ..	1,209	1,250	1,389	1,490	1,580	1,564	1,755	1,863	1,948	2,458	2431	2543	2444	2551
Ratio of ..	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Cash to demand deposits ..	22.4	20.8	21.3	24.4	24.5	23.8	25.9	26.4	25.9	30.3	29.4	31.5	29.9	28.8
Cash to total deposits ..	15.4	13.1	13.1	15.0	14.7	13.9	14.1	13.4	12.7	15.0	14.7	15.0	14.7	13.5
Foreign balances to total deposits ..	4.5	3.5	3.5	3.7	3.9	3.6	4.1	3.4	1.8	2.1	2.1	2.2	2.1	2.6
Treasury bills to total deposits ..	7.4	10.2	5.3	6.0	7.8	5.1	5.8	2.7	2.1	12.5	12.6	10.6	12.1	10.3
Commercial bills discounted to total deposits ..	11.2	9.1	9.1	11.6	11.1	12.7	14.4	12.9	14.1	6.4	6.4	6.0	6.9	5.8
Liquid assets to demand deposits ..	56.2	57.0	50.4	59.0	62.6	60.5	70.5	63.9	62.6	72.7	71.6	71.0	72.9	68.9
Liquid assets to total deposits ..	38.5	36.0	31.0	36.3	37.6	35.4	38.3	32.4	30.8	36.0	35.8	33.9	35.9	32.3
Investments to total deposits ..	25.1	25.0	23.8	22.1	20.9	19.2	15.8	14.8	13.5	15.2	15.3	14.8	15.3	14.8
Loans and overdrafts to total deposits ..	39.4	39.6	45.6	44.9	43.2	51.7	57.0	66.6	71.4	60.6	60.3	64.1	60.3	65.1

Source: Central Bank of Ceylon.

* On account of the distortion in the pattern of assets and liabilities of the commercial banks in the last 3 months of 1970 as a result of the demonetisation of Rs. 100 and Rs. 50 notes the figures in this column have been worked out on the figures from January to September.

** Government and government guaranteed securities, private securities and Central Bank issues.

† Exclude domestic inter-bank deposits.

TABLE II (D) 8

Yearly Changes in Bank Resources and their Utilisation 1969 - 1972

Rupees Million

	1969	1970	1971	Dec.1970to Aug. 1971	Dec.1971to Aug. 1972
Sources of Funds					
1. Government Sector	83.0	215.5	3.5	—	95.0
Reduction in holdings of government paper	83.0	—	—	—	55.4
Increase in deposits	—	73.7	—	—	39.3
Decrease in import bills	—	141.8	—	—	0.3
Decrease in short term credit(1)	—	—	3.5	—	—
2. Central Bank	89.3	4.3	39.8	20.4	48.5
Increase in borrowings	84.3	4.3	24.5	—	—
Decrease in reserves	5.0	—	15.3	20.4	48.5
3. Government Corporations	—	44.7	27.8	20.6	26.1
Increase in deposits	—	44.7	27.8	20.6	26.1
Decrease in advances	—	—	—	—	—
4. Co-operatives	—	19.0	21.8	30.6	—
Increase in deposits	—	19.0	18.4	11.4	—
Decrease in advances	—	—	3.4	19.2	—
5. Other Domestic Private Sector	132.9	383.9	98.8	30.0	—
Increase in deposits	132.9	341.9	98.8	30.0	—
Decrease in advances and investments	—	42.0	—	—	—
6. Inter-bank(2)	35.8	77.6	209.6	58.2	116.3
Increase in capital and reserves	14.5	17.8	24.6	23.9	7.0
Decrease in fixed and other assets	0.1	—	—	27.8	69.0
Increase in "other" liabilities	21.2	57.9	185.0	6.5	—
Inter-bank transactions (net)	—	1.9	—	—	40.3
Decrease in till cash	—	—	—	—	—
7. Foreign Sector	21.9	0.7	7.0	—	4.5
Increase in borrowings	3.0	—	7.0	—	—
Increase in deposits	—	0.7	—	—	—
Decrease in foreign balances	18.9	—	—	—	4.5
Total Increase in resources	362.9	745.7	408.3	159.8	290.4
Utilisation of Funds					
1. Government Sector	100.4	335.6	75.1	47.4	6.7
Increase in holdings of government paper	—	335.0	50.4	25.6	—
Decrease in deposits	4.3	—	22.3	10.9	—
Increase in government import bills	87.9	—	2.4	0.7	—
Increase in short term credit(1)	8.2	0.6	—	10.2	6.7
2. Central Bank	—	88.3	—	25.3	13.4
Decrease in borrowings	—	—	—	25.3	13.4
Increase in reserves	—	88.3	—	—	—
3. Government Corporations	85.4	43.1	62.3	31.3	5.9
Decrease in deposits	15.5	—	—	—	—
Increase in advances	69.9	43.1	62.3	31.3	5.9
4. Co-operatives	23.8	146.3	—	—	83.8
Decrease in deposits	3.9	—	—	—	0.0
Increase in advances	19.9	146.3	—	—	83.2
5. Other Domestic Private Sector	136.2	—	84.1	7.8	74.5
Decrease in deposits	—	—	—	—	33.2
Increase in advances and investments	136.2	—	84.1	7.8	41.3
6. Inter-bank(2)	15.7	112.3	151.4	11.4	105.4
Decrease in capital and reserves	—	—	—	—	—
Increase in fixed and other assets	—	88.1	128.2	—	—
Decrease in "other" liabilities	—	—	—	—	90.1
Inter-bank transactions (net)	0.8	—	0.8	1.3	—
Increase in till cash	14.9	24.2	22.4	10.1	15.3
Foreign Sector	1.0	20.1	35.1	36.5	0.4
Decrease in borrowings	—	7.9	—	1.9	0.2
Decrease in deposits	1.0	—	0.4	0.8	0.2
Increase in foreign balances	—	12.2	34.7	33.8	—
Total Increase in resources utilised	362.5	745.7	408.0	159.7	290.1

Source: Central Bank of Ceylon.

(1) This item relates to cheques, money orders etc. purchased on government account.

(2) This item shows all changes in assets/liabilities arising out of transactions within the commercial banking system. Although some of the transactions resulting in changes in "other liabilities" of banks are with the private sector, they are shown here owing to the difficulty of allocating changes in this composite item into corporations, co-operatives and the rest of the private sector.

in credit other than in cash items in process of collection amounted to Rs. 94.6 million in the first eight months of 1971 as against an increase of Rs. 44.4 million in the period under review. The average monthly level of such credit in the period under review, however, was about 10 per cent higher than the average for the corresponding period in 1971. There has thus been some improvement in bank credit to the private sector in the period under review.

Excluding cash items in process of collection the changes in the major component of which have already been described, the level of bank advances (loans, overdrafts and bills) fluctuated widely in the period under review. The notable changes were an increase of Rs. 33.2 million in January, a decline of Rs. 19.1 million in February, a decline of Rs. 41.1 million in May and an increase of Rs. 37.3 million in August. Changes in the holdings of import and export bills were mainly responsible for the marked changes in the level of advances. Import and export bills held by banks rose by Rs. 30.5 million and Rs. 7.3 million respectively in January and fell by Rs. 33.5 million and Rs. 7.7 million in February. In May, when loans and advances declined by Rs. 41.1 million, import and export bills fell by Rs. 13.9 million and Rs. 24.0 million respectively. In August, the increase of Rs. 37.3 million in loans and advances was substantially accounted for by an increase of Rs. 15.9 million in export bills, while import bills declined by Rs. 3.3 million. Over the period under review, however, both import and export bills declined by Rs. 1.3 million and Rs. 3.3 million respectively. In the corresponding period of 1971, while export bills rose by Rs. 27.2 million import bills declined by Rs. 2.1 million. The monthly changes in loans and overdrafts taken together were not quite marked. They rose by Rs. 48.4 million compared with an increase of Rs. 69.5 million in the 1971 period.

TABLE II (D) 9
Commercial Bank Advances to the Private Sector*

	Rupees Million								
	Ceylonese Banks			Foreign Banks			All Banks		
	Dec. 1971	Aug. 1972	Change	Dec. 1971	Aug. 1972	Change	Dec. 1971	Aug. 1972	Change
(1) Cash items in process of collection**	106.8	190.7	+ 83.9	1.4	0.6	- 0.8	108.2	191.3	+ 83.1
(2) Local bills	—	0.3	+ 0.3	—	0.8	+ 0.8	—	1.1	+ 1.1
(3) Import bills	25.0	26.0	+ 1.0	8.3	6.0	- 2.3	33.3	32.0	- 1.3
(4) Export bills	37.3	36.9	- 0.4	78.3	75.3	- 3.0	115.5	112.2	- 3.3
(5) Overdrafts	431.9	437.3	+ 5.4	289.8	297.1	+ 7.3	721.7	734.4	+ 12.7
(6) Loans	818.7	843.6	+ 24.9	72.7	83.1	+ 10.4	891.4	926.6	+ 35.2
Total	1419.8	1534.8	+ 115.0	450.4	462.8	+ 12.4	1870.1	1997.6	+ 127.5

* Includes government corporations.

Source: Central Bank of Ceylon.

** This category consists of cheques, money orders etc. sent for collection and short-term advances granted to co-operatives for the financing of purchases of foodstuffs under the Guaranteed Price Scheme.

Table 11 (D) 10 gives a classification of commercial bank advances by purpose and maturity. As in the case of the classification of bank deposits by ownership, data on the classification of advances are available in respect of 1972 for the first two quarters only. The term 'advances' as used in this Table covers credit to the private sector, including government corporations and the co-operatives, in the form of loans, overdrafts, and bills purchased and discounted but excludes cash items in process of collection.

The major changes in the structure of bank advances in the first half of 1972 were a decline of Rs. 38.2 million in advances for commercial purposes and an increase of Rs. 25.5 million in advances for industrial purposes. Advances for commercial purposes which formed 42.8 per cent of total advances at the end of December 1971 declined to 40.5 per cent at the end of June 1972. In the corresponding period of 1971, these advances rose from 41.7 per cent to 42.6 per cent. Industrial advances, which declined from 26.9 per cent of total advances to 26.6 per cent in the first half of 1971, rose from 25.9 per cent to 27.3 per cent in the first half of 1972.

Government corporations absorbed Rs. 4.4 million of the increase in industrial advances, leaving Rs. 21.1 million to the rest of the private sector. Industry-wise, the entirety of the increase in advances to the industrial sector went to the textile industries. Government corporations absorbed Rs. 24.5 million of the increase of Rs. 28.0 million in advances to the textile industry group. Advances for the processing of tea, rubber and coconut rose by Rs. 7.5 million, while advances to the 'other industries' group, declined by Rs. 7.8 million. In the 'other industries' group, advances to government corporations declined by Rs. 14.9 million while advances to the rest of the private sector rose by Rs. 7.1 million. The changes in advances to the other categories of industrial borrowers were not significant. A detailed breakdown of advances for industrial purposes is given in Table II (D) 11.

A significant feature in the structure of bank advances in the first half of 1972 was the tapering off in the volume of consumption and 'other' loans. These loans together rose rapidly by Rs. 20.7 million in the first half of 1971 and by Rs. 57.0 million in that year as a whole. In the first quarter of 1972, they rose by Rs. 13.0 million. As pointed out in the last Annual Report, the banks were increasing their consumption and 'other' loans in the face of the reduced demand for credit from the productive sectors of the economy. In April 1972, the Central Bank required the commercial banks to keep their loans and advances for non-essential purposes within the level of such advances as at the end of March 1972. As a consequence, consumption and 'other' loans together of the commercial banks declined by Rs. 0.5 million in the second quarter of 1972.

Advances classified by rate of interest are shown in Table II (D) 12. The largest concentration of advances was at $8\frac{1}{2}$ per cent as against 9 per cent at the end of 1971. However, while advances at 7-9 per cent declined from 73.3 per cent to 69.7 per cent, advances at over 9 per cent rose from 19.3 per cent to 23.2 per cent. There has thus been a significant increase in the proportion of bank loans granted at higher rates of interest. Advances classified by type of security are shown in Table II (D) 13.

TABLE II (D) 10

Commercial Banks' Advances* Classified by
Purpose & According to Maturity

Rs. million

			Short-term (below 1 year)		Medium-term (1 to 5 years)		Long-term (over 5 years)		Total	
			(1)	(2) (1) as % of (7)	(3)	(4) (3) as % of (7)	(5)	(6) (5) as % of (7)	(7)	(8) (7 as % of Total
A. Commercial										
December	1970	..	502.4	78.0	104.6	16.2	36.8	5.7	643.9	41.7
March	1971	..	512.8	78.5	104.6	16.0	36.1	5.5	653.4	41.2
June	1971	..	533.7	77.5	120.9	17.6	34.1	4.9	688.7	42.6
September	1971	..	572.7	79.0	119.2	16.4	33.3	4.6	725.3	43.5
December	1971	..	596.8	79.1	125.8	16.7	31.5	4.2	754.1	42.8
March	1972	..	579.3	79.0	124.2	16.9	30.0	4.1	733.4	41.1
June	1972	..	564.3	78.8	123.3	17.2	28.2	3.9	715.9	40.5
B. Financial										
December	1970	..	74.8	54.5	33.3	24.2	29.2	21.3	137.3	8.9
March	1971	..	76.0	53.4	32.9	25.1	28.2	21.5	131.1	8.3
June	1971	..	73.0	55.1	32.7	24.7	26.7	20.2	132.4	8.2
September	1971	..	72.1	55.0	30.7	23.4	28.3	21.6	131.1	7.9
December	1971	..	67.2	54.1	30.2	24.3	26.8	21.6	124.1	7.0
March	1972	..	66.7	54.0	30.4	24.6	26.4	21.4	123.5	6.9
June	1972	..	69.0	56.3	30.0	24.5	23.5	19.2	122.6	6.9
C. Agricultural										
December	1970	..	91.8	45.2	85.6	42.2	25.6	12.6	203.0	13.1
March	1971	..	99.4	47.5	84.4	40.4	25.2	12.0	209.1	13.2
June	1971	..	101.4	50.5	78.2	39.0	21.0	10.5	200.7	12.4
September	1971	..	104.0	52.3	74.8	37.6	20.0	10.1	198.8	11.9
December	1971	..	125.8	55.5	82.6	36.4	18.3	8.1	226.7	12.9
March	1972	..	139.9	59.7	77.6	33.1	16.9	7.2	234.4	13.1
June	1972	..	138.8	59.8	77.9	33.5	15.5	6.7	232.2	13.1
D. Industrial										
December	1970	..	197.0	47.3	151.5	36.4	67.4	16.2	416.0	26.9
March	1971	..	200.7	47.1	162.0	38.0	63.1	14.8	425.8	26.8
June	1971	..	211.5	49.1	158.1	36.7	60.7	14.1	430.3	26.6
September	1971	..	195.5	46.0	167.9	39.5	61.7	14.5	425.0	25.5
December	1971	..	225.5	49.3	170.9	37.4	60.8	13.3	457.1	25.9
March	1972	..	247.3	51.7	172.4	36.1	58.5	12.2	478.2	26.8
June	1972	..	256.4	53.1	168.9	35.0	57.2	11.8	482.6	27.3
E. Consumption										
December	1970	..	22.1	22.3	50.9	51.4	26.1	26.3	99.1	6.4
March	1971	..	24.8	22.4	57.9	52.3	27.8	25.1	110.6	7.0
June	1971	..	25.6	22.6	62.2	54.9	25.4	22.4	113.2	7.0
September	1971	..	30.1	25.1	66.4	55.3	23.6	19.6	120.1	7.2
December	1971	..	35.1	26.3	72.7	54.5	25.7	19.2	133.5	7.6
March	1972	..	40.2	28.2	75.4	52.8	27.0	18.9	142.7	8.0
June	1972	..	39.9	27.8	75.7	52.7	28.1	19.5	143.7	8.1
F. Other Loans										
December	1970	..	21.4	47.7	18.2	40.5	5.3	11.8	44.9	2.9
March	1971	..	25.3	44.9	23.7	42.0	7.4	13.1	56.4	3.5
June	1971	..	22.2	43.1	24.5	47.6	4.9	9.5	51.5	3.2
September	1971	..	37.3	54.7	25.5	37.4	5.3	7.8	68.2	4.1
December	1971	..	28.3	41.9	34.0	50.4	5.2	7.7	67.5	3.8
March	1972	..	26.3	36.9	39.5	55.4	5.5	7.7	71.3	4.0
June	1972	..	26.8	38.4	37.7	54.0	5.4	7.7	69.8	3.9
G. Total										
December	1970	..	909.6	58.6	444.0	28.7	190.5	12.3	1,544.1	100.0
March	1971	..	933.2	58.8	465.5	29.3	187.8	11.8	1,586.5	100.0
June	1971	..	967.4	59.8	476.7	29.5	172.7	10.7	1,616.8	100.0
September	1971	..	1,011.7	60.6	484.6	29.0	172.3	10.3	1,668.5	100.0
December	1971	..	1,078.7	61.2	516.2	29.3	168.3	9.5	1,763.1	100.0
March	1972	..	1,099.8	61.7	519.5	29.1	164.2	9.2	1,783.5	100.0
June	1972	..	1,095.2	62.0	513.6	29.1	158.0	8.9	1,766.9	100.0

Source: Central Bank of Ceylon.

* Advances include loans, overdrafts and bills discounted, and exclude cash items in process of collection.

TABLE II (D) 11

Commercial Banks' Advances for Industrial Purposes

Rs. Million

	Amount outstanding as at end of period						
	Decem- ber 1970	March 1971	June 1971	Septem- ber 1971	Decem- ber 1971	March 1972	June 1972
1. Textiles ..	86.8	81.2	89.7	71.3	66.1	87.0	94.1
Government corporations ..	21.2	15.5	24.7	8.5	4.1	22.2	28.6
Other ..	65.6	65.7	65.0	62.9	62.0	64.8	65.5
2. Metal Products ..	42.5	48.1	38.9	40.9	37.3	37.0	38.1
Government corporations ..	14.7	17.7	14.5	14.6	15.2	14.2	14.5
Other ..	27.8	30.4	24.4	26.3	22.1	22.8	23.6
3. Chemical Products ..	58.0	54.3	54.6	56.7	59.0	54.2	57.0
Government corporations ..	38.6	38.0	37.8	36.8	36.2	33.1	34.0
Other ..	19.4	16.3	16.8	19.9	22.8	21.1	22.9
4. Footwear and Leather Products ..	6.6	6.7	7.7	9.2	8.0	10.6	8.9
Government corporations ..	4.7	5.1	5.5	5.8	5.7	5.7	5.8
Other ..	1.9	1.7	2.1	3.5	2.3	4.9	3.1
5. Biscuits and Confectionery ..	6.7	7.1	4.8	4.0	4.3	3.2	2.5
Government corporations ..	—	—	—	—	—	—	—
Other ..	6.7	7.1	4.8	4.0	4.3	3.2	2.5
6. Processing of Tea, Rubber and Coconut ..	29.0	31.9	33.8	37.4	35.8	40.5	43.3
Government corporations ..	—	—	—	—	—	—	—
Other ..	29.0	31.9	33.8	37.4	35.8	40.5	43.3
7. Engineering and Building Trades ..	50.9	61.6	60.5	60.1	63.4	65.2	63.1
Government corporations ..	12.1	22.9	23.3	23.6	23.8	21.1	21.4
Other ..	38.8	38.7	37.2	36.5	39.6	44.1	41.7
8. Other Industries ..	135.5	134.7	140.1	145.3	183.3	180.3	175.5
Government corporations ..	68.8	56.5	61.0	78.2	109.1	99.9	94.2
Other ..	66.7	78.2	79.1	67.0	74.2	80.4	81.3
Total ..	416.0	425.8	430.3	425.0	457.1	478.2	482.6
Government corporations ..	160.1	155.7	166.9	167.6	194.2	196.4	198.6
Other ..	255.9	270.1	263.4	257.5	262.9	281.8	284.0

Source: Central Bank of Ceylon.

TABLE II (D) 12

Advances* by Rate of Interest

Rate of Interest (Per cent)			31st December 1970		31st March 1971		30th June 1971		30th September 1971		31st December 1971		31st March 1972		30th June 1972	
			Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total
Below	3½	..	2.8	0.2	7.5	0.5	8.1	0.5	5.0	0.3	4.2	0.3	5.3	0.3	6.1	0.4
	3½	..	3.8	0.3	4.6	0.3	4.6	0.3	2.8	0.2	1.8	0.1	2.0	0.1	2.1	0.1
	4	..	3.1	0.2	0.9	0.1	1.1	0.1	1.3	0.1	1.6	0.1	1.8	0.1	2.0	0.1
	4½	..	2.0	0.1	2.1	0.1	2.1	0.1	1.9	0.1	2.2	0.1	2.0	0.1	2.0	0.1
	5	..	26.8	1.9	36.0	2.4	36.5	2.4	30.6	2.0	42.6	2.6	47.8	2.9	45.7	2.7
	5½	..	3.1	0.2	4.0	0.3	4.2	0.3	2.6	0.2	2.4	0.1	9.7	0.6	3.0	0.2
	6	..	51.0	3.5	45.8	3.1	34.7	2.3	30.0	1.9	30.9	1.9	28.2	1.7	27.8	1.7
	6½	..	46.4	3.2	41.6	2.8	45.5	3.0	39.8	2.6	36.8	2.2	28.9	1.7	29.9	1.8
	7	..	231.2	16.1	254.6	17.2	260.0	17.1	274.2	17.7	275.4	16.7	274.3	16.6	265.5	16.0
	7½	..	140.4	9.8	116.2	7.8	146.1	9.6	135.8	8.8	148.2	9.0	126.5	7.6	143.4	8.6
	8	..	166.9	11.6	181.2	12.2	162.2	10.7	181.6	11.7	187.3	11.4	196.3	11.8	192.6	11.6
	8½	..	254.7	17.7	246.5	16.6	262.4	17.3	269.5	17.4	279.8	17.0	280.9	17.0	282.1	17.0
	9	..	274.9	19.1	282.1	19.0	277.2	18.2	263.8	17.0	316.7	19.2	298.6	18.0	274.1	16.5
	9½	..	52.0	3.6	67.2	4.5	77.1	5.1	93.9	6.1	91.8	5.6	87.7	5.3	113.8	6.8
	10	..	85.6	5.9	93.9	6.3	101.1	6.6	102.0	6.6	99.8	6.1	120.3	7.3	126.8	7.6
	10½	..	7.8	0.5	9.2	0.6	8.6	0.6	12.4	0.8	12.9	0.8	11.9	0.7	10.0	0.6
	11	..	37.1	2.6	35.4	2.4	35.9	2.4	37.1	2.4	36.0	2.2	36.2	2.2	36.3	2.2
	11½	..	6.5	0.5	0.5	..	0.4	..	0.6	..	0.9	..	1.1	0.1	1.8	0.1
	12%	..	42.7	3.0	52.6	3.5	52.4	3.4	62.4	4.0	76.6	4.6	96.4	5.8	97.7	5.9
Total			1,438.9	100.0	1,482.1	100.0	1,520.2	100.0	1,547.5	100.0	1,647.9	100.0	1,656.0	100.0	1,662.7	100.0

Source: Central Bank of Ceylon.

* Exclude export bills purchased at current rates of exchange and cash items in process of collection.

TABLE II (D) 13

Advances* By Type of Security

	31st December 1970		31st March 1971		30th June 1971		30th September 1971		31st December 1971		31st March 1972		30th June 1972	
	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total	Amount Rs. Mn.	% of Total
Documentary bills ..	136.1	8.8	132.2	8.3	142.3	8.8	163.3	9.8	147.1	8.3	163.0	9.1	143.2	8.1
Government securities ..	22.9	1.5	21.1	1.3	22.7	1.4	24.0	1.4	28.8	1.6	28.7	1.6	30.9	1.7
Shares of joint-stock companies ..	24.5	1.6	24.0	1.5	24.4	1.5	27.8	1.7	22.8	1.3	21.8	1.2	21.3	1.2
Time and savings deposits and other cash deposits including cash value of life policies ..	50.1	3.2	49.9	3.1	51.3	3.2	51.3	3.1	52.8	3.0	55.2	3.1	60.6	3.4
Stock in trade ..	289.0	18.7	301.2	19.0	307.7	19.0	351.8	21.1	361.9	20.5	354.4	19.9	339.1	19.2
Immovable property ..	196.1	12.7	187.6	11.8	198.2	12.3	190.3	11.4	201.1	11.4	206.0	11.5	219.1	12.4
Guarantees ..	293.9	19.0	320.2	20.2	335.1	20.7	338.9	20.3	356.5	20.2	344.6	19.3	358.9	20.3
Trust receipts ..	118.6	7.7	112.4	7.1	108.3	6.7	93.0	5.6	106.3	6.0	108.8	6.1	115.7	6.5
Hire-purchase agreements ..	22.3	1.4	20.5	1.3	18.3	1.1	17.1	1.0	14.5	0.8	14.8	0.8	15.3	0.9
Plant and machinery ..	9.0	0.6	9.5	0.6	9.2	0.6	9.8	0.6	11.6	0.7	14.3	0.8	14.8	0.8
Tractors and motor vehicles ..	59.7	3.9	61.4	3.9	61.0	3.8	59.4	3.6	67.6	3.8	59.2	3.3	59.6	3.4
Pro-notes, bonds and usance notes ..	206.1	13.3	230.5	14.5	221.7	13.7	230.3	13.8	278.0	15.8	282.5	15.8	260.5	14.7
Other secured ..	52.2	3.4	58.2	3.7	48.3	3.0	65.3	3.9	70.8	4.0	85.7	4.8	86.8	4.9
Unsecured ..	63.5	4.1	57.0	3.6	68.3	4.2	46.0	2.8	43.4	2.5	44.4	2.5	40.9	2.3
Total ..	1,544.1	100.0	1,586.5	100.0	1,616.8	100.0	1,668.5	100.0	1,763.1	100.0	1,783.5	100.0	1,766.9	100.0

Source: Central Bank of Ceylon.

* Exclude cash items in process of collection.

2 (e) Branch Network

The distribution of bank offices and of deposits with banks between Ceylonese and foreign banks for the period 1963-72 is given in Table I' (D) 14.

TABLE II (D) 14

Distribution of Bank Offices* and Deposits 1963-72

Year	Total			Ceylonese Banks			British Banks			Indian & Pakistani Banks		
	No. of offices	Deposits		No. of offices	Deposits		No. of offices	Deposits		No. of offices	Deposits	
		Amount Rs. mn.	%		Amount Rs. mn.	%		Amount Rs. mn.	%		Amount Rs. mn.	%
1963	83	1,301	100	67	801	61	12	412	32	4	88	7
1964	88	1,447	100	72	943	65	12	415	29	4	90	6
1965	97	1,546	100	81	1,023	66	12	431	28	4	92	6
1966	105	1,502	100	89	1,003	67	12	419	28	4	80	5
1967	133	1,637	100	117	1,157	71	12	404	25	4	76	5
1968	141	1,808	100	125	1,329	73	12	409	23	4	71	4
1969	155	1,917	100	140	1,405	73	11	437	23	4	74	4
1970	165	2,394	100	152	1,831	76	9	472	20	4	91	4
1971	189	2,516	100	176	1,951	77	9	471	19	4	94	4
1972**	204	2,551	100	191	2,020	79	9	441	17	4	90	4

Note: The reduction in the number of British banks in 1969 and 1970 was on account of-

1. The conversion of the Eastern Bank Ltd. into a Ceylonese bank in 1969.
2. Reconstruction of the Hatton Bank and two branches of the National and Grindlays Bank to form the Hatton National Bank in 1970.

* Exclude Kachcheri branches opened in 1971 and 1972.

** The figures for deposits are as at the end of August 1972.

The People's Bank opened 9 branches in 1972 which were located in Tel-deniya, Batticaloa (City Branch), Galagedara, Galewela, Passara, Akuressa, Delgoda, Narahenpita and Walasmulla. The Hatton National Bank opened three offices in Jaffna, Welimada and Nawalapitiya. The Commercial Bank of Ceylon (which had no branches at the end of 1971) opened two branches at Galewela and Matale, while the Bank of Ceylon opened a branch at Mirigama. The Bank of Ceylon also opened three Kachcheri branches at Colombo, Hambantota and Puttalam.

The share of the Ceylonese banks in total deposits rose from 77 per cent at the end of December 1971 to 79 per cent at the end of August 1972, at the expense of the British banks whose share fell from 19 per cent to 17 per cent. The share of the Ceylonese banks in demand deposits rose from 75.7 per cent at the end of December 1971 to 78.7 per cent at the end of August 1972 while their share of time and savings deposits also rose marginally from 79.2 per cent to 79.6 per cent.

In the first half of 1972, the average size of demand deposits of the private sector for all banks declined from Rs. 5,289 to Rs. 5,027 and that of fixed deposit accounts from Rs. 37,821 to Rs. 36,918. The average size of savings deposit accounts, on the other hand, rose from Rs. 1,019 to Rs. 1,060.

3. Savings and Long-term Credit Institutions

Statistics of the lending operations of the state sponsored savings and lending institutions are presented in Table II (D) 15. The total volume of loans granted by these institutions declined further in the year 1972. The amount of loans granted by the Development Finance Corporation in 1972 was the lowest on record after the first year of its operation. Similarly, loans granted by the Agricultural and Industrial Credit Corporation were the lowest for any year of its operation. These facts serve to emphasize that the investment climate in the private sector continued to be unfavourable, if not deteriorated further, in 1972.

TABLE II (D) 15
Lending Operations of Long-term Credit Institutions

	Rs. Thousand									
	1968		1969		1970		1971		1972	
	Loans granted	Amounts outstanding	Loans granted	Amounts outstanding	Loans granted	Amounts outstanding	Loans granted	Amounts outstanding	Loans granted	Amounts outstanding
1. Development Finance Corporation (a)	7,273	31,716	19,561	47,982	27,082	70,920	6,439	71,422	2,832	66,168
2. Ceylon Savings Bank (b)	4,386	19,943	3,671	20,921	4,563	22,803	3,082	23,517	3,848	24,698
3. Agricultural & Industrial Credit Corporation	3,285	30,288	4,322	31,090	4,719	31,552	3,296	31,108	1,751	29,839
4. State Mortgage Bank	6,623	57,816	8,597	61,943	9,456	66,995	6,900	68,757	3,119*	69,344
5. Loan Board	1,076	10,758	1,212	10,920	2,459	11,858	1,926	12,570	1,351	12,825
6. National Housing Dept.(c)	14,355	113,960	11,663	118,867	15,056	127,386	12,370	131,667	12,616	133,440
Total	36,998	264,481	49,026	291,723	63,335	331,514	34,013	339,041	25,517	336,314

Source: Central Bank of Ceylon.

* Total for first seven months

(a) Include equity investments.

(b) The National Savings Bank took over the assets and liabilities of the Ceylon Savings Bank with effect from 1.4.1972

(c) Figures relate to financial year October/September. Figures of loans granted represent those granted to individuals and buildings societies only. The figures of outstanding amounts for the years 1968-72 exclude loans granted to building societies.

Table II (D) 16 summarises the movements in savings deposits and savings certificates in 1971 and 1972

TABLE II (D) 16
Savings Deposits and Savings Certificates

	December 1970	December 1971	December 1972	Rupees Million Change	
				1970/71	1971/72
Post Office Savings Bank ..	594.4	659.0*	—	+ 64.6*	
Ceylon Savings Bank(1) ..	113.3	197.7*	—	+ 84.4*	
National Savings Bank(1)(2)	—	—	905.1	—	+ 48.4
Commercial banks (time and savings deposits)(3) ..	1,168.6	1,317.3	1,353.1	+ 148.7	+ 35.8
Savings Certificates ..	73.1	65.3	65.2	- 7.8	- 10.1
Total ..	1,949.4	2,239.3*	2,323.4*	+ 289.9	+ 84.1

Source: Central Bank of Ceylon.

(1) Includes fixed deposits.

(2) National Savings Bank took over the assets and liabilities of Post Office Savings Bank, Ceylon Savings Bank, and Savings Certificates Fund with effect from 1st April, 1972.

(3) Include government deposits.

* These figures are subject to revision.

The total contributions received in 1972 by the Employees' Provident Fund amounted to Rs. 176.6 million as compared with Rs. 162.6 million in the previous year.

4. Hire-purchase Finance Companies

The main features of the operations of hire-purchase finance companies as revealed in the quarterly surveys conducted by the Central Bank are presented in Tables II (D) 17 and 18 for each quarter from June 1971 to June 1972.

5. Central Banking

The Central Bank's assets/liabilities rose markedly by Rs. 293.2 million in the period January–August 1972 compared with an increase of Rs. 94.1 million in the corresponding period in 1971. The increase in assets consisted of an increase of Rs. 57.2 million in the international reserve and an increase of Rs. 236.0 million in domestic assets. The substantial increase in domestic assets arose mainly from an increase of Rs. 159.2 million in 'other assets and accounts' and an increase of Rs. 61.5 million in the holdings of government and government-guaranteed securities. The increase in 'other assets and accounts' consisted very largely of an increase of Rs. 145.3 million in guarantees issued on behalf of the Government, which has a contra account under 'other liabilities'.

On the liabilities side, the external liabilities rose by Rs. 9.7 million consisting of a decrease of Rs. 47.4 million in borrowings abroad and an increase of Rs. 57.1 million in the deposits of foreign institutions. Domestic liabilities, on the other hand, rose sharply by Rs. 283.6 million mainly on account of increases of Rs. 245.8 million in 'other liabilities' and Rs. 62.1 million in the currency issue. The increase in 'other liabilities' was mainly due to the increase in guarantees issued on behalf of the Government.

TABLE II (D) 17
Operations of Hire-purchase Finance Companies

Rs Million					
	As at 30th June 1971	As at 30th Sept. 1971	As at 31st Dec. 1971	As at 31st March 1972	As at 30th June 1972
1. Deposits ..	67.2	76.3	83.0	94.8	99.6*
2. Hire-purchase business outstanding ..	72.9	86.1	81.8	91.4	92.3*
3. Loans outstanding ..	19.9	22.2	26.7	24.9	25.9*

* Provisional.

Source: Central Bank of Ceylon.

TABLE II (D) 18
Hire-Purchase Finance Companies—Sources of Finance
 (as a % of total liabilities)

	As at 30th June 1971	As at 30th Sept. 1971	As at 31st Dec. 1971	As at 31st March 1972	As at 30th June 1972
1. Capital Accounts ..	24.8	27.0	24.9	22.0	22.0*
2. Deposits ..	53.5	53.2	55.9	58.7	59.2*
3. Borrowings ..	11.6	9.8	9.1	9.0	9.6*
4. Other liabilities ..	10.1	10.0	10.1	10.2	9.3*
	100.0	100.0	100.0	100.0	100.0

* Provisional.

Source: Central Bank of Ceylon.

The ceilings on commercial bank credit which were in force in the past few years were lifted with effect from 1st April, 1972 as some expansion in bank credit to the private sector; it was considered, would be consistent with the objective of monetary stability. Commercial banks were, however, asked to refrain from increasing credit for non-essential purposes such as consumption, speculative stock building, etc. over the level of such credit as on March 31, 1972.

Refinance loans granted by the Central Bank from the Medium and Long-term Credit Fund in the year 1972 amounted to Rs. 10.2 million, of which Rs. 9.1 million was granted under the tea factory modernization project. Refinance loans granted for industrial and agricultural purposes amounted to Rs. 0.9 million, of which Rs. 0.8 million was obtained by the Development Finance Corporation and Rs. 0.1 million by the State Mortgage Bank. The commercial banks did not make use of the facility for their industrial and agricultural loans, while they accounted for Rs. 8.5 million of the refinance loans granted for tea factory modernization. Credits totalling Rs. 13.2 million were made to the Fund in 1972 wholly by way of repayments received. The balance in the Fund at the end of December 1972 amounted to Rs. 17.5 million. The amount outstanding at the end of December 1972 on total refinance loans granted from the Fund since its inception was Rs. 57.6 million.