

Geneva, April 16th, 1931.

LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES

Eighteenth Report

of the Commissioner of the League of Nations in Bulgaria.

Period from November 15th, 1930, to February 15th, 1931.

In certain respects, the present report covers a longer period than that mentioned above. It appeared to be preferable to include the most recent data relating to the execution of the budget and the Treasury situation and also to reproduce the budget adopted for the financial year 1931-32.

A. Establishment of Bulgarian refugees.

I. 1926 REFUGEE SETTLEMENT 7% LOAN.

Appendix I to the present report shows the position of the 1926 Refugee Settlement 7% Loan at January 31st, 1931, including the accrued interest on the deposits in London and New York. The amount still available in foreign monies on deposit in the Bank of England at January 31st was £294,372.

II. YIELD OF REVENUES ASSIGNED AS SECURITY FOR THE LOAN.

The amounts paid into the account for revenues assigned as security for the 1926 7% Loan in November and December 1930 and January 1931 are shown below in leva:

Chapter of the budget	Receipts			Budget estimates
	November	December	January	
<i>Chapter 15</i> (excise duty on alcohol, etc.)	1,875,567	1,685,174	1,321,179	5,416,666
<i>Chapter 16</i> (excise duty on salt, etc.)	29,355,873	32,520,693	26,015,277	27,500,000
<i>Chapter 21</i> (sale of matches)	9,234,000	7,542,000	6,784,875	9,583,333
Total	40,465,440	41,747,867	34,121,331	42,499,999

The above figures show an appreciable falling off in the receipts as compared with the previous quarter—116,334,638 as against 135,337,476 leva. The receipts from pledged revenues are lowest at the end and the beginning of the year owing to seasonal influences. It should be noted that the previous statements (see Seventeenth Report, page 2) regarding the regularity of the yield of pledged revenues still hold good, since, despite the present crisis, receipts for the quarter are only 3 per cent lower than those for the corresponding period of the financial year 1929-30

(120,229,184 leva), and are practically the same as the receipts for the same quarter of the year 1928-29 (117,242,708 leva).

The budget for the financial year 1931-32, recently adopted by the Sobranié, contains the following estimates for pledged revenues:

(In leva.)

Chapter of the budget	Estimates for		Difference
	1931-32	1930-31	
<i>Chapter 15</i> (excise duty on alcohol, etc.) . .	60,000,000	60,000,000	—
<i>Chapter 16</i> (excise duty on salt, etc.) . . .	350,000,000	330,000,000	+ 20,000,000
<i>Chapter 21</i> (sale of matches).	115,000,000	115,000,000	—
Total	525,000,000	505,000,000	+ 20,000,000

The results for the first ten months of the financial year 1930-31 were as follows:

(In leva.)

Chapter of the budget	Receipts	One-twelfth of the budget estimates	Increase or decrease
<i>Chapter 15</i> (excise duty on alcohol, etc.) . .	42,932,083	54,166,166	— 11,234,583
<i>Chapter 16</i> (excise duty on salt, etc.) . . .	288,668,565	275,000,000	+ 13,668,565
<i>Chapter 21</i> (sale of matches).	90,412,875	95,833,333	— 5,420,458
Total	422,013,523 ¹	424,999,999	— 2,986,476

It is estimated that the receipts for the coming year will exceed those so far obtained for the year 1930-31. In estimating these receipts, no account has been taken of the decrease under Chapters 15 and 21; while, on the other hand, the increased revenue under Chapter 16 has been included. Nevertheless, the estimates of the Ministry of Finance appear to be justified by the firmness of the total receipts under the three chapters since the beginning of the crisis, as compared with the other Treasury receipts, and any improvement in the general situation should at once react favourably on the yield of the pledged revenues.

Finally, we hope that the draft law on the regime applicable to brandy, the essential features of which were described in our last report and which has been held up by the adoption of the new budget and the approaching elections, may be presented as soon as parliamentary work permits. The benefits which the Treasury will derive from this law are so great that every effort should be made to bring it fully into force as soon as possible.

Payments by refugees for the repayment of expenditure incurred in settling them were (in leva) as follows during the quarter under review:

	November	December	January	Previous payments	Total payment up to the end of January 1931
Interest	68,448	27,473	99,867	1,346,741	1,542,529
Amortisation.	327,281	150,216	186,305	10,978,276	11,642,078
Total	395,729	177,689	286,172	12,325,017	13,184,607

The payments for the last three months show an appreciable improvement as compared with the previous quarter—859,950 as against 447,111 leva. For the reasons given in our previous report (Seventeenth Report, page 2) the amount of the repayments is still, however, very much below that of the debts due.

¹ During these ten months, the loan service absorbed approximately 140 million leva—i.e., only 33 per cent of the sum available.

III. EXECUTION OF THE SETTLEMENT PLAN.

As usual, open-air work ceased at the beginning of November and will not be resumed until the fine weather returns, normally during the month of April. For the last three months, therefore, the activities of the General Directorate have been confined to making out the accounts for expenditure incurred in 1930, compiling the refugees' individual files (valuation of land, sketches of plots, etc.), and to preparing the programme of work to be carried out this year, which will complete the settlement plan.

(a) *Various Supplies.*

The following table shows the allotment of various supplies since the beginning of operations and their value on January 31st, 1931.

	Leva
Seed: 10,858,971 kilogrammes	68,794,434
Live-stock: 20,984 head	149,809,629 .
Implements: 7,718 ploughs, 2,568 harrows, 9,477 carts,	
In all	58,089,691
Fishing tackle	6,702,655
Copper sulphate	77,119
Total	283,473,528

This part of the settlement plan may now be regarded as completed. Only a few supplies remain to be distributed this year to families to be settled in the Karaboas district. The following figures may, however, be slightly increased by the inclusion of supplies which are already distributed, but which for various reasons have not yet been entered.

(b) *Houses.*

The following figures show the position on January 31st, 1931:

	Houses		Sheds		Byres	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise	5,883	1,861	4,098	1,304	5,187	1,154
Built on a monopoly basis by the General Directorate for the Settlement of Refugees	973	263	804	259	807	55
Built by the refugees themselves	402	286	268	200	340	200
Total	7,258	2,410	5,170	1,763	6,334	1,409
Figures at the end of the previous quarter . . .	6,642	2,831	4,782	2,047	5,780	1,812

Contracts have recently been awarded at favourable prices for a final block of 650 houses to be built in the Karaboas district, and will be concluded shortly.

The programme of construction of the houses is thus as follows:

Number of houses ready	7,258
Number of houses now being built	2,410
Number of houses still to be built (contracts now being concluded)	650
Total	10,318

The completion of this programme will exhaust the credits earmarked for expenditure under this chapter of the settlement plan, and, save in exceptional circumstances, no further applications will now be considered.

(c) *Land.*

The position at January 31st, 1931, was as follows:

Department	Land surveyed (decares)	Land allotted (decares)	Number of families	Average area allotted (decares)
Burgas	552,323	492,329	11,884	41.43
Varna	69,180	61,721	1,582	39.01
Vidin	8,929	8,929	282	31.66
Petrich	120,663	111,023	4,962	22.37
Vratsa	22,621	21,872	639	34.17
Plovdiv	26,366	25,958	1,401	18.53
Plevna	52,881	17,845	509	35.05
Pachmakly	1,636	1,636	48	34.00
Rustchuk	49,130	32,471	861	37.71
Stara Zagora	14,929	14,324	449	31.90
Tirnovo	17,132	17,033	455	37.40
Haskovo	156,876	131,729	3,012	43.73
Schumen	43,547	41,381	1,188	34.83
Mastanla	82,934	54,019	1,515	35.65
Total	1,219,147	1,032,270	28,787	35.86
Figures at November 15th, 1930 . .	1,180,686	1,023,006	28,557	35.82

To the surveyed area of 1,219,147 decares should be added 95,000 decares, in round figures, which are still available, and which will permit of the settlement of some 2,370 families—namely:

	Decares
Land recovered after the draining of the marshes	74,000
Land which still forms the subject of disputes in process of settlement	3,000
Plots surveyed and reserved at the time of previous allotments	18,000
	95,000

The land work has involved, up to January 31st, 1931, a total expenditure of 52,246,749 leva:

37,158,998 leva for the clearing of 53,760 decares;
15,087,751 leva for the mechanical ploughing of 70,945 decares.

(d) *Supply of Drinking-Water.*

The applications so far received by the General Directorate for the supply of drinking-water to villages with refugees settlements amount to 255.

Plans have been drawn up and approved for waterworks in one hundred villages. The expenditure involved will amount to approximately 27,000,000 leva, of which 23,000,000 have already been assigned to the supply of the necessary material, while the remaining, 4,000,000 leva will be used to cover the cost of pipe-laying.

The General Directorate will give effect to the applications still outstanding (expenditure involved: 23,000,000 leva) only in so as the savings effected elsewhere permit. The credits provided for expenditure under this chapter will be exhausted after the execution of the proposed work in the first hundred villages.

(e) *Draining.*

As the work has been suspended since the autumn, no progress has been made in carrying out this part of the settlement plan.

(f) *Means of Communication.*

This also applies to the railway and roads.

The credits earmarked for the construction of the railway—305,000,000 leva (300,000,000 leva from the Stabilisation Loan and 5,000,000 from the bridges and highways budget)—have now been exceeded. As stated in the previous report (Seventeenth Report, page 5), the Railways Administration is henceforward responsible for the completion of the line out of its own resources, and a law has recently been passed allocating an initial credit of 5,000,000 leva to be charged to the "Railways Construction Fund" for the continuation of the work.

(h) *Miscellaneous.*

1. *Legislation.*

A law has been passed and published in the *Official Journal* of February 26th, 1931, supplementing in various respects the Law for the Settlement of the Refugees on the Land. The text of the law is annexed to this report (Appendix II).

2. *Compilation of Individual Files for Refugees.*

As soon as the settlement plan has been completed, the General Directorate for the Settlement of Refugees will be liquidated, and its functions transferred in part to the Directorate of the Public Debt and Debts guaranteed by the State. For this purpose, the General Directorate is at present compiling archives to be handed over to the Directorate of the Public Debt. In addition to a general file for each village, summarising the work done in connection with the establishment of the refugee colony, a file has been made out for each refugee comprising all the necessary data relating to the terms of his settlement, particulars of his debt, etc. This file contains the refugee's declaration that he regards himself as a Bulgarian national in accordance with Article IX of the Protocol, and the mortgage deed provided for by the Law for the Settlement of the Refugees, the issue of which is facilitated by the provisions of the new law of February 26th, 1931.

It will not be possible to make out this latter document until the calculation of the refugee's debt has been completed. Various general expenditure, and, in particular, the cost of the land work, has still to be equitably distributed among the refugees; it is also necessary to value the land used for building. After this has been done, the mortgage deeds can be issued and the refugees' files finally completed.

3. *Annual Account of Expenditure.*

In accordance with Article VII of the Protocol, which stipulates that annual accounts of expenditure out of the loan shall be drawn up and published, the account of this expenditure at December 31st, 1930, is given below:

	Leva
A. Sums placed at the disposal of the General Directorate for the Settlement of Refugees	1,385,064,310
B. Expenses of settlement entered at December 31st, 1930:	
	Leva
I. Preparation of land:	
(a) Surveying	20,198,918
(b) Ploughing	15,067,002
(c) Clearing	27,801,682
	63,067,602
II. Distribution of seed:	
(a) Seed	67,958,097
(b) Copper sulphate	77,119
	68,035,216
III. Distribution of live-stock:	
(a) Purchase price	141,255,410
(b) Insurance	6,522,810
	147,778,220
IV. Distribution of agricultural material:	
(a) Ploughs	10,389,440
(b) Harrows	1,683,863
(c) Wagons	46,016,388
(d) Fishing tackle	3,730,133
(e) Insurance	456,685
	62,276,509
V. Buildings	427,147,504
VI. Draining of marshes:	
(a) Ghigen (Karaboas) dike	35,949,867
(b) Messemvria pond	5,435,980
(c) Straldja pond	5,249,932
(d) Mandra pond	1,641,855
	48,277,634
Carried forward	816,582,685
	1,385,064,310

	Leva	Leva	Leva
<i>Brought forward</i>		816,582,685	1,385,064,310
VII. Means of communication:			
(a) Rakovsky-Mastanla railway	294,551,279		
(b) Roads:			
Vassiliko-Burgas	3,725,962		
Elhovo-Kavakli	1,405,213		
M. Tirnovo-Burgas	3,438,052		
Bela-Varna	2,508,194		
Sinapli-Elhovo	372,698		
	<hr/>	306,001,398	
VIII. Health:			
(a) Anti-malaria campaign	14,420,922		
(b) Anti-syphilis campaign	1,669,454		
	<hr/>	16,090,376	
IX. Laying out of villages		6,988,741	
C. <i>Settlement expenses not yet entered at December 31st, 1930.</i>			
I. Materials supplied and work carried out:			
(a) Seeds and cattle	32,967,618		
(b) Wagons	6,201,894		
(c) Ploughs	3,158,060		
(d) Harrows	647,839		
(e) Fishing tackle	3,120,528		
(f) Surveying	831,061		
(g) Buildings	23,814,951		
	<hr/>	70,741,951	
II. Advances on account of current work and supplies:			
(a) Preparation of land	9,358,116		
(b) Buildings	68,909,381		
(c) Rakovsky-Mastanla Railway	9,032,703		
(d) Roads	210,000		
(e) Draining of marshes	9,734,649		
(f) Anti-syphilis campaign	529,678		
(g) Anti-malaria campaign	174,828		
(h) Work, improvements, etc., in villages	3,721,842		
(i) Miscellaneous	99,000		
	<hr/>	101,770,197	
D. <i>Overhead expenses</i>		38,350,293	
		<hr/>	
Total expenditure		1,356,525,641	
Cash balance held by the Directorate for the settlement of Refugees		28,538,669	
		<hr/>	
		1,385,064,310	1,385,064,310

Overhead expenses, as compared with general total expenditure, fell from 5 per cent at December 31st, 1927, to 3.6 per cent at December 31st, 1928, to 3 per cent at December 31st, 1929, and to 2.83 per cent at December 31st, 1930, according to the above table.

The annual balance-sheet of expenditure has been audited by a Committee consisting of an Adviser to the Supreme Audit Board, the Controller-General of the Ministry of Finance, and the Chief Accountant of the National Bank of Bulgaria.

The "settlement expenses not entered" (see under Chapter C of the above table) may be divided into two categories:

(a) Expenses in respect of materials supplied and work carried out before December 31st, 1930, but not entered in the books at that date, the examination of the vouchers not having been completed;

(b) Advances on account of current works and supplies; sums advanced against bank guarantees, after signature of contracts, to various contractors or purveyors, either with a view to obtaining more favourable terms or to enable small contractors or local artisans without the necessary working capital to obtain a share of the contracts.

At December 31st, 1930, in addition to the above expenditure actually disbursed, the commitments on the basis of contracts concluded amounted to 147,257,880 leva.

The funds still available at December 31st, 1930, were as follows:

	Leva
(1) At the disposal of the General Directorate for the Settlement of Refugees	28,538,669
(2) On deposit with the National Bank of Bulgaria	3,379,031
(3) On deposit in London, £294,372 3s. 6d.— <i>i.e.</i>	197,229,353
Total	229,147,053

B. 7½% Stabilisation Loan of 1928.

I. POSITION OF THE LOAN.

The position of the 7½% 1928 Loan at January 31st, 1931, is shown in Appendix III to this report. The available amount on deposit in London and Paris in foreign exchange was about £321,000 at that date.

II. YIELD FROM THE ASSIGNED REVENUES.

During November and December 1930 and January 1931, the sums received by way of revenues assigned as security for the 7½% 1928 Loan (Customs revenues) were (in leva) as follows:

November	December	January	Monthly budget estimates
86,466,447	82,762,650	54,861,564	108,333,333

The receipts for the three months amount to 224,090,661, as compared with 249,950,167 leva for the previous quarter. The considerable falling off in receipts in January was due to a marked decline in imports, which, from 25,841 tons in December, fell to 14,663 tons in January (monthly average for 1930: 26,400 tons).

The service of the loan for the three months absorbed approximately 84,000,000 leva, or about 37 per cent of the available funds.

The budget for the financial year 1931-32 includes the following estimates for Customs receipts:

(In leva.)

Chapter of the budget	Estimates for the year 1931-32	Estimates for the year 1930-31	Difference
<i>Chapter 11.</i> — Import duties	900,000,000	1,200,000,000	—300,000,000
<i>Chapter 12.</i> — Export duties	10,000,000	40,000,000	— 30,000,000
<i>Chapter 14.</i> — Warehousing and statistical dues, etc.	65,000,000	60,000,000	+ 5,000,000
Total	975,000,000	1,300,000,000	—325,000,000

As regards the receipts for the first ten months of the current year, the position is as follows:

(In leva.)

Chapter of the Budget	Receipts	Ten-twelfths of the budget estimates	Difference
<i>Chapter 11.</i> — Import duties.	644,300,418	1,000,000,000	—355,699,582
<i>Chapter 12.</i> — Export duties.	7,902,827	33,333,333	— 25,430,506
<i>Chapter 14.</i> — Warehousing and statistical dues, etc.	54,012,698	50,000,000	+ 4,012,698
Total	706,215,943	1,083,333,333	—337,117,390

The various duties and charges on foreign trade have remained unchanged. The estimated receipts for next year have been carefully calculated, with due reference to the results of the first

ten months of the present year. It is also expected that, owing to the gradual exhaustion of the 1929 stocks, imports will revive to some extent during the coming months, notwithstanding the difficulties which still hamper the country's trade, and that on this account the Customs receipts for 1931-32 will show an improvement on this year's figures.

III. EMPLOYMENT OF THE LOAN.

I. £1,250,000 Sterling Block for Means of Communication.

(Article IV of the Protocol.)

(a) Railways.

The following figures sum up the position at January 31st, 1931, of the expenditure on railways and harbours:

	Leva	Figures at the end of the previous quarter Leva
Expenditure already authorised	667,000,000	667,000,000
Contracts concluded	530,963,680	520,526,351
Value of work undertaken on a monopoly basis	100,000,000	76,075,248
Sums actually expended	479,042,400	442,180,075

In accordance with the provisions of Article 49 of the Law of July 15th, 1929, on the Organisation of Railways and Harbours, the General Directorate of Railways and Harbours published, in the *Official Journal* for February 26th, 1931, the first balance-sheet of the railways and harbours up to April 1st, 1929. This document is attached to the present report (Appendix IV).

(b) Roads.

The following figures summarise the position at January 31st, 1931, with regard to the employment of the total credit of 176,966,179 leva allotted to road repairs:

	Leva	Figures at the end of the previous quarter Leva
Expenditure already authorised	174,610,000	165,000,000
Contracts concluded	119,038,380	114,500,000
Work undertaken by the Directorate of Labour	30,770,000	30,770,000
Sums actually expended	82,639,162	66,393,579

The Directorate of Bridges and Highways proposes shortly to award the final contracts, for which the funds still available at the date of this report will be utilised. Consequently, unless any unforeseen circumstances occur, the work of repairing the roads should be completed this year.

(c) Application of the Regnoul programme.

The following table shows the position at January 31st, 1931 as regards the application of the Regnoul programme:

	Estimates Leva	Expenditure incurred Leva
(a) Railways and harbours:		
1. Upkeep of railways and engineering works, reconditioning of locomotives and carriages	239,233,000	175,413,825
2. Improvements, enlargements, purchases of rolling-stock, supplies etc.	329,255,000	213,351,841
3. Construction of new lines	72,312,000	71,396,382
Total for railways	640,800,000	460,162,048
4. Essential supplies, enlargements and improvements for harbours	31,500,000	18,887,352
Total for railways and harbours	672,000,300	479,049,400
(b) Roads and bridges:		
1. Road construction	55,000,000	23,551,020
2. Road repairs	45,700,000	29,176,654
3. Replacement and construction of bridges	72,000,000	29,461,488
4. Material		450,000
Total for roads	172,700,000	82,639,162
General total	845,000,000	561,688,562

We would again point out that the expert engineer confirmed that the credits allotted to roads would fall considerably short of the requirements; the sum assigned, 172,700,000 leva, was accordingly increased to 176,966,179 leva by transferring the available balance from the block of £1,100,000 (reimbursement of budget arrears—see Twelfth Report, page 8). This supplementary credit of 4,266,179 leva has been allocated to road repairs.

IV. BUDGET.

Below are shown the figures supplied by the Ministry of Finance for the execution of the 1930-31 budget during the first ten months of the financial year—*i.e.*, up to January 31st, 1931.

RECEIPTS.

(In leva.)

	Receipts from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year	Comparisons with budget estimates
Direct taxes	437,731,855	— 35,562,666	— 347,268,145 — 44%
Indirect taxes	1,845,067,389	— 672,851,848	— 430,765,944 — 19%
Duties	554,209,842	— 126,649,357	— 78,290,158 — 12%
Fines and confiscations	53,964,841	— 15,475,198	— 20,191,825 — 27%
Posts, telegraphs and telephones	244,614,183	— 7,093,929	— 10,385,817 — 4%
State domain and capital	308,997,005	+ 34,869,014	— 132,669,661 — 30%
Contributions of the communes towards teachers' salaries	374,710,293	— 37,298,294	— 29,456,373 — 7%
Miscellaneous revenue ¹	414,522,732	+ 51,185,778	— 257,168,934 — 38%
Revenue from closed financial years	306,263,212	— 53,327,865	+ 117,929,879 + 62%
Total	4,540,081,352	— 862,204,365	— 1,188,266,978 — 26%
Revenue from railways and harbours (special budget)	1,007,812,954	— 99,252,126	— 430,956,256 — 30%
Total	5,547,894,306	— 961,456,491	— 1,619,223,234

The yield from revenues shows a further decrease as compared with the results for the previous quarter. The biggest falling-off is still in direct taxes, and especially in the tax on non-building property. On December 26th, 1930, the Law on the Purchase and Export of Cereals, of which a detailed analysis is given in Appendix V, came into force. It is anticipated that this law will result, *inter alia*, in the wiping-off—at all events on paper—of these arrears. These provisions were supplemented by the Law of March 19th, 1931, extending by one month, until March 25th, the time allowed for the collection of direct taxes for the current year.²

The other decreases in returns chiefly affect indirect taxes, the proceeds of fines and confiscations, the revenue from domain and capital and the miscellaneous revenue, including revenue from funds incorporated in the general budget. The revenue from railways and harbours shows a falling-off of 30 per cent, which is slightly greater than that at October 31st, 1930.³

EXPENDITURE.

(In leva.)

	Settled from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year
Under ordinary budget and budget for railways and harbours	4,757,587,282	
Under extraordinary budgets for the previous financial years	6,522,636	
Under supplementary credits voted during the war	119,341,551	
Miscellaneous payments under provisional receipts	37,292,686	
Public debt: current account, payments not yet entered, loans and repairs service	1,137,336,996	
Provisional excess of expenditure over the proceeds of the Stabilisation Loan.	1,168,032	

¹ Including revenue from funds incorporated in the ordinary budget and the balances from previous years.

² Under a recent law, which had not been promulgated on the date when this report was drawn up, this time-limit was further extended until May 31st, 1931.

³ Erratum: Seventeenth Report, page 8. "Revenue from Railways and Harbours: Comparison with budget estimates": — 277,944,724 = 27%.

EXPENDITURE.
(In leva.)

	Settled from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year
Total	6,059,249,183	— 284,037,175
Which, set off against the total Receipts.	<u>5,547,894,306</u>	
Shows a deficit of	511,354,877	
Which was covered by the issue of Treasury Bonds to a net total of	<u>547,375,000</u>	
Producing a surplus of	36,020,123	
Which corresponds exactly to the credit balance of the Public Treasury account at the National Bank at January 31st, 1931, but against which must be set off supplementary liabilities of total amount of the orders in respect of the financial year not yet settled.	404,468,000	
Producing an actual deficit of	368,448,877	
To which add the gross total of Treasury Bonds	<u>550,000,000</u>	
Leaving total liabilities to the amount of	918,448,877	

The deficit is therefore increasing at the rate shown in our previous report, notwithstanding the cutting down of expenditure, which has been strictly enforced, as has also the "monthly budgets" system and the previous authorisation of the Minister of Finance for all commitments exceeding 20,000 leva. At January 31st, the Treasury Bonds issued amounted to 550,000,000 leva, of which 157,200,000 leva were rediscounted by the National Bank.

The Treasury position at January 31st, 1931, was thus as follows:

TREASURY POSITION AT JANUARY 31ST, 1931.
(In thousands of leva.)

<i>Assets</i>		<i>Liabilities</i>	
Total receipts.	5,547,895	Total expenditure	6,059,250
Net proceeds of Treasury Bonds issued	<u>547,375</u>	Credit balance of the Treasury account at the National Bank	<u>36,020</u>
	6,095,270		6,095,270

The actual position is thus as follows:

<i>Assets</i>		<i>Liabilities</i>	
Credit balance of the Treasury Account	36,020	Orders held over	404,469
<i>Present actual deficit</i>	<u>918,449</u>	Treasury Bond debts.	<u>550,000</u>
	954,469		954,469

1931-32 BUDGET.

The budget for the financial year 1931-32 was voted on March 31st, 1931—that is to say, for the first time since the end of the war, before the commencement of the financial year in question. Particulars are given in the following table:

Ordinary Budget and Incorporated Funds.

(In thousands of leva.)

EXPENDITURE		RECEIPTS	
Head of State	69,840	Direct taxes.	894,000
Public Debt	2,150,433	Indirect taxes	2,460,000
Audit Office	24,417	Duties	745,000
Foreign Affairs and Public Worship	151,394	Fines and Confiscations . .	85,000
Interior and Public Health . . .	437,553	Railways and harbours . .	125,000
Education	874,618	Posts, telegraphs and telephones	303,000
Finance	192,854	Revenue from the domains and capital	530,000
Justice	239,525	Contributions of the com- munes towards teachers' salaries	412,000
War	1,109,620	Miscellaneous revenue . . .	606,000
Commerce, Industry and Labour	111,310	Revenue from closed financial years	240,000
Agriculture and Domains . . .	322,000		
Public Works	371,430		
Railways, posts, telegraphs, and telephones, aeronautics . . .	315,706		
Budget in execution of the Peace Treaty	29,300		
	<u>6,400,000</u>		<u>6,400,000</u>

It is true that these estimates are 600 millions lower than the figures in the 1930-31 budget; but, as regards receipts, they exceed by more than 600 millions the most favourable results that can be anticipated from the execution of that budget. An improvement in the yield from direct taxes, Customs duties, the excise duty on alcohol, the duties on tobacco, judicial charges and the rents and proceeds from the State domain is expected to produce increased receipts. The Government also proposes to continue the "monthly budgets" system.

Among the provisions of the Finance Law, special reference should be made to the provisions relating to the revision, unification and reduction of officials' salaries and to the provisions requiring the Minister of Finance to re-examine the question and to make preparations for an administrative reform.

The railways and harbours budget, including incorporated funds, was voted as follows:

	Leva
Receipts	1,975,620,000
Expenditure	1,913,103,000

V. NATIONAL BANK.

Appendix VI to the present report shows the position of the National Bank at the end of each of the three months under consideration. The statement of the position at December 31st reproduces the data given in the annual balance-sheet for 1930.

This document reveals the falling-off in the banking business of the institute of issue during the past year and shows a net profit of 83,312,559 leva, as compared with 169,933,635 for the previous year. While the assets show a steady increase in the gold reserve, which has risen to 1,454,801,424 leva, as compared with 1,388,526,640 leva at December 31st, 1929, this is set off by the gradual decline in the net stock of foreign exchange, which has fallen from 1,157,722,648 to 792,598,350 leva. This decrease is due, not to the trade balance, which shows a surplus of more than 1,300 million leva, but chiefly to withdrawals of foreign credits as a result of the general decline in banking business and to other foreign payments.

This slackening of business is also shown by the considerable reduction in commercial bill holdings, which fell to 362,260,000 leva, as against 389 millions at the end of October and 907 millions at December 31st, 1929. This contraction of credit is, to a certain extent, due to the business stagnation, the drop in prices and the comparative rarity of commitments in accordance with the Bank's requirements. As stated in our previous report, this policy places the bank of issue in a position greatly to facilitate any normal resumption of economic activity when the time comes.

Advances against pledges of various kinds, security or mortgages, have also fallen off considerably and have dropped from 517 to 270 million leva. In particular, advances against mortgages have fallen from 30 to 14 million leva.

On the other hand, advances to the State in the form of the discounting or rediscounting of Treasury bonds amount to 157,200,000 leva, as against zero at December 31st, 1929.

As regards "investments", mortgage loans have fallen from 135 to 100 million leva, while participations have risen from 23 to 90 million leva, the National Bank having been authorised to subscribe a sum of 2,500,000 Swiss francs to the capital of the Bank for International Settlements (Law of March 20th, 1931, amending the Statutes of the National Bank; see Appendix VII, below).

Lastly, it should be noted that the State's debt was reduced at December 31st, 1930, to 3,161,845,798 leva, as against 3,470,302,000 at the close of the previous financial year.

On the liabilities side, the volume of circulation was 3,295,514,182 leva, as against 3,608,642,965. The general level of notes in circulation expressed by the average figures for the four quarters was also reduced to 3,439,000,000 leva, as compared with 4,032,000,000 in 1929.

The cover for the Bank's commitments has consistently exceeded the legal minimum of 33 $\frac{1}{3}$ per cent and at December 31st, 1930, it was 36.48 per cent.

The discount rate remained at 10 per cent for the whole of the year under review.

In January 1931, there was a further appreciable falling-off in the net stock of foreign exchange, which dropped to 568 million leva, as against 793 million at the end of December. The commercial bills holdings were reduced still further—301 million leva as against 362 million. Advances, excluding Treasury bonds taken up or discounted, fell from 270 to 225 million leva. In accordance with the Statutes, the granting of advances and the opening of current accounts against the pledging of goods were to cease at the end of 1930; consequently, no further transactions have been entered into since January 1st, 1931, and during that month this item fell from 122 to 114 million leva.

The following table shows the distribution of the advances and of the bills holdings at December 31st in each of the last three years:

	At December 31st		
	1928	1929	1930
	%	%	%
Banks	34.6	55	50
Commerce	28.6	20	20
Industry	32.4	21	24
Miscellaneous	4.4	4	6

An examination of the bills holdings, not including advances, shows a bank rediscount percentage of about 77 per cent.

The discount rate of the National Bank, which had been 10 per cent since July 2nd, 1929, has been reduced to 9 per cent as from January 29th, 1931. In taking this step, the Bank had in mind the extremely small number of its commitments, the policy of strict selection of the paper presented which it has decided to continue, the tendency to reduce interest rates abroad and the similar tendency in Bulgaria. The abundance of liquid assets in the banks, as shown by the size of their credit accounts with the bank of issue—903 million leva at January 31st, 1931, as against 869 million at December 31st and 353 million at the end of the previous year—induced certain establishments, at the beginning of the current year, to reduce their discount rate and the interest on the credit accounts of their depositors. The National Bank considered that this tendency could be encouraged without any risk. The reduction in the official discount rate has automatically reacted on the maximum legal interest rate, which has fallen from 15 to 14 per cent in accordance with the provisions of the law against usury, and will, if the bill providing for the amendment of that law is passed, be reduced to 13.5 per cent.

This example has also been followed by private banks, which have, in general, reduced the interest on their debt and credit or accounts and on their discounting operations to an average rate of 10 per cent.

Lastly, the National Bank at once took advantage of the course it had adopted to suggest to the competent Ministry a reduction in the rate of interest on credit deposits allowed by the Post Office Savings Bank, and to point out that the rate of 7.5 per cent free of tax was no longer in accordance with the general tendency of the market.

The Law on the Protection of Bank Deposits was promulgated on February 12th, 1931; a detailed analysis is given in Appendix VIII.

In addition, the Law of March 20th, 1931, introduced the necessary amendments to the Statutes of the National Bank to enable it to co-operate with the Bank for International Settlements. The text of this law, which is given in Appendix VII, reproduces purely and simply the suggestions made in this connection by the Financial Committee.

VI. STATISTICS.

(Supplied by the National Bank.)

A. Foreign Trade for the Year 1930.

	1927	1928	1929	1930
		(In thousands of leva.)		
Exports	6,684	6,379	6,097	5,928
Imports	6,174	7,192	8,162	4,605

The falling-off in the value of imports is entirely due to the decline in world prices and to the reduction of the total tonnage imported—327,000 tons, as against 496,000 in 1929. On the other hand, the slight decrease in the value of exports is accompanied by an appreciably increased tonnage—532,000 tons, as against 299,000—which shows the difficulty of placing agricultural products abroad.

An analysis of the detailed foreign trade statistics for 1929 and 1930 shows the following figures:

(a) Imports.

	1929	1930
	(In thousands of leva.)	
Principal commodities showing a decrease:		
Textiles and derivatives	2,154	1,063
Instruments, machinery, spare parts . . .	1,054	560
Material for the timber industry.	450	191
Hides and skins and derivatives	353	157
Paper and derivatives	348	177
Colonial produce and fruit	237	130

(b) Exports.

All the principal commodities, with the exception of attar or roses (1,761 kilogrammes, as against 2,597 in 1929 and 3,238 in 1928), show an increase in weight.

As regards value, cereals (+ 285 million leva), eggs (+ 19), poultry (+ 47), sugar (+ 15), grapes (+ 14), practically counterbalance the deficit on the other commodities. Among the latter, tobacco, despite the increase in the quantity exported, fell from 2,672 million leva to 2,544 (— 128); attar of roses from 221 to 166 (— 55). This industry, which was formerly a Bulgarian monopoly, is suffering from the sale of stocks at very low prices, owing to the world crisis, and also apparently to the fixing of the prices of raw material during the last few seasons at an excessively high level.

B. Foreign Trade for the Year 1931.

(Provisional data for the months of January and February.)

	January-February 1930		January-February 1931	
	Tons	Thousands of leva	Tons	Thousands of leva
Imports	50,680	768,374	32,742	602,395
Exports	55,472	969,857	56,528	735,913
Balance.		201,483		133,518

The falling-off in the volume and value of foreign trade has continued during the first months of this year and chiefly affects imports and, in particular, colonial produce, chemical products, mineral oils, metals and derivatives, raw materials for joinery and textiles. The volume of exports has been maintained and shows that there is a steady trade in cereals, eggs, poultry and fodder plants.

C. Wholesale Price-Index Numbers.

(1914 = 100.)

	1929	1930	1931
January	3,211	3,107	2,193
February	3,267	2,990	2,132
March	3,290	2,732	
April	3,318	2,721	
May	3,338	2,637	
June	3,245	2,514	
July	3,200	2,467	
August	3,141	2,503	
September	3,111	2,395	
October	3,174	2,373	
November	3,085	2,304	
December	3,076	2,283	
Average index number for the year	3,204	2,585	

D. Protested Bills.

	1928		1929	
	Number	Leva	Number	Leva
January	15,337	111,819,097	13,719	113,192,033
February	14,556	105,712,466	11,239	90,167,775
March	14,643	100,975,598	12,641	99,433,785
April	13,793	91,814,860	14,861	106,500,813
May	15,768	104,133,666	19,061	140,342,206
June	13,369	93,751,200	15,331	125,199,218
July	17,187	120,740,468	21,920	152,871,240
August	21,594	147,817,253	23,554	158,630,065
September	22,572	143,495,746	29,152	199,743,521
October	21,271	151,537,079	30,299	289,989,065
November	15,158	139,428,506	26,993	305,809,887
December	14,351	120,668,902	28,758	341,535,527
Total	199,599	1,431,894,841	247,528	2,123,415,135
	1930		1931	
January	27,159	298,291,560	17,776	142,594,226
February	23,730	266,386,266		
March	29,648	296,295,032		
April	32,509	298,299,075		
May	32,375	286,994,789		
June	20,549	181,697,662		
July	25,003	206,305,900		
August	30,005	212,352,860		
September	47,301	296,804,926		
October	37,535	252,506,114		
November	25,795	237,729,941		
December	22,576	174,645,492		
Total	354,185	3,008,309,617		

Appendix I.

SETTLEMENT OF THE SPECIAL ACCOUNT OF THE 7% REFUGEE SETTLEMENT LOAN OF 1926,
AS AT JANUARY 31ST, 1931.

	Sterling block	Dollar block	Yield in leva
	£	s. d.	\$
(a) <i>Nominal amount:</i>			
£2,400,000			
\$4,500,000			
(b) <i>Net amount.</i>	2,112,000	0 0	3,915,000.—
(c) <i>Deduct:</i>			
Redemption of 1912 to 1913 Treasury	£	s. d.	
Bonds	625,889	11 6	
Half-year's reserve	90,000	0 0	168,750.— ¹
Miscellaneous expenses: stamps, printing of bonds, etc. .	49,474	4 1	
	765,363	15 7	
(d) <i>Add:</i>	£1,346,636	4 5	\$3,746,250.—
Interest	117,294	3 2	320,107.50
(e) <i>Subtract:</i> ²	£1,463,930	7 7	\$4,066,357.50
Amounts released	£1,169,558	4 1	\$4,066,357.50
(f) <i>Equivalent in leva of half-year's reserve.</i>			83,851,875 ¹
(g) <i>Proceeds in leva of amounts released</i>			1,333,351,458
			1,417,203,333
Placed at the disposal of:			
	Leva		
1. The Directorate for the Settlement of Refugees	1,368,824,302		
2. The Government for the reconstruction of the devastated areas	45,000,000		
	1,413,824,302		1,413,824,302
Surplus available	£294,372	3 6	—
	(Deposited with the Bank of England)		Leva 3,379,031
			(Deposited with the National Bank of Bulgaria)

¹ The equivalent of the half-year's reserve was refunded by the Bulgarian Government out of the proceeds of the Stabilisation Loan, in execution of Article VI, paragraph 2, of the Protocol of March 10th, 1928 (Item 6 of Annex III to that Protocol).

² Not including a sum of £24,144 os. 1d., which was used direct to pay in sterling for material supplied for the Rakovsky-Mastanla Railway.

Appendix II.

LAW SUPPLEMENTING THE "LAW FOR THE SETTLEMENT OF THE REFUGEES ON THE LAND" WITH THE AID OF THE PROCEEDS OF THE LOAN AUTHORISED BY THE LEAGUE OF NATIONS.

The following new paragraph has been added to Article 3: ¹

"Should it be proved that certain lands distributed to the refugees belong to private persons, they shall be incorporated in the category of lands referred to in Article 65 ² of the Law for the Settlement of the Refugees on the Land, and their owners shall receive payment for them as such at the real market prices in accordance with the 'Law for the Expropriation of Premises for the Requirements of the State'."

The following words: "also fixed by the Directorate G.S.R.", shall be added to Article 49 ³ after the words "and prices of land".

The following new paragraphs have been added to Article 51: ⁴

"Notaries shall draw up the notarial deeds mentioned in the present law without deducting any duties, taxes, stamp duty and other charges levied on behalf of the State or the communes, and on the basis of a certificate from the General Directorate for the Settlement of Refugees testifying that the person concerned is a refugee who has been granted State land.

"When issuing notarial deeds, the notary shall at the same time enter in the register, free of charge, the mortgage in favour of the State on the lands, dwellings and building land in question. This mortgage shall remain in force without renewal until the value of the property has been repaid in full."

The following note has been added to Article 46: ⁵

"The Law on the Organisation and Administration of the Bulgarian State Railways of July 15th, 1929 shall not cancel paragraph II of Article 46. The sums due for transport on the railways by the General Directorate for the Settlement of Refugees in accordance with this same Law shall not be paid."

Appendix III.

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT JANUARY 31ST, 1931.

	Sterling block		Dollar block	French franc block
	£	s.		
		d.		
Nominal amount	1,800,000	0	13,000,000	130,000,000
Net amount	1,656,000	0	11,960,000	121,550,000
<i>Deduct:</i>				
Stamp duties and other expenses	38,286	7	49,250	5,200,000
Total	£1,616,713	13	\$11,910,750	Fr. 116,350,000

¹ Article 3. — The lands and houses shall become the property of the refugees as soon as they have been installed therein. The General Directorate for the Settlement of the Refugees (hereinafter called Directorate G.S.R.), organised under the present law, shall take the necessary measures for conveying the titles to the refugees at the time of signature of the delivery contracts.

² Article 65. — Private lands upon which the refugees have been settled temporarily or permanently shall be acquired by the State as from the coming into force of the present law, and shall be included in the 132,000 hectares of land intended for the settlement of refugees. The State shall buy back these lands at their real market value in accordance with the Law for the Expropriation of Premises for Public Use or for the State. The commissions provided for by this law shall be set up as from the coming into force of the present law.

The refugees shall pay to the owners no rent or compensation for the period that has elapsed; the owners shall for the same period be exempt from the payment of taxes. Payments already made shall not be refunded.

Refugees in occupation of this property shall be permanently settled thereon in conformity with the provisions of the present law.

³ Article 49. — (a) The prices of the buildings assigned to the refugees will be determined as follows:

(b) The prices of houses and their outhouses will be fixed by the Directorate G.S.R. on the basis of the cost of construction and prices of land.

⁴ Article 51. — Upon receiving the title-deeds of the houses erected for their use, the refugees shall sign contracts undertaking to refund to the State the value of their houses at the prices to be assessed in accordance with Article 49 of the present law. The claim of the State will be secured by a deed of mortgage on the house.

The period for re-payment shall be fifteen years.

⁵ Article 46. — In so far as the resources of the State lands permit, all building materials—wood, stone, etc.—will be placed at the disposal of the Directorate G.S.R. free of charge.

The State Railways will transport all such materials free of charge, as also all live-stock and agricultural equipment supplied to the refugees, together with the refugees themselves and their furniture, should the intended settlement necessitate their removal.

Equivalent in leva	3,364,849.311
Add	5,000,000 ¹
	Leva
Utilised up to January 31st, 1931.	3,369,849.311
Surplus available on that date	3,139,427.028
	Leva
	230,422,283 ²

Appendix IV.

FIRST BALANCE-SHEET OF THE BULGARIAN STATE RAILWAYS AS AT APRIL 1ST, 1929.

(Application of Article 49 of the Law of July 16th, 1929, on the Organisation of the Bulgarian State Railways and Harbours.) ³

		ASSETS.	
		(In leva.)	
I. <i>Fixed assets.</i>			
A. Railway system in operation:			
1.	Railway lines	8,524,027,838	
2.	Rolling-stock	2,442,476,864	
3.	Equipment (fittings, etc.)	80,323,879	
4.	Auxiliary services (workshops, etc.)	247,245,618	
			11,294,074,199
B. Work in hand:			
1.	New lines	486,583,393	
2.	Extension and improvement of railway-lines in operation	7,548,953	
3.	Rolling-stock	—	
4.	Auxiliary services	5,782,284	
			499,914,630
C. Subsidiary undertakings:			
	Cartage, etc.	—	
			11,793,988,829
II. <i>Working capital (material and cash):</i>			
A.	Material	292,519,505	
B.	National Bank	201,428,099	
C.	Funds available in the various services	4,186,606	
D.	Debtors	13,953,185	
			512,087,395
III. <i>Assets of special funds:</i>			
A.	"Renewals" fund (to be imbursement)	2,734,632,352	
B.	"Fire insurance" fund	—	
C.	"Railwaymen's housing, health establishments and pensions" fund (in existence)	68,821,933	
			2,803,454,285
IV. <i>Expenditure to be redeemed:</i>			
A.	Difference between the redemption prices and the cost of construction of the redeemed lines	898,620,000	
B.	Cost of issue and conversion of loans	658,090,000	
C.	Value of plant destroyed	—	
D.	Debts from the operation of the Railways at the end of the financial year 1928-29	—	
			1,556,710,000
			16,666,240,509

¹ The equivalent of interest collected by the Bulgarian Government on sums deposited abroad and paid into the loan account to make up the sum earmarked for road improvement (see Twelfth Report, page 9, (b) Roads).

² This figure represents:

(1) The unexpended balance of the block of £1,250,000 earmarked for the improvement of means of communication—namely:

9,219,615 leva at the National Bank of Bulgaria;
6,311,483.30 French francs at the Bank of France
£270,213 13s. at the Bank of England.

(2) The unexpended balance of the block of £500,000 earmarked for the reconstruction of areas devastated by the earthquake—namely:

6,000,000 leva at the National Bank of Bulgaria.

³ Law published as an Appendix to the Twelfth Report of the Commissioner of the League of Nations in Bulgaria (document C.372.M.137.1929.II).

LIABILITIES.

(In leva.)

I. *Capital acquired.*

A. Redeemed portion of consolidated State loans		2,920,313,000	
B. Other capital furnished by the State:			
1. Land.	6,692,238		
2. Rates and taxes:			
(a) Special taxes for the construction of the railways	206,950,765		
(b) Special rates for the extension and improvement of the railways	89,950,366		
(c) Other rates and taxes	980,000,000		
(d) Operating surplus	892,000,000		
3. Payments:			
(a) Compulsory labour for the roads	10,665,000		
(b) Compulsory military labour	119,936,433		
(c) Compulsory labour.	299,890,000		
			2,606,084,802
C. Grants from:			
1. Departments	3,663,468		
2. Communes	62,047,821		
3. Private persons	267,954		
			65,979,243
D. Special funds:			
1. Reserve Fund	—		
2. "Renewals" Fund (estimated value)	2,734,632,352		
3. Fire Insurance Fund	—		
4. "Railwaymen's Housing", etc., Fund	68,821,933		
			2,803,454,285

II. *Capital due.*

A. Consolidated State loans:			
1. Application of Article 38, paragraph 2, of the Law on the organisation of Railways and Harbours.	3,990,000,000		
2. 9% loan to the social insurance fund	32,000,000		
			4,022,000,000
B. Debts not consolidated:			
1. Securities and coupons not claimed at maturity	—		
2. Proportion of interest on coupons falling due in the following year	—		
3. Pledges of contractors and others	—		
4. Other creditors.	—		
			4,022,000,000

III. <i>Difference between assets and liabilities due to the devalorisation of the lev</i>		4,248,409,179	
			16,666,240,509

* * *

On the assets side, the fixed assets are shown at their true initial cost, a coefficient being applied, where necessary, to correspond with the depreciation of the lev.

The working capital includes stocks of material and fuel, available funds on deposit with the National Bank, with the exception of the small funds of the various services, and sundry debtors. It should be noted that, up to the present, the public administrations, with the exception of the Ministries of War and Finance, have not paid for the services which they have received from the Railways.

These special funds include the "Renewals" Fund (to be reimbursed), which is referred to below in connection with the corresponding item on the liabilities side, and the "Railwaymen's Housing, Health Establishments", etc., Fund, which represents the fixed assets constituted with the assistance of the funds shown in the corresponding item of the liabilities.

Expenditure for redemption includes, in addition to the cost of the issue and conversion of loans, the difference between redemption prices and the actual initial cost of the redeemed lines (Roussé-Varna lines and Belovo-Svilengrade and Zlatendol-Yambol lines, formerly belonging to the Eastern railways).

On the liabilities side, capital invested is divided into capital acquired and capital due.

The former does not require any service; it includes the redeemed part of the consolidated State loans, the lands already finally appropriated, the yield from rates, taxes and payments of the various grants allocated to the establishment of the Railways.

The special funds comprise:

(1) The Reserve Fund, which had not yet been constituted on the date of the first balance-sheet;

(2) The Renewals Fund; Article 49 of the organic law provides that "the value of the fixed plant of the railways (and ports), their rolling-stocks, supplies and equipment shall be brought in at cost" and that "the degree of depreciation of these assets shall be ascertained and debited in the balance sheet, as a fixed amount in the renewals fund".

In the first balance-sheet this sum forms the whole of the said fund.

This is set off on the assets side by a corresponding item, which should at all times represent the whole of the depreciation of the equipment and plant mentioned above. In accordance with Article 34 of the law:

- (a) Part of the operating expenses;
- (b) Part of the annual profits;
- (c) The value of the old material withdrawn from service at the time of renewal, re-utilised or sold, are to be credited to the fund, as well as the interest which it yields.

The funds which should thus have been constituted prior to the making out of the first balance-sheet are shown provisionally in the assets as sums to be refunded; they are to be reimbursed out of the appropriations specified above;

(3) The Fire Insurance Fund, not yet constituted;

(4) The "Railwaymen's Housing", etc., Fund, to which the charges and rents paid by the staff and persons using the houses, proceeds of fines, etc., are to be credited.

The capital due consists solely of:

(1) Debts not yet repaid, contracted by the State on behalf of the railways. The balance at December 31st, 1928, was fixed by the organic law at 3,990 million leva;

(2) The portion of the loan contracted independently by the Directorate of Construction of the Railways Department with the social insurance fund and called up at the date of the first balance-sheet.

Lastly, the liabilities include an item, "Difference due to the devalorisation of the lev". This is the sum required to balance the total assets, which are expressed in devalorised currency, and the total liabilities, which consist of various items expressed either in gold or in paper to which variable coefficients of devalorisation have been applied.

Appendix V.

ANALYSIS OF THE LAW ON THE PURCHASE AND EXPORT OF GRAIN.

(Promulgated on December 26th, 1930.)

This law set up a "Directorate for the purchase and export of grain", attached to the Council of Ministers. By "grain" is meant wheat, rye, maize, barley, oats, millet and mixtures. The Directorate will make its purchases up to June 30th, 1931, unless the Council of Ministers decides to extend that period for not more than three months.

The foreign and home trade in grain will continue to be free.

Organisation.

The Directorate consists of central services and supervisory and inspection services under the orders of a Director who will be appointed and dismissed by the Council of Ministers. It is assisted by a Board comprising the representatives of the Ministries of Finance, Commerce and Agriculture; of the National Bank, the Agriculture Bank, and the Central Co-operative Bank; the Chambers of Commerce and Goods Exchanges.

It has an independent budget, the execution of which is subject to special regulations.

It will receive from the Bank of Agriculture and the Central Co-operative Bank a working capital of 40 millions.

Its financial transactions will be effected through the Bulgarian Agricultural Bank, and the branches and agencies of the latter.

Operation.

I. *Purchases.* — These will be effected through the co-operatives, popular banks or grain merchants.

The prices will be higher than world prices and will be approved by the Council of Ministers.

Payments will be made as follows:

- (a) In the case of wheat: 50 per cent in cash, and
50 per cent in "tax bonds";
- (b) In the case of other grain: 25 per cent in cash and
75 per cent in "tax bonds".

The "tax bonds" are in denominations of 20, 50, 100, 500 and 1,000 leva; they will be registered, transferable by endorsement and accepted in payment of "taxes in general with all additional charges up to the financial year 1924-25 inclusive, and of the land tax after that date and up to the financial year 1930-31, with all additional charges, and of the tax on artisans' trades up to the financial year 1930-31".

These bonds will be accepted by the State tax collectors up to September 30th, 1931, unless the existence of the Directorate is prolonged. After that date they will no longer be regarded as valid.

II. *Sales.* — The Directorate will itself export the grain purchased by it, or will sell it either to exporters or to mills, for the requirements of home consumption. These latter sales will be made at the prices ruling in the home market.

III. *Measures of supervision and compulsion.* — The Directorate has the right, subject to the approval of the Council of Ministers, in principle and as regards the fixing of the compensation, to requisition warehouses or depots when the demands of the owners are excessive.

It may require millers and merchants selling flour to charge basic prices corresponding to the price of the grain in the home market, may supervise the application of those prices and, in cases of infringement, may order the temporary closing of the mills or warehouses.

It may compel the mills to purchase wheat from it and to grind such wheat to meet the requirements of home consumption. It fixes the type and selling prices of flour.

Every grain merchant or mill-owner is required, within ten days of the entry into force of the law and under penalty of a fine and imprisonment, to declare to the nearest branch of the Agricultural Bank the quantity of grain he has in store or for sale, and to give an account to the Directorate before May 31st, 1931, of the manner in which it has been disposed of. This grain may not be sold to the Directorate against "tax bonds".

Liquidation.

On expiry of the period stipulated, the Directorate will go into liquidation, will refund to the Agricultural Bank and to the Co-operative Bank the working capital borrowed, and will pay the net proceeds of the sale of the grain to the State budget.

Appendix VI.

POSITION OF THE NATIONAL BANK OF BULGARIA.

	As at November 30th, 1930 (in leva)	As at December 31st, 1930 (in leva)	As at January 31st, 1931 (in leva)
<i>Assets.</i>			
1. Gold coin and bullion	1,448,193,109	1,454,801,424	1,458,208,697
2. Silver	—	—	—
3. Foreign gold exchange	494,674,310	424,299,023	402,669,576
4. Other foreign exchange	640,621,543	480,663,474	301,358,505
5. Bulgarian small coinage	138,113,307	152,027,123	151,732,553
6. Bills of exchange and promissory notes:			
Commercial bills	345,163,456	362,259,506	300,611,630
Treasury Bills	—	—	—
7. Advances:			
To the Government	70,000,000	157,200,000	157,200,000
Other advances	253,405,629	269,778,194	225,371,235
8. State debts	3,194,962,284	3,161,845,798	3,100,845,798
9. Investments	316,790,383	316,145,583	317,741,205
10. Buildings and equipment	28,296,402	22,466,167	22,467,767
11. Other assets	511,800,548	352,376,936	373,643,005
Total assets	7,442,020,971	7,153,863,228	6,811,849,971

	As at November 30th, 1930 (in leva)	As at December 31st, 1930 (in leva)	As at January 31st, 1931 (in leva)
<i>Liabilities.</i>			
12. Capital paid up	500,000,000	500,000,000	500,000,000
13. Reserve funds.	1,214,555,882	1,168,790,844	1,183,677,532
14. Notes in circulation	3,561,853,990	3,295,514,182	3,058,535,015
15. Other sight liabilities, in leva . . .	1,459,437,155	1,547,042,985	1,502,593,960
16. Deposits, in leva, at notice	273,990,002	270,225,300	268,708,181
17. Foreign exchange liabilities.	90,636,301	112,364,147	135,770,530
18. Other liabilities	341,547,643	176,613,211	162,564,755
19. Net profit	—	83,312,559	—
Total liabilities	7,442,020,973	7,153,863,228	6,811,849,973
<i>Cover.</i>			
Proportion of gold and silver plus net amount of foreign gold exchange to bank-notes in circulation, plus sight liabilities	39,89 %	36,48 %	37,82 %
Discount rate	10 %	10 %	9 %

Appendix VII.

LAW SUPPLEMENTING AND AMENDING THE LAW ON THE NATIONAL BANK OF BULGARIA.
(*Official Journal*, No. 282, of March 20th, 1931.)

§1.

Article 10 of the law is hereby modified as follows:

1. The following addition is made to the second paragraph:

“ . . . gold coin and bullion in the unrestricted ownership of the Bank and either in the custody of the Bank or deposited in another central bank or in the Bank for International Settlements, or in any mint, or in transit . . . ”

2. The following addition is made to the seventh paragraph:

“ The balance standing to the credit of the Bank at the Central Bank of a foreign country or at the Bank for International Settlements shall be included in the above-mentioned definition. ”

§2.

1. The following paragraph is added to point 16 of Article 35:

“ Guarantee the payment of commercial bills purchased for account of other banks of issue and of the Bank for International Settlements and, if necessary, rediscount them on the decision of the Board of Directors and for a commission to be determined by the latter. ”

2. The following point 20 is added at the end of Article 35:

“ To effect with the Bank for International Settlements any transactions which the latter is authorised to undertake, with a view to promoting co-operation between the Central Banks and which, although not provided for by the present law, are in accordance with the monetary policy of the National Bank. ”

§3.

The following paragraph is added to point 4 of Article 37:

“ It may nevertheless participate in the capital of the Bank for International Settlements. ”

Appendix VIII.

ANALYSIS OF THE LAW ON THE PROTECTION OF SAVINGS DEPOSITS.

(Published in the *Official Journal* of January 12th, 1931.)

Chapter I of the law deals with the establishment of banks. It first defines "commercial enterprises undertaking banking business". The following are excluded from the legislative provisions analysed below: the National Bank, the Agricultural Bank the Central Co-operative Bank and the Post Office Savings Bank, as well as the co-operative agricultural credit associations and the popular banks, which are controlled respectively by the Agricultural Bank and the Central Co-operative Bank.

For the creation of a bank or the opening of a new branch, the authorisation of the Minister of Finance, who will give his decision after consulting the Banking Council, is required. This authorisation, which is not transferable, will be cancelled if not utilised.

Each bank or branch appoints a sworn local accountant to audit its accounts.

Subject to the temporary measures examined below, banks authorised to accept deposits must be constituted as joint-stock or shareholders' companies.

The capital fully paid up, after deducting the expenses of constitution, must not be less than 30 million leva in the case of Sofia, 20 million in the case of Plovdiv, Burgas, Varna and Roussé, and 10 million in the case of other places.

The nominal value of each share must not be less than 1,000 leva.

All the shares of a newly constituted bank must be locked up for a period of two years; for this period the shareholders receive scrip certificates, which are registered and non-transferable.

Chapter II deals with the operations of banks and distinguishes between ordinary transactions, which may be undertaken by any bank authorised under the above conditions, and the acceptance of deposits, for which a special authorisation of the Minister of Finance is required. This authorisation may only be granted to a bank in the form of a joint-stock company which has been in existence for not less than one year. It is understood that, in the case of the amalgamation of existing banks, after the promulgation of the law, the new bank will retain the rights acquired by the banks which have amalgamated.

The law distinguishes between fixed deposits (that is to say, for more than thirty days) and sight deposits (payable on demand or at notice), commercial deposits and savings deposits. The legislative provisions under review deal with the protection of these latter deposits.

Savings deposits are considered to be deposits held by persons other than merchants, in the meaning given to this term by the Commercial Code.

On the opening of deposit accounts, the holders must sign a declaration mentioning the nature of the deposit (savings or commercial); should there subsequently be a change in the nature of their deposits, they must notify the bank in writing.

The protection of savings deposits is provided for, in particular, by the following provisions:

(a) Article 10 of the law:

"The total amount of (savings) deposits accepted by a bank and payable on demand or at one month's notice may not exceed *eight times* the amount of the cash assets of the bank and its reserves."

(b) Same article:

"Banks are required to have on deposit with the National Bank of Bulgaria real and liquid commercial bill holdings at not more than three month's date, representing *10 per cent of the total savings deposits* received by them and payable at sight or at one month's notice. The holdings may be replaced in whole or in part by a cash deposit. On the request of the bank, the cash deposit may be invested in whole or in part in Government securities or securities guaranteed by the Government and left in custody with the National Bank of Bulgaria.

"In the event of voluntary or judicial liquidation, the 10 per cent mentioned above shall go towards the repayment of the savings deposits."

(c) Article 11:

"Banks are required to have, preferably in real and liquid commercial bills (discounted or rediscounted) at not more than three months' date, advances against the pledging of commodities (warrants) at not more than three months' date, or in Government securities or securities guaranteed by the Government, *at least two-thirds* of the total amount of savings deposits accepted by them, payable at sight, at notice, or on expiry of the period fixed."

These provisions are supplemented by the following:

(1) The banks are forbidden:

To buy or sell goods for their own account, except for the purpose of guaranteeing their own claims;

To effect any financial transaction with the members of their boards of directors or supervisory boards. Nevertheless, by a three-quarters majority, the board of directors may

authorise the granting of an open credit to the members of the board of directors of supervisory board up to a maximum for the whole of the members of 7 per cent of the bank's capital. This prohibition does not apply to the commercial firms and juridical persons of which the members of the board of directors or supervisory board form part;

To effect transactions, including the purchase and sale of immovable property, involving the participation in the profits of members of the board of directors or supervisory boards and their employees;

To buy or sell immovable property, except for their own use or for the purpose of guaranteeing their own claims;

To take up or purchase for their own account dividend-bearing securities for a sum exceeding one-quarter of their own resources (capital and reserves). This prohibition is waived when the reserves amount to 25 per cent of the original capital.

(2) The reserve capital is to be built up by annual appropriations of 10 per cent of the net profits. If the surplus exceeds 10 per cent of the original capital, the appropriation is increased to 20 per cent at least of the net profits. These appropriations are free of tax.

The reserve capital is exclusively assigned to cover contingent losses. When it has reached the amount of the original capital, the above-mentioned appropriations may cease. They must be resumed if the reserve capital is reduced as a result of losses sustained.

In addition to the reserve capital, other reserve funds may also be created. The corresponding appropriations and the appropriations for the constitution of the pensions fund for the bank's employees are free of tax. This also applies in the case of an increase in capital to the issue premium transferred to the reserve capital.

At least one-fifth of the reserve capital must be invested in Bulgarian Government securities or securities guaranteed by the Government, negotiable at Sofia or abroad and deposited with the National Bank of Bulgaria. The Bank has the right to issue guarantee certificates against those securities.

(3) The annual balance-sheets of the banks must be drawn up and published in accordance with a uniform and compulsory model determined by the Banking Council. They must be produced not more than six months after the close of the financial year.

Provisional quarterly balance-sheets must also be furnished to the Banking Council and the National Bank, not more than one month after the end of the quarter, showing the position at March 31st, June 30th, September 30th and December 31st.

Chapter III of the law lays down temporary provisions.

All banks legally operating at the time of the promulgation of the law are, *ipso facto*, authorised to continue their business and to accept deposits. A certain period is allowed them to comply with the whole of the new regulations, under penalty of suspension and liquidation.

Chapter IV sets up a Banking Council attached to the Ministry of Finance and defines its functions, composition and operations.

It also provides for the setting up by each bank of an organ of internal control, whose members may be chosen from the staff not participating in the bank's transactions.

Lastly, the general meeting is required to elect, for a period of three years, as a member of the supervisory board provided for in the Commercial Code, a sworn accountant, whose duty it will be to undertake the permanent auditing of the accounts, to ascertain whether the bank's transactions are in accordance with its statutes and the existing laws and regulations, and to notify the Banking Council of any infringement of the present law.

Chapter V lays down the penalties to be imposed on persons infringing the provisions analysed above and also provides penalties for the publication of false reports and of erroneous information or documents.

