INTER-SECTORIAL FINANCING IN NIGERIA, 1985

Abstract

Available data show that in 1985 the domestic economy managed to generate sufficient funds to finance an increase in capital formation and to have a net claim on the rest of the World.

The surplus so generated during the year originated mainly in the Households and Oil companies sectors. The net borrowers were the Federal Government, State Government and Non-oil businesses. An interesting result of the financial inter-mediating activities of the banking system was that, during the year, they mobilised a substantial sum over and above what it lent to the various sectors, thus generating a sizeable investible surplus.

Although no new financial assets were introduced during the year, there is evidence of greater patronage of the differentiated assets ranging from deposits to Federal debt instruments. Estimates of insurance funds show that they dipped, especially the life insurance contributions.

In 1985, Gross capital formation in the Nigerian economy expanded by 4.2 per cent over the ₦7,669.9 million recorded in 1984. There were significant shifts in the relative contributions of the various sectors. For instance, whereas the government sector (Federal and State) accounted for 73 per cent of total capital formation in 1984, their contribution declined to 62 per cent in 1985. By contrast, the contribution of the Business sector rose from 45 per cent in 1984 to 50 per cent in 1985. The Household sector recorded declines in both years. The gross savings of the domestic sectors stood at ₦9,103.4 million and was more than enough to finance domestic capital formation, hence the balance of ₦1,108.9 million was available as a net claim on the Rest of the World sector. It should be noted that this is equal in amount but opposite in sign to the current account position of the balance of payments. the net surplus of the Households (₦5,971.7 million) and oil companies (₦357.0 million) sectors adequately financed by the deficits of the Government (₦3,477.6 million) and Non-oil business sector (₦1,718.7 million).

These developments in the real accounts resulted in a marginal decline (₦334.2 million or 2.5 per cent) in the volume of inter-sectoral financing in 1985. The more remarkable aspect of this decline was in Domestic loans and advances (₦316.4 million), Federal debt (₦524.6 million) and, Foreign Exchange (₦180.7 million) whose total effect was moderated by the increases in Currency and Deposits (₦657.0 million).

Transactions in Financial Assets

The volume of transactions in the *Foreign Assets* market in 1985 is the lowest in the last five years. At ₦394.6 million, it is 30 per cent lower than its 1984 level of ₦568 million. Similar to 1984, but unlike the three years previous to that, the Monetary Authority and Merchant Banks invested in Foreign Assets to the tune of ₦497.1 million and ₦26.3 million, respectively which are claims on the Rest of the World (₦394.6 million). Commercial banks on the other hand disinvested in Foreign Assets (₦166.3 million). The rather large statistical discrepancy of ₦64.0 million which appears in this item is as a result of a long lag in reflecting changes in Nigeria's holdings of the IMF gold tranche (see Table 1).

The *currency and deposits* market was very active in 1985 with total transactions amounting to ₦3,460.4 million which is ₦656.6 million or 23.4 per cent higher than the 1984 level. As will be expected the major recipients of funds in this market were the banking sector institutions comprising the Monetary Authority (₦1,472.5 million), Commercial banks (₦1,689.0 million) and the Merchant banks (₦277.4 million). The major suppliers were Households (₦2,562.4 million); Non-oil Companies (₦1,019.9 million) and the Federal Government (₦319.0 million). It is remarkable that the Non-oil companies increased their deposits and currency holdings in 1985 by ₦1,019.9 million. This may not be unconnected with the expedient of keeping funds in interest-yielding deposits in the face of reduced direct investment opportunities.

The *insurance and provident funds* market was rather weak in 1985. It was estimated that Households disinvested to the tune of ₦107.3 million although Non-oil businesses increased their investments in insurance funds by ₦38.6 million, resulting in a net fall of ₦68.7 million in aggregate funds mobilized by insurance companies. The recent spate of retrenchments in the public sector and the lay-offs in the private sector is likely to have adversely affected life insurance contributions. In addition, the rate of increase in domestic prices has a tendency to depress savings, generally.

The Federal Government raised funds in both the domestic and external financial markets by issuing debt instruments. On the domestic front, these consisted mainly of Treasury bills, (₦1,500.0 million) Treasury certificates (₦241.0 million) and Development Stocks (₦536.0 million).

The external component of Federal debt rose by ₦3,081.1 million in 1985 compared with 1984 and 1983 when the corresponding figures were ₦2,531.5 million and ₦1,775.8 million respectively. In terms of holdings, commercial banks had the highest increase (₦1,650.7 million) followed by Monetary Authority (₦453.6 million); Merchant Banks (₦260.7 million), Households and Non-oil companies (₦146.0 million) in that order. The interesting development is that for three consecutive years, commercial banks have turned out to be the major holders of Federal Debt instruments. The basic explanation is that, given the weak demand for loans and advances resulting from the recession, commercial banks have sought other outlets for their funds, hence the increased interest in Government debt instruments, especially those with high liquidity rating. State Governments raised additonal ₦5.3 million from state debt compared to 1984. This was mainly from the Rest of the World sector (₦4.7 million) although insurance companies invested ₦0.6 million.

The *Government loans and shares* market has been a medium through which the federal government extends loans and makes advances to state governments and parastatals. Government equity capital is also channelled through this market. In 1985, the market was a veritable source of funds to state governments (₦2,132.3 million), specialized banks (₦122.1 million) and parastatals (₦152.6 million). Whereas parastatals received 51 per cent of total resources in this market in 1984 its share fell to 6 per cent in 1985. This is a reflection of government policy which now encourages economic parastatals to be less dependent on Government for funds. Some of them are even encouraged to explore the money and capital markets directly.

Total transactions in the *domestic loans and advances* market fell from ₦1,225.9 million in 1984 to ₦909.5 million in 1985. This outcome reflects the weak demand for credit by the business sector.

Nevertheless, a major beneficiary in this market was the Non-oil business sector (₦1,507.8 million) although merchant banks and oil companies also received ₦49.1 million and ₦12.9 million respectively. The banking system, particularly commercial banks which provided ₦909.6 million, was the main source of funds to the market. The other suppliers were the specialized banks (₦159.5 million); the merchant banks (₦144.5 million) and the monetary authority (₦96.2 million).

Sectorial Adjustment

The gross savings of the **Monetary Authority** was maintained at last year's level of ₦35 million. But total financial transactions on the sources side went up considerably from ₦–259.3 million in 1984 to ₦1,034.9 million in 1985. This was due mainly to an increase of ₦1,472.0 million in currency and deposits. Although, there was only a marginal increase in currency, the deposit component rose sharply as a result of the increase in government deposits. The overall increase alluded to above was moderated by the disinvestment in other debt as a result of claims on the compulsory advance deposits for imports.

The pattern of investment undertaken by the monetary authority showed that the bulk of the funds was applied in acquiring Foreign exchange (₦497.1 million) and Federal debt (₦453.6 million). The former is closely associated with the balance of payments surplus in 1985 and the corresponding increase in foreign assets. The latter contrasts sharply with the situation in 1984 when the Monetary Authority reduced its lending to government by ₦802.6 million. This is, broadly speaking, explained by the proportionate reduction in commercial banks' credit to the Federal Government in 1985. The Monetary Authority sector also invested ₦96.2 million in Domestic loans and advances mainly in the form of direct advances to commodity boards.

The **Commercial Bank** sector had a ₦21.7 million deficit in its capital account. With a gross saving of ₦81.1 million it had recourse to the financial markets in order to finance its gross capital formation of ₦102.8 million. The sector mobilized funds from the currency and deposits market (₦1,961.6 million) mostly in the form of time and demand deposits amounting to ₦821.0 million and ₦702.9 million respectively. In addition, the sector also disinvested in the foreign exchange market (₦166.3 million). The funds were lent to both the Federal Government (₦1,650.7 million) through investment in government instruments and to the business sector ₦1,520.7 million, (see Table 1). The figures indicate that there was an increase in loans to the business sector compared to 1984 (₦548.7 million) reflecting a modest growth of the business sector in 1985. By contrast, credit to government fell from ₦3,485.6 million in 1984 to ₦1,650.7 million in 1985. This is understandable in the light of the reduction in Government deficits as well as the improvement in the business sector whose loans are traditionally the preferred portfolio of commercial banks.

Although there was no change in the number of **Merchant Banks** reporting (eleven of them), their activities in virtually all the markets were lower in 1985 than in 1984. For instance, total financial transactions undertaken on the sources side fell from ₦692.0 million in 1984 to ₦398.6 million in 1985. Change in currency and deposits was ₦277.4 million in 1985 as against ₦417.7 million in 1984. Similarly, Other Debt fell from ₦221.0 million in 1984 to ₦72.2 million in 1985. These "other debt" consists of Equipment on lease and Bankers unit fund. Funds deployment closely reflected the reduction in the amount of funds mobilized. To illustrate: Merchant banks' aggregate credit to the domestic economy fell from ₦859.0 million in 1984 to ₦405.2 million in 1985, a decline of 52 per cent.

Of the latter amount, ₦260.7 million was invested in Federal debt instruments while ₦144.5 million went to the private sector as direct loans. Other investment outlets for the merchant banks were "other foreign assets" (₦26.3 million) and "other debt" (₦8.6 million). The financing of the excess of capital formation over gross saving (₦2.4 million) was another use to which funds mobilized were put.

The estimates of the activities of the **Specialised Banks** sector indicate that the performance of the sector followed past trend. At ₦122.1 million, Government Loans and Shares continued to be the major source of funds. That was quickly followed by Other Debt (₦89.8 million) which consists of paid-up capital and grants; with currency and deposits (₦20.7 million) trailing. Again, as usual, the funds were applied in domestic loans and advances (₦159.5 million) other debt (₦18.9 million) particularly in the form of private bonds and equity, the balance being invested in currency and deposits (₦24.2 million). All that was in addition to the financing of the ₦30 million deficit on capital account.

The provisional figures available from **Insurance Companies** paint a rather grim picture. Insurance funds fell drastically by ₦68.7 million in 1985. Although, non-oil business increased their contributions by ₦38.6 million, this was swamped by the fall in the contributions of households. To gain an insight into this development perhaps one should reflect on the nature of insurance business. Insurance companies' business is divided into two main classes: life assurance and casualty or non-life insurance. While life assurance is predominantly a form of personal saving, casualty insurance is concerned with cover against contingencies such as fire damage, burglary or motor accidents. Hence the recent spate of retrenchments in the public service and the layoffs in the private sector are likely to have adversely affected life insurance contributions through reduction in aggregate disposable income.

Moreover, domestic inflation must have exacerbated the situation as the nominal value of current expenditure rises. There was also a fall in the "other debt" sources of funds (₦13.6 million). In an effort to weather this difficult period, insurance companies disinvested in other debt assets to the tune of ₦93.8 million.There was also an increase of ₦23.4 million in domestic loans and advances to households particularly in the form of policy loans. All the same, insurance companies made a modest investment in Federal Debt (₦3.9 million).

For the three consecutive years the **Federal Government** sector has experienced deficits in its capital accounts. In 1985 Federal Government investments estimated to be ₦3,099.1 million considerably exceeded the projected saving of ₦556.8 million.

As the provisional figures indicate, the increased expenditure is attributable to increases in defence spending and debt servicing. The net deficit was financed partly from internal sources by issuing debt instruments amounting to ₦2,770.0 million. This was made up of ₦1,500.0 million Treasury Bill, ₦241 million Treasury Certificate and ₦536 million Development Stocks. And partly from external sources (₦3,018.1 million). In addition, ₦78.1 million was raised from miscellaneous sources classified as other debt. These are mainly consolidated Revenue fund and Development funds. The funds were deployed in Government loans and shares (₦2,406.9 million) mostly in form of loans on-lent to states (₦2,132.3 million), to specialized banks (₦122.1 million) and finally to parastatals (₦152.5 million). The interesting development in 1985 was that unlike in 1984 when about 50 per cent of the funds in this market went to the parastatals only about 7 per cent went to them in 1985. By contrast state governments' share went up from a little less than 50 per cent in 1984 to over 80 per cent in 1985. The explanation for this is the reduced level of subventions to the parastatals coupled with the Government's determination to see that, as much as possible, the economic parastatals are self-financing.

The Federal Government also invested in its own debt instruments (₦105.0 million) while the balance of ₦319.0 million was left as deposits with the banking system.

The performance of the **State Governments** shows an improvement over the 1984 position. (see table 1). The sector which had a dissaving of ₦328.2 million in 1984 recorded a gross saving of ₦922.2 million. This must have been due to Federal government directive to state governments to try and balance their budgets. This made them to reduce their current expenditures. Notwithstanding, the sector had a deficit of ₦935.3 million on capital account since it undertook a gross capital formation of ₦1,857.5 million. The smaller deficit is another aspect of the improvement of the performance of State Governments sector. In 1984 the deficit was ₦2,607.7 million. State Government raised funds from two sources, namely, the Government Loans and Shares market (₦2,132.3 million) and State Debt (₦5.3 million) which is mainly in the form of external loans. The sector also drew down their currency and deposits accounts by ₦33.5 million. After meeting its capital commitments, state governments reduced their liabilities in Other Debt (₦1,226.6 million) and in domestic loans and advances (₦7.1 million).

Oil Companies sector account shows net surplus of ₦357.0 million from capital transactions. Although in 1984 a lower surplus of ₦183.0 million was reported, the volume of activities was higher in that year. Whereas the gross capital formation was ₦635.0 million and the gross saving was ₦818.0 million, the corresponding figures for 1985 were ₦143.7 million and ₦500.7 million, respectively. Oil companies reduced their "other debt" liabilities particularly accrued taxes and royalties by a staggering ₦525.0 million. No doubt a decline in revenue is the major explanatory factor. This contrasts with 1984 when "other debt" was a source of fund to the sector (₦153.7 million). The oil sector also reduced their currency and deposits holdings by ₦94.1 million and Domestic loans and advances by ₦38.1 million. This is clearly understandable in the light of the reduced activities especially when it is recalled that most of the oil producing companies only maintain in Nigeria what they consider sufficient to cover their working capital requirements.

The performance of the **Non-Oil Business** sector in 1985 is dramatically different from the actual out-turn in 1984. The estimates indicate a sharp increase of ₦3,650.3 million in fixed investment and accretion to stocks. In 1984, there was a disinvestment amounting to ₦3,270.4 million. Taken together the change between 1983 and 1985 is a staggering ₦6,920.7 million. This massive increase in non-oil business investment may be as a result of the effect of the "back to land" movement – a strategy that is designed not only to boost food production but also to produce agro-based raw materials. An additional reason may be the confidence of businessmen in the policies of government to turn the economy around and put it on recovery path.

Estimated gross saving is put at ₦1,931.6 million, a little higher than the ₦1,775.7 million reported in 1984. The business sector therefore had a net deficit of ₦1,718.7 million. Hence the non-oil business sector borrowed heavily from the banking system in the form of loans and advances (₦1,507.8 million), and in the Other Debt market (₦3,207.2 million). In 1984, the sector decreased its liabilities in these markets by ₦3,621.1 million and ₦3,331.6 million respectively. The pattern of funds deployment in 1985 showed that apart from financing capital formation, funds raised were invested in currency and deposits (₦1,019.9 million) and in the Other Debt market (₦1,786.6 million). In 1984, the sector actually disinvested in both markets to the tune of ₦2,604.3 million and ₦683.8 million respectively. The residual investments were ₦146.0 million in Federal Debt instruments and ₦38.6 million in insurance and provident funds.

The **Household** sector could be said to be in surfeit of funds during 1985. For instance, the sector had a net saving of ₦5,044.7 million in 1985 coupled with a disinvestment of ₦927.0 million, thus recording a ₦5,971.7 million net surplus on capital account. The parastatal subsector also received ₦152.5 million in form of government loans and shares from the Federal Government. This story can better be appreciated when one remembers that the present Household sector consists of individuals, parastatals and unincorporated businesses. The key to understanding the anti-cyclical bouyancy of the sector is the activities of unincorporated businesses which have been excluded from the formal business sector. The individuals in this sector have suffered drastic reductions in their share of aggregate real income through wage freezes, retrenchments layoffs and price inflation. The disinvestment of this group in insurance funds has already been mentioned.

The impact of the recession on parastatals is reflected in the much reduced Federal Government subvention to them from ₦1,240.6 million in 1984 to ₦152.5 million in 1985. That leaves the unincorporated businesses. It is this group that skimmed the cream of an inflation-ridden economy. As a group, they were the major beneficiaries of the underground but important economic activities. It is not surprising therefore that the sector invested an additional ₦2,562.4 million in currency and deposits; reduced its liabilities in items yet to be identified by ₦417.8 million. Its activity in domestic loans and advances taken together resulted in the settling of some of its loans (₦71.0 million) net. Similarly, its Other debts liabilities were reduced by ₦61.8 million net.

The **Rest of the World** account of the flow of funds matrix showed a net dissaving of ₦1,108.9 million arising from an excess of net inflows on merchandise account over a net outflow on services account.

It is important to note that the Rest of the World account of the Flow of Funds is the obverse of the well-known Balance of Payments account. The series of adjustments undertaken to reach equilibrium are as follows:

First, the sector raised funds from the Foreign exchange market (₦404.0 million) and in Other items yet to be identified (₦345.5 million). Second the sector also disinvested in Federal

Debt (₦477.4 million) meaning that the Federal Government loans repayments in 1985 exceeded the draws-down on new and existing loan commitments. The issue of debt servicing has acquired new significance in recent times particularly in the face of declining export revenues. Also as a consequence of the inability to reach an understanding with the International Monetary Fund (IMF) the usual credit lines have been drying up and the prospects are not brighter. Third sector increased its investment in Other Debt (₦113.3 million) and in state debt.

Financial Intermediation

The banking system's lending to the domestic economy rose by ₦1,093.3 million which is about 5 per cent lower than the increase in 1984. The major recipient was the business sector (₦1,520.7 million) Otber Financial Institutions also received ₦23.4 million. The Households and Government sectors reduced their liabilities to the banking system by ₦443.7 million and ₦7.1 million respectively, while non-bank financial institutions received ₦23.4 million (net) in 1985.

The banking system was able to mobilise more funds from the domestic economy in 1985 (₦3,752.7 million) than it did in 1984 (₦3,513.0 million). The deposits were mainly from the Households sector (₦2,562.4 million), Business sector (₦925.8 million) and the Government sector (₦285.2 million). (see Table 4). The deposits of the Other Financial Institutions with the banking system declined in 1985 by ₦20.7 million.

An interesting result is obtained if we look at the intermediation role of the banking system from the point of view of what they gave to each sector vis-a-vis what they took from it. In net terms, they took ₦292.3 million from the Government sector and another ₦3,006.1 million from the Household sector. On the other hand, they gave out (net) ₦594.9 million to the Business sector and a meagre ₦44.1 million to non-bank financial institutions. Globally and in net terms, the banking sector has, by their deposit-taking and loan-giving activities, actually withdrawn a whole ₦2,680.1 million from the system in 1985. Thus their financial intermediation activities were a veritable source of investible funds.

FLOW OF FUNDS OFFICE
DOMESTIC FINANCE DIVISION
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Table 1

NIGERIA'S FINANCIAL FLOW MATRIX, 1985

(₦ million)

TRANSACTION	Monetary Authority		Commercial Banks		Merchant Banks		Specialised Banks		Insurance. Companies		Federal Government		State Government		Oil Companies		Non-oil Companies		Households		Rest of the world		Discre-pancy	Total	
	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	U	S	S	U
A. Gross Savings	35.0		81.1		25.7		3.5		2.1		556.8		922.2		500.7		1,931.6		5,044.7		-1,108.9			7,994.5	
B. Gross Capital Formation				102.8		28.1		33.5		6.5		3,099.1		1,857.5		143.7		3,650.3		-927.0					7,994.5
C. Net Surplus/Deficit	35.0		-21.7		-2.4		-30.0		-4.4		-2,542.3		-935.3		357.0		-1,718.7		5,971.7		-1,108.9				
D. Total Fin. S/U	1,034.9	1,069.9	1,892.4	1,870.7	398.6	396.2	232.6	202.6	-82.2	-86.6	5,373.2	2,830.9	903.9	-31.4	-512.1	-155.1	4,715.1	2,996.4	-1,691.9	4,279.8	749.5	-359.4		13,077.8	13,077.8
1. Foreign Exch. (Net)		497.1		166.3																	394.8		-64.0	394.6	394.6
2. Other Foreign assets						26.3								2.4				5.3		-34.1	9.2		-9.3	-0.1	0.1
3. Currency & Deposits	1,472.5		1,689.0	-272.6	277.4	-43.9	20.7	24.2		-20.7		319.0		-33.8		-94.1		1,019.9		2,562.4			0.8	3,460.4	3,460.4
4. Insurance & Prov. Funds									-68.7									38.6		-107.3				-68.7	-68.7
5. Federal Debt		453.6		1,650.7		260.7				3.9	5,295.1	105.0						146.0		3,152.6		-477.4		5,295.1	5,295.1
6. State Debt										0.6			5.3									4.7		5.3	5.3
7. Govt. Loans & Shares							122.1					2,406.9	2,132.3						152.5					2,406.9	2,406.9
8. Domestic Loans & Advs		96.2	-209.5	909.6	49.1	144.5		159.5		23.4	0.0		-7.1		12.9	-51.0	1,507.8		-443.7	-372.7				909.5	909.5
9. Other Debt	437.5	23.0	413.1	250.7	72.2	8.6	89.8	18.9	-13.6	93.8	78.1		-1,226.6		-525.0	-10.0	3,207.2	1,786.6	-982.9	-921.1		113.3		674.8	674.8
10. Unidentified Items and Discrepancy. Source	-0.1		0.2		-0.1				0.1								0.1		-417.8		345.5				
TOTAL	1,069.9	1,069.9	1,973.5	1,973.5	424.3	424.3	236.1	236.1	80.1	-80.1	5,930.0	5,930.0	1,826.1	1,826.1	-11.4	11.4	6,646.7	6,646.7	3,352.8	3,352.8	-359.4	-359.4		21,072.3	21,072.3

Table 2

NET ACQUISITION OF FINANCIAL ASSETS 1983–1985

(₦ million)

Year	Banking Sector[1]			Other Financial Institutions[2]			Government Sector[3]			Business Sector[4]			Household Sector[5]			Rest of the World			Discrepancy
	Gross savings	Capital Formation	Net Acquisition of Financial Assets	Gross Savings	Capital Formation	Net Acquisition of Financial Assets	Gross Savings	Capital Formation	Net Acquisition of Financial Assets	Gross Savings	Capital Formation	Net Acquisition of Financial Assets	Gross Savings	Capital Formation	Net Acquisition of Financial Assets	Gross Savings	Capital Formation	Net Acquisition of Financial Assets	
1983	77.4	108.1	-30.7	40.2	40.1	0.1	307.5	5,835.7	-5,528.2	5,000.5	3,414.8	1,585.7	723.4	182.3	541.1	3,436.8	–	3,436.8	0.0
1984	71.0	94.9	-23.9	49.5	120.5	-71.0	979.7	5,640.0	-4,660.3	4,734.2	3,483.9	1,250.3	2,099.8	-1,669.4	3,769.2	-264.3	–	-264.3	0.0
1985	116.1	102.8	13.3	31.3	68.1	-36.8	1,479.0	4,956.6	-3,477.6	2,432.3	3,794.0	-1,361.7	5,044.7	-927.0	5,971.7	-1,108.9	–	1,108.9	0.0

Source: Basic Matrices 1983–1985

[1] Monetary Authority and Commercial Banks

[2] Consists of Merchant Banks, Specialised Banks and Insurance Companies

[3] Federal and State Governments

[4] Oil and Non-Oil

[5] Consists of Households, Parastatals and unincorporated businesses

Table 3

TRANSACTIONS IN FINANCIAL ASSETS (NET)[1] 1983–1985

(₦ million)

	Banking Sector	Other Financial Institutes	Govt. Sector	Business Sector	Household Sector	Rest of the World	Discrepancy
(1) Foreign Assets (Net).......							
1983	−354.6	−43.6	2.3	68.3	213.8	145.6	36.5
1984	575.3	44.4	2.1	−2.0	−46.7	−467.9	−107.2
1985	330.8	26.3	2.4	5.3	−34.1	−404.0	73.2
(2) Currency and Deposits.							
1983	−3,438.2	20.0	3,600.3	11,491.7	−248.7	—	0.0
1984	−2,826.1	−674.3	285.8	−2,574.7	−885.4	—	0.0
1985	−3,434.1	−338.5	285.2	925.8	2,562.4	—	−0.8
(3) Government Debts.........							
1983	6,063.2	110.4	−9,672.0	920.3	461.6	1,088.4	0.0
1984	2,683.0	618.9	−5,299.0	1,430.5	2,767.0	−266.5	0.0
1985	2,104.3	265.2	−5,195.4	146.0	3,152.6	−472.7	0.0
(4) Loans and Advances[2]							
1983	592.3	93.4	4,746.7	1,826.9	−4,224.4	0.0	0.0
1984	569.2	179.5	645.6	4,837.3	−4,378.6	0.0	0.0
1985	1,215.3	156.2	281.7	−1,571.7	−81.5	0.0	0.0
(5) Other Debts							
1983	−2,893.5	−180.1	42.2	−12,119.2	4,302.7	2,172.4	0.0
1984	−1,025.3	−240.0	−2,044.1	3,325.1	6,349.4	530.4	0.0
1985	−203.3	−214.7	1,148.5	900.3	61.8	113.3	0.0
(6) Unidentified items and Discrepancy Source........							
1983	0.1	0.0	0.0	−28.5	39.1	30.0	0.0
1984	0.0	0.5	0.0	−1.1	−36.5	−60.3	0.0
1985	0.3	0.0	0.0	−0.1	417.8	−345.5	0.0

Source: Basic Matrices (1983–1985)

[1] Acquisition of Assets or reduction in Liabilities is shown positive. Sale of Assets or increase in liabilities, negative

[2] Includes Government's Loans and Shares of Table 1

[3] Includes Insurance and Provident Funds figures of table 3

Table 4

LENDING BY, AND DEPOSITS WITH, THE BANKING SYSTEM

		1983	1984	1985
Lending				
	Federal and State Governments..................................	113.4	−37.2	−7.1
	Business Sector..............................	−977.9	−1,945.1	1,520.7
	Households	2,400.1	3,138.0	−443.7
	Other Financial Institutions.....	1.8	−3.4	23.4
	Total Domestic Lending............	1,537.4	1,152.3	1,093.3
Deposits				
	Federal and State Governments..................................	276.0	3.9	285.2
	Business Sector..............................	3,403.6	4,381.9	925.8
	Households Sector........................	−248.7	−885.4	2,562.4
	Other Financial Institutions....	−4.5	12.6	−20.7
	Total Domestic Deposits...........	3,426.4	3,513.0	3,752.7

CHART I
FINANCIAL SURPLUS/DEFICIT

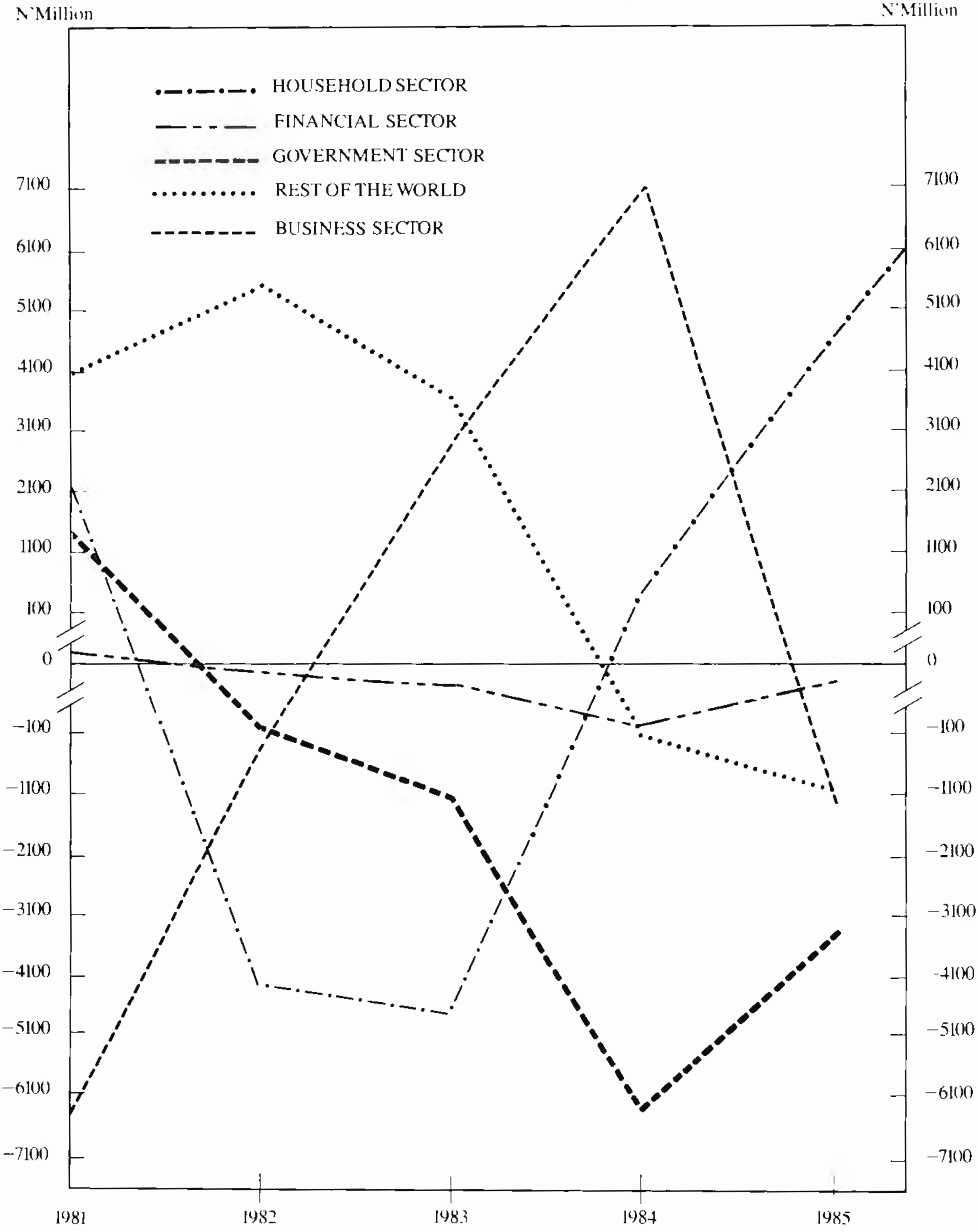

CHART II
FOREIGN ASSETS (NET)

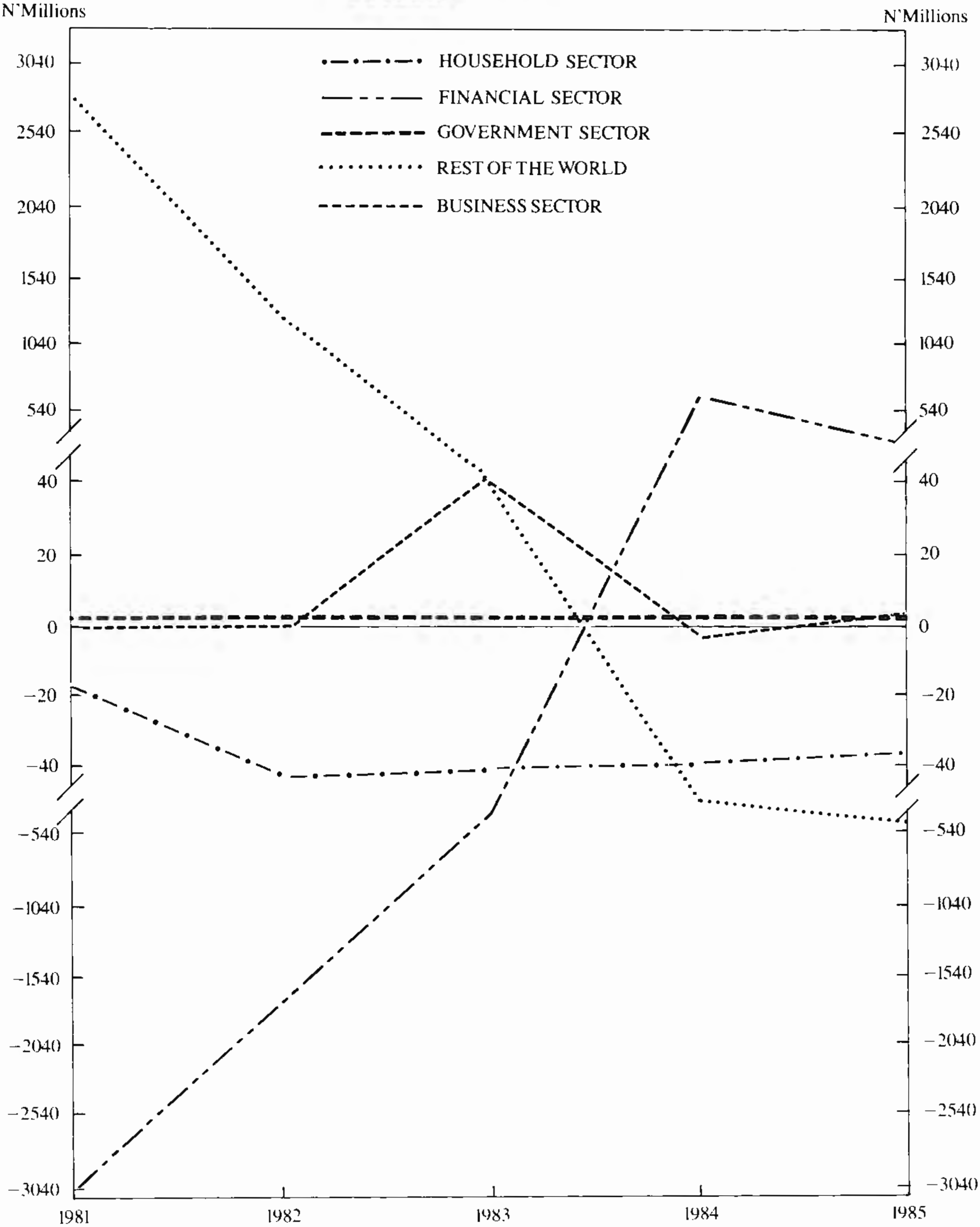

CHART III
CURRENCY AND DEPOSITS

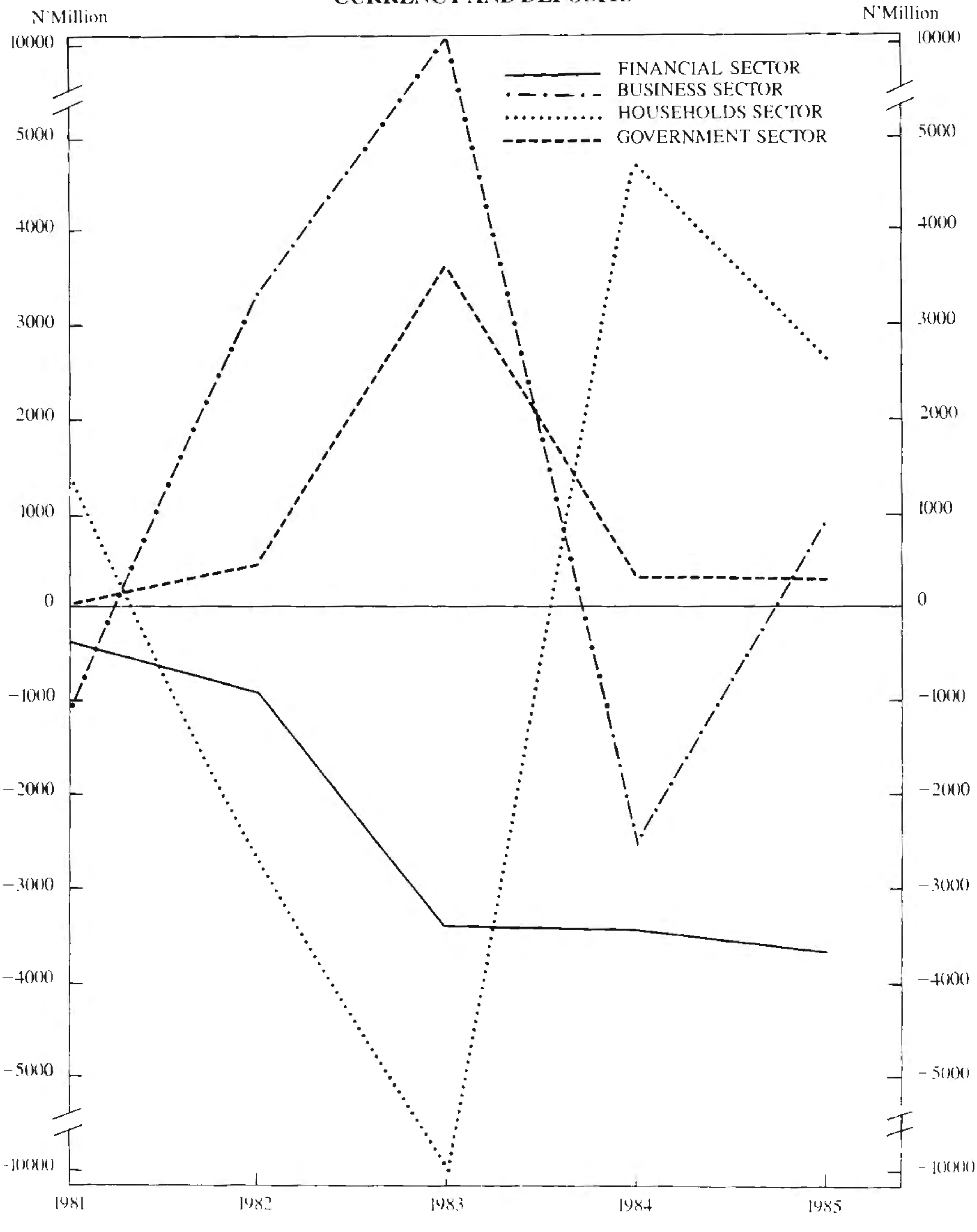

CHART IV
GOVERNMENT DEBT

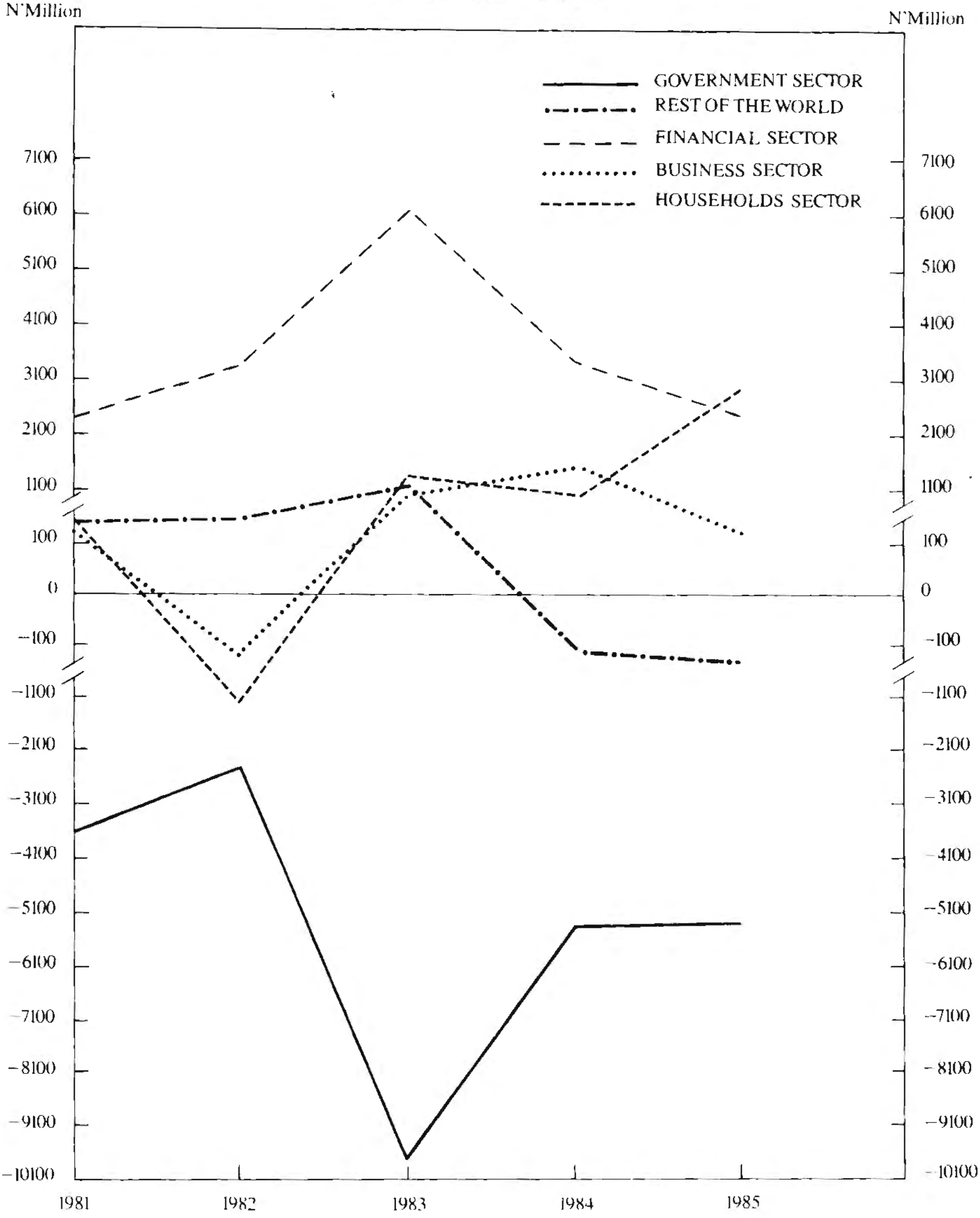

CHART V
LOANS AND ADVANCES