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Speeches/Documents

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Description:

Chapter 1. General

1. In order to carry out the Decisions on the Unification of State Financial and Economic Work [Document 24] to unify the control of capital, and to assure the return of currency issued, these regulations are legislated.
2. All the cash receipts and expenditures of the specialized companies and their branches under the Ministry (of Trade) shall follow the annual, quarterly, and monthly plans for currency receipt and expenditure compiled according to the forms for fiscal planning issued by the ministry. These plans must be submitted through proper channels to the national offices of the specialized companies for approval by the ministry. No cash shall be granted without the submission of these seasonal plans.
3. The People's Bank of China shall be entrusted by the ministry to act as the national depository for trade organs, operating at central, regional, and local levels. Specialized companies at all levels must strictly follow the joint directives issued by the ministry and the general office of the People's Bank of China, and the contract concluded with the trade depositories. The general office of the People's Bank of China shall act as the general depository for the ministry; People's Banks in the provinces, Large Administrative Areas, and municipalities directly under the control of provinces shall act as the regional trade depositories; and People's Banks at the levels below the province or municipalities under the direct control of the province shall act as the local trade depositories.
4. All cash receipts of the state trading companies at all levels must unconditionally be surrendered to the trade depository in the locality on the day of receipt. If it is a holiday, or the depository is closed to the public, the cash must be handed in on the following day.
5. From the day these regulations go into effect, the companies at all levels, with the exception of the ministry, shall not have the right to borrow from or lend to the People's Bank; and contracts drawn up in the past (on this matter) shall be null and void. However, in order to meet urgent market needs and to cope with the speculators, regional companies in Shanghai, Canton, Hankow, Chungking and Sian may, with the approval of regional trade headquarters, secure short-term loans from the People's Bank. The maximum amount shall be limited to 30 billion yuan [three million yuan in terms of new currency] in Shanghai, 10 billion yuan in Hankow and Canton; 5 billion yuan in Sian, and 8 billion yuan in Chungking. Such loans shall be returned within half a month and shall be reported by telegram to the ministry on the day the loan is made.
6. The funds deposited in the trade depositories shall belong to the ministry and shall not be used by any organ or individual without the approval of the ministry and notice from the general
7. The ministry shall entrust the trade depositories at various localities to supervise the deposit of cash into the depository by the trading companies at different levels. The local trade depository shall have the right to check the daily cash accounts of the local companies.

Chapter 2. Receipts of the Depository

8. Funds deposited in the depositories each day by the trading companies at various levels, and bank deposits of funds allocated by the ministry, shall be reported in the following manner:

a. Cash deposited in the regional depository must be reported by telegram to the company at the superior level, the regional office, and the national office of the specialized company concerned.

The specialized company shall report (the deposited sums) daily to the fiscal department of the ministry, and the regional office shall report to the trade bureau of the regional administration. Funds surrendered to the local depositories must be reported by telegram to the company at the superior level. The latter, in turn, shall report daily to the provincial company or the regional company located in the same place as the regional depository, which, in turn, shall report the total deposits by telegram each day to the regional office and the national office of the specialized company concerned. If in a specific trade the specialized company is still to be organized, then the telegraphic reports may be sent directly to the fiscal department of the ministry.

b. For cash deposited into the depository each day the trading companies shall be given formal receipts by the depository. One copy of the receipt shall be submitted to the company at the superior level, and another copy shall be sent directly to the accounting department of the ministry.

c. The trading companies at various levels shall submit ten-day reports (on the 10th, 20th, and 30th or 31st day of each month) to the accounting department of the ministry for checking on: (1) the ten-day total of the cash deposits handed in to the depository and (2) the total amount of cash funds on hand which have been allocated by the ministry.

9. Procedures for recording and balancing the cash funds deposited daily at the depositories by the trading companies at various levels:

a. A company shall, upon obtaining the receipts from the depository for the cash deposited, enter it into the debit account of "cash deposited." The company at the superior level shall [upon receiving the deposit reports] enter into the debit account of "cash transferred," which can then offset the credit account of "company transactions."

b. The Ministry (of Trade), upon receipt of the daily cash deposit reports from the companies by telegram, shall enter into the debit account of "depository deposits." Supplementary credit accounts with the title "return capital" shall also be set up under the name of each company.

c. Balancing the accounts: The funds deposited in the depositories by the companies at various levels must be balanced at the end of each month. The ministry shall, after checking the ten-day reports and finding them correct, issue formal receipts for the monthly total to the national offices of the specialized companies. On the basis of these formal receipts, the accounts of various companies and under various titles can then be closed.

Chapter 3. Planning

10. The national offices of the specialized companies and their subordinate companies shall, on the basis of their annual fiscal plans, actual conditions, and concrete needs (such as capital for purchasing commodities, cost of merchandise, taxes, commissions, operational expenses, maintenance costs, additions of fixed assets, and other n -as of expenditure), compile specific fiscal

plans annually, quarterly, and monthly. These plans shall be submitted, after being checked and reorganized at each administrative level, to the ministry for approval.

11. The fiscal plans of the specialized companies shall at present consist of the following three types:
 - A. Annual plan, which must be compiled and submitted to the ministry before the end of November [for the following year].
 - B. Quarterly plans. Deadlines for submission to the ministry shall be: for the first quarter (January to March), at the end of November of the preceding year; for the second quarter (April to June), at the end of February; for the third quarter (July to September), at the end of May; and for the fourth quarter (October to December), at the end of August.
 - C. Monthly plans. Those for the months of January, April, July, and October may be included in the quarterly plans without separate reports. Plans for other months must be submitted to the ministry before the fifteenth day of the preceding month.

Chapter 4. Expenditures of the Depository

12. Cash payments by the depository shall only be made upon the presentation of official documents (including telegrams), but not by oral or telephone instructions.

13. The payment of cash by the ministry shall be directly made from the general depository to the national offices of the specialized companies, which in turn shall transmit to their subordinate organs. However, if a specialized company has yet to be formed, the funds shall be transferred directly to the trade bureau of the Large Administrative Areas, which in turn shall transmit to the regional companies.

14. Companies which manage cash funds shall submit a list of the names and addresses of their subordinate units which are to receive cash to the depository, so the latter may remit or transship the funds directly to these units. However, if the units are located in the same place, no such lists shall be necessary.

15. When the depository receives telegraphic instructions from the ministry to transfer cash funds, the amount should be transferred to the accounts of the units which are to receive such funds on the day such instructions reach the depository. This will avoid confusion in the net balance of the deposit of the ministry at the depository.

16. At the end of each month the cash balance held by a regional company shall not exceed 200 million yuan [old currency, or 20,000 yuan in new currency]; that held by a provincial company or a company under the direct control of the general office, 100 million yuan; and by companies below the provincial level, 10 million yuan. Any amount in excess of these limits shall be deposited in the bank, which should automatically transfer all such deposits to the trade depository.

Chapter 5. Appendix

17. Provisions in these regulations shall be strictly carried out by the companies at all levels under the ministry. If laxity or deliberate disobedience of the above regulations is found, the responsible personnel shall be penalized according to the laws governing economic programs promulgated by the CPG.

18. The right to amend or interpret the regulations shall belong to the ministry.

19. All records of cash stipulated in these regulations shall use the people's currency (ren-min pi) as the unit of accounting.

20. The date and places of implementation of these regulations shall be determined by order of the ministry.