

## MODERN BANKING IN INDIA

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## P R E F A C E

NO individual bank or banking system could be understood or judged except in the light of its past history. This is specially true in a country like India where banking is still in the earlier phases of its growth and where conditions differ materially from one part to another. The history of banking in India is indeed not much older than a few decades. But, even in that short life history, Indian banking has confronted one serious crisis, lived through the hectic times of the greatest war in history, survived unscathed an unprecedented world depression and stands today on the threshold of another great war. Events of such magnitude cannot but expose a banking system to severe tests and leave indelible marks behind. The present volume is an effort to portray banking in India in the historical and contemporary context of these events and circumstances.

Recent as are the origins of Indian banking, systematic exposition of our banking problems or monographs on origins and growth are more recent still. Among official documents, the Reports of the Herschell Commission, the Fowler Committee and the Babington-Smith Committee are concerned exclusively with our currency problems and make no more than incidental references to banking and credit conditions. The Chamberlain Commission found place for an Annexe in which is presented an interesting scheme for a mixed Central Bank for India somewhat on the lines of the Bank of France. Taking its cue from the prevalent opinion and sentiment in post-war Europe, the Hilton-Young Commission made a departure in placing in the forefront proposals for a Reserve Bank of India and stressing the need for an inquiry into and improvement of ordinary commercial banking. Their suggestions bore fruit in the Reports of Central and Provincial Banking Enquiry Committees which form a voluminous survey of contem-

porary banking conditions with suggestions for improvements.

Among unofficial publications, praise must be accorded to a few monographs on earliest origins of banking in India. The rest consist very largely of expositions of Indian aspirations on the subject unsupported by much study of existing conditions or meticulous synopses of material and ideas contained in well-known but bulky documents.

After the manuscript of the present volume was placed in the hands of publishers, the Reserve Bank of India published and circulated its proposals for a Banking Act. It was neither practicable nor indeed desirable to incorporate the various points raised in the document into the text itself. The proposals are indicated in foot-notes in relevant places with brief comments on their tendency and character. Along with the proposals, the Reserve Bank published also a very interesting memorandum on non-scheduled banks with special reference to distribution of assets and liabilities. The valuable tables on which the memorandum is based are broadly summarised in the text with incidental alterations in conclusions made necessary by these exact figures.

In spite of generous and appreciative compliance from many quarters, much difficulty was experienced in assembling extant material on the subject. Close co-operation and mutual assistance between "academic" and "practical" people, which have so strikingly advanced both interests in nationally minded countries like England, Sweden, etc., are still a mere aspiration in this country. In spite of every endeavour, no one could be more conscious than the author himself of the grave deficiencies and perhaps inaccuracies of the material acquired and used. Readers who invite attention to any faults will establish as great a claim on the gratitude of the writer as that of the public for whom the book is meant.

*Sydenham College,*  
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S. K. MURANJAN

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