

10279

10279
G. P. Gupta
Central banking
in India

To be had from the Author, care of the
Finance Department, Government
of India, New Delhi (November-
April) or Simla (May-October).

{ Rs. 5 (India)

{ 10 Shillings (Abroad)

Dhananjayrao Gadgil Library



GIPE-PUNE-010279

CENTRAL BANKING IN INDIA
1773-1934

**SERVANTS OF INDIA SOCIETY'S LIBRARY
POONA 4**

CN

AcN

Date of release for loan

This book should be returned on or before the last date stamped below.

An overdue charge of 5 paise will be levied for each day the book is kept beyond this date.

7 6 JUL 1972

3 1 JUL 1972

18 9 SEP 1972

5 APR 1978

A. B. P. P.]

CENTRAL BANKING IN INDIA

1773-1934

WITH SPECIAL EXAMINATION OF THE RESERVE BANK OF
INDIA ACT, 1934, IN THE LIGHT OF LAWS, CHARTERS
AND STATUTES REGULATING OVER THIRTY
BANKS OF ISSUE IN DIFFERENT
PARTS OF THE WORLD

BY

OM PRAKASH GUPTA

M.Sc., LL.B., F.R. Econ. S. (London)

*Honours Certificate holder of the Gilbert Lectures Examination
on Banking, University of London, King's College; Certi-
ficate holder of the London Institute of Bankers
Examination on "Bankers and Negligence";
Member of the Royal Asiatic Society,
London; and Member of the Imperial
Secretariat Service, Finance
Department, Government
of India*

WITH A FOREWORD BY

• **Professor J. Coatman, C.I.E., M.A.**

CHIEF NEWS EDITOR, BRITISH BROADCASTING CORPORA-
TION, LONDON; ONCE DIRECTOR OF PUBLIC INFORMA-
TION, GOVERNMENT OF INDIA; AND PROFESSOR
OF IMPERIAL ECONOMIC RELATIONS IN
THE UNIVERSITY OF LONDON

10279

X621.2

G4

FOREWORD

Mr. Gupta's book on Central Banking in India comes at an appropriate moment, and fills an empty niche. Of late we have had a number of noteworthy contributions to the study of Indian Banking. The monumental Reports of the Central Banking Committee and the satellite Provincial Committees provide an enormous wealth of material into which students will quarry for years to come. Dr. Jain's "Monetary Problems of India" gave us some valuable side-lights on this big topic, while Sir Hilton Young's Report, the proceedings of the Round Table Conference, the Report of the London Committee on the Indian Reserve Bank, and the Reports in the Indian Hansard of the discussions on Sir Basil Blackett's Reserve Bank Bill leave us with no excuse whatever for ignorance as to current opinions and conditions in India. Mr. Gupta has assimilated this great mass of material and presented it for the convenience of students in a skilfully compressed compass. Moreover, he has recapitulated for us in his first long chapter the history of all the proposals for general or State banks in India, from 1773 onwards. His second chapter is a full account of the genesis, the constitution and the working of the Imperial Bank of India, which has hitherto performed some, at any rate, of the functions of a Central Bank. These two chapters give us the necessary background of

the present-day proposals, and, incidentally, introduce us to some of the fundamentals of the problems connected with the establishment of a Central Bank in India.

The form of this book is historical and explanatory. It deals only incidentally with theory, and it does not touch specifically on the position of the proposed Central Bank in regard to the other Central Banks of the world, nor does it attempt to estimate the importance of the Bank from the Imperial point of view. But this is not a drawback. Had Mr. Gupta tried to deal with these questions, he could have done so only at the inevitable cost of unduly abbreviating his treatment of his actual subject, and of dealing inadequately with the material which would have been thus introduced. As it is, we have a good straightforward account of the origins of the proposed Indian Central Bank, of its character, its constitution, the work which it is to do, and the conditions in which it will function. His book will be found to be of distinct benefit to students.

It was said at the beginning of this Foreword that this book comes at an appropriate moment. India is the third great country of the British Commonwealth to undertake the creation of a Central Bank within the last two or three years—Canada and New Zealand being the other two. Recent developments in national economic policies have shown us how vitally important is the financial factor in national commercial activities, and financial co-operation between the great self-governing countries of the

FOREWORD

vii

British Commonwealth is the pith and marrow of any concerted policy of Imperial economic development. The British Empire's monetary declaration, after the World Economic Conference of 1933, was a document with very far-reaching implications. The working out of the policy outlined therein will obviously call for increasingly close co-operation between the monetary authorities of the various British countries. We have seen that Mr. Gupta's book does not deal with this theme, but nevertheless it does tell us what sort of a Central financial institution is being set up in India and this will help us to estimate the part which it is likely to play in the British Imperial economy of the future.

The book, in short, merits commendation as a careful presentation of its subject, and as a contribution to a field of Indian economic study, which still provides ample scope for workers.

J. COATMAN.

LONDON,
9th November, 1934.

P R E F A C E

As once observed by Sir George Paish, the greatest progress in recent years has come from what is known as Central Banking, which has been adopted by one country after another, for the purpose of mobilising their cash reserves and rendering them more freely available for the expansion of banking credit as well as for meeting exceptional demands in times of emergency. The Central Banking system has assumed special importance during the years following the Great War and the advantages it offers have been so widely appreciated that the lack of a Central Bank is now exceptional in advanced countries.

The Reserve Bank of India Act, 1934, therefore, satisfies a long standing need of the country. This is the most important step that has been taken in the history of India towards the grant of financial autonomy to the country. The Reserve Bank of India is intended, as was once remarked by Sir Basil Blckett, to assist that gradual silent revolution in India's economic life which promises to bring higher opportunities of life and high standard of living to every one in the country. The Institution will, therefore, affect the life of 353 millions of people comprising one-fifth approximately of the whole human race. Besides, the Bank may form a link in the chain of the Banks of Issue in other parts of the world through the Bank of International

Settlement. Its importance, therefore, from international point of view also cannot be ignored.

In view of the considerations stated in the preceding paragraph, it is of vital importance that as wide a publicity as possible is given, both in India and abroad, of the full significance of this premier Banking Institution to make it successful and worthy of India's name. The aim of this book, therefore, is to present in concise, clear and scientific way the importance of the Reserve Bank of India to understand the full significance of which it is necessary to have an idea of its historical retrospect.

In this treatise, an attempt has accordingly been made to trace the history, covering over a period of more than a century and a half, of Central Banking in India since 1773 when the earliest Bank which performed some of the functions consistent with the modern theory of Central Banking was established in India. After reviewing the different schemes designed from 1773 to 1919 in connection with the establishment of a Central Banking Institution in India, the important part played by the Imperial Bank of India has been examined in its several aspects. The special features of the Hilton Young Commission, 1925, and its recommendations have then been discussed, followed by the detailed examination of the Currency legislation, 1927-31, and the Banking legislation, 1927-28; revival of the Reserve Bank question during 1929-33 and the Indian Reserve Bank legislation, 1933-34. In the last chapter the history, general principles and evolution of Central Banking system

have been examined, and the salient features of the Reserve Bank of India Act, 1934, explained at length in the light of the Laws, Charters, and Statutes regulating Banks of Issue in different parts of the world.

There is no dearth of literature on Central Banking in general but books on Indian Reserve Bank are few and, so far as I know, there does not exist any book which fully deals with the subject. My only justification for the presentation of this work is that it is the first attempt to survey the important question of Central Banking in India in its present phases and connecting them, by stages, with the past. If my writing supplies material for consideration and thought on this important question and thereby increases public interest in the Reserve Bank of India by the appreciation of its vital importance in the economic life of the country I shall consider my labour amply rewarded.

For the opportunities that I had for this research of the Central Banking question my special thanks are due to my employers, the Government of India in the Finance Department, for their kindly granting me long leave ex-India to enable me to go abroad. My thanks are also due to the High Commissioner for India who was good enough to make arrangements for my studies at the London School of Economics and Political Science (University of London) in subjects such as Finance, Exchange, Banking and Currency; and at the Midland Bank Limited where I had the opportunity of studying the typical English Banking Methods. These two

Institutions are entitled to my grateful thanks for their unfailing courtesy and willingness with which they helped me in the pursuit of my studies which have been of great help in the presentation of this book.

I owe a heavy debt of obligation for his kind help and guidance to Sir Cecil Kisch, K.C.I.E., C.B., who very kindly examined the plan of the work and perused the manuscript, making helpful suggestions therein. I also acknowledge, with gratitude, the kind supervision and guidance I received from Mr. P. B. Whale, B.Sc., M.Com., Reader in Economics (with special reference to Banking and Currency) in the University of London, who very kindly read the manuscript. Professor J. Coatman, C.I.E., M.A., sometime Professor of Imperial Economic Relations in the University of London, has also placed me under a debt of gratitude for reading the manuscript and for allowing me to consult him from time to time on matters relating to Indian Finance. I am particularly grateful to him for his very kindly writing the Foreword.

My thanks are also due to the Librarians of the India Office, Office of the High Commissioner for India, British Museum, London School of Economics and Political Science, and the Institute of Bankers, London, for the readiness with which they met my demands involving sometimes tiresome work in providing me with old manuscript records of the eighteenth and nineteenth centuries.

O. P. GUPTA.

LONDON,
November, 1934.

CONTENTS

CHAPTER	PAGE	AGE
FOREWORD	v	
PREFACE	ix	
I. EARLY PROPOSALS FOR THE ESTABLISHMENT OF A CENTRAL BANK IN INDIA	1	
1. General Bank of 1773	2	
2. General Bank Scheme of 1808	6	
3. Project for a General Banking Establishment for British India in 1836	10	
4. Reference to Bank of India during 1859- 1862.	12	
5. Proposals to establish a Great Central Bank by the fusion of the three Presidency Banks during 1866-1867	16	
6. Mr. Ellis' suggestion of a State Bank, 1870-1871	19	
7. Netherlands Bank model proposed in 1884 ..	20	
8. Proposals emanating as a result of the Fowler Committee, 1899-1901.	20	
9. Agitation for a Central Bank and the appoint- ment of the Chamberlain Commission, 1913..	31	
10. Agitation for the establishment of a State Bank during 1919	42	
II. THE IMPERIAL BANK OF INDIA	44	
1. Creation	44	
2. Capital and Constitution	49	
3. Business	52	
4. Obligations and Privileges	58	
5. Achievements	61	
6. Constitutional position	71	
7. Recommendations of the Indian Central Bank- ing Enquiry Committee, 1931	76	
8. The Imperial Bank of India (Amendment) Act, 1934	77	
III. ROYAL COMMISSION ON INDIAN CURRENCY AND FINANCE, 1925	84	
1. Demand for enquiry in currency and ex- change problems	84	

CHAPTER	PAGE
III.— <i>Continued.</i>	
2. Appointment of the Commission	87
3. Importance of the Commission	88
4. Recommendations of the Commission	89
(A) The Indian Currency System reviewed since 1893	91
(B) Proposed Central Banking Organisation	102
Institution to be entrusted with Central Banking	105
Importance of a Central Bank	105
Salient features of the Reserve Bank Scheme: Name and Capital—Board and Management—Remittance opera- tions—Note issue and reserve require- ments—Relations of the Bank with the Government of India and the Secretary of State—Business which the Bank was to carry on and to transact —and not to transact	106
IV. CURRENCY AND BANKING LEGISLATION, 1927-28 ..	115
1. Currency Legislation, 1927-1931	115
The Currency Act, 1927	115
The Currency Controversy of 1926-31	118
Promulgation of Currency Ordinances, 1931	119
2. The Gold Standard and Reserve Bank of India Bills, 1927-28	122
(A) 1927 Bill	122
Points of difference between the Report of the Hilton Young Commission and the 1927 Bill	122
Expectations from the Reserve Bank contemplated in the Bill	124
Consideration of the Bill by the Joint Committee	126
Consideration of the Committee's amend- ments by the Assembly	133
(B) 1928 Bill	137
Main points of difference between the 1927 and 1928 Bills	137
Fate of the Bill	139

CHAPTER	PAGE
<i>IV.—Continued.</i>	
3. The Imperial Bank of India (Amendment) Bill, 1927	141
V. REVIVAL OF THE RESERVE BANK QUESTION DURING 1929-33	142
1. Government of India's despatch on proposals for Constitutional Reforms, dated the 20th, September, 1930	143
2. Banking Enquiry, 1929-31	147
Origin and Constitution of Enquiry Committees	147
Recommendations of the Indian Central Banking Enquiry Committee	149
3. Indian Round Table Conference	153
(A) First Session, 1930-31	153
Federal Structure sub-Committee	153
(B) Third Session, 1932	156
The Financial Safeguards Committee	156
Discussion on the report of the Financial Safeguards Committee	159
4. White Paper on the Indian Constitutional Reforms, 1933	159
5. Importance of the Reserve Bank in the Constitutional programme	160
VI. INDIAN RESERVE BANK LEGISLATION, 1933-34	163
1. London Committee on the Reserve Bank Legislation	163
Appointment and Constitution	163
Recommendations of the Committee	164
2. The Reserve Bank of India Bill, 1933	169
Consideration of the Bill by the Joint Committee of the Indian Legislature	169
Recommendations of the Committee	170
Consideration by the Legislative Assembly on the Bill as reported by the Joint Committee	179

CHAPTER	PAGE
VII. THE RESERVE BANK OF INDIA ACT, 1934 ..	185
1. Central Banking in general	185
2. Establishment of new Central Banks ..	188
3. Salient features of the Reserve Bank of India, Act, 1934	190
State Bank <i>versus</i> Shareholders' Bank ..	191
Reasons in support of a State Bank ..	192
Tendency before and after the War ..	195
Conception of a State Bank and the dangers of executive Governmental influence	196
Evolution from State Bank to Shareholders' Bank	198
Safeguards against Governmental influence ..	199
Some opinions on the general question ..	200
Inference	201
Capital	201
Composition of the Central Board ..	202
Disqualification of Directors and members of Local Boards	204
Business which the Bank may and may not transact	206
Transaction of Government business ..	207
The Issue of Notes	208
Reserves against Note Issue	210
Fixed Fiduciary system	210
Proportional Reserve system	211
Currency suitable for India	211
Bankers' Reserve Balances	213
Importance of the Central Bank to com- mercial banks	213
Support from Commercial Banks ..	213
Position regarding commercial banks' balances with Central Banks in other countries	214

CONTENTS

xvii

CHAPTER	PAGE
VII— <i>Continued.</i>	
Dividend payable to Shareholders ..	216
Agricultural Credit Department ..	219
Conclusion	220
APPENDIX I. The Reserve Bank of India Act, 1934, (II of 1934)	223
APPENDIX II. Statement containing information as re- gards Capital, Management and Nature of thirty four Banks of Issue in different parts of the World	270
BIBLIOGRAPHY	280
INDEX	284

APPENDIX I.
THE RESERVE BANK OF INDIA
ACT, 1934.

CONTENTS.

CHAPTER I.

PRELIMINARY

SECTIONS.

1. Short title, extent and commencement.
 2. Definitions.
-

CHAPTER II.

INCORPORATION, SHARE CAPITAL, MANAGEMENT AND BUSINESS.

3. Establishment and incorporation of Reserve Bank.
4. Share capital, share registers and shareholders.
5. Increase and reduction of share capital.
6. Offices, branches and agencies.
7. Management.
8. Composition of the Central Board, and term of office of Directors.
9. Local Boards, their constitution and functions.
10. Disqualifications of Directors and members of Local Boards.
11. Removal from and vacation of office.
12. Casual vacancies and absences.
13. Meetings of the Central Board.
14. General meetings.
15. First constitution of the Central Board.
16. First constitution of Local Boards.

SECTIONS.

17. Business which the Bank may transact.
18. Power of direct discount.
19. Business which the Bank may not transact.

CHAPTER III.

CENTRAL BANKING FUNCTIONS.

20. Obligation of the Bank to transact Government business.
21. Bank to have the right to transact Government business in India.
22. Right to issue bank notes.
23. Issue Department.
24. Denominations of notes.
25. Form of bank notes.
26. Legal tender character of notes.
27. Re-issue of notes.
28. Recovery of notes lost, stolen, mutilated or imperfect.
29. Bank exempt from stamp duty on bank notes.
30. Powers of Governor General in Council to supersede Central Board.
31. Issue of demand bills and notes.
32. Penalty.
33. Assets of the Issue Department.
34. Liabilities of the Issue Department.
35. Initial assets and liabilities.
36. Method of dealing with fluctuations in rupee coin assets.
37. Suspension of assets requirements.
38. Obligations of Government and the Bank in respect of rupee coin.
39. Obligation to supply different forms of currency.
40. Obligation to sell sterling.
41. Obligation to buy sterling.
42. Cash reserves of scheduled banks to be kept with the Bank.
43. Publication of consolidated statement by the Bank.
44. Power to require returns from co-operative banks.
45. Agreement with the Imperial Bank.

CHAPTER IV.

GENERAL PROVISIONS.

ACTIONS.

46. Contribution by Governor General in Council to the Reserve Fund.
47. Allocation of surplus.
48. Exemption of Bank from income-tax and super-tax and provision for deduction at source of income-tax on dividends. .
49. Publication of bank rate.
50. Auditors.
51. Appointment of special auditors by Government. .
52. Powers and duties of auditors.
53. Returns.
54. Agricultural Credit Department.
55. Reports by the Bank.
56. Power to require declaration as to ownership of registered shares.
57. Liquidation of the Bank.
58. Power of the Central Board to make regulations.
59. Amendment of Act III of 1906.
60. Repeals.
61. Amendment of section 11, Act VII of 1913.

THE SCHEDULES.

ACT No. II OF 1934.

[PASSED BY THE INDIAN LEGISLATURE.]

Received the assent of the Governor General on the 6th March, 1934.

An Act to constitute a Reserve Bank of India.

WHEREAS it is expedient to constitute a Reserve Bank for India to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in British India and generally to operate the currency and credit system of the country to its advantage;

And whereas in the present disorganisation of the monetary systems of the world it is not possible to determine what will be suitable as a permanent basis for the Indian monetary system;

But whereas it is expedient to make temporary provision on the basis of the existing monetary system, and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures;

It is hereby enacted as follows:—

CHAPTER I.

PRELIMINARY.

1. (1) This Act may be called the Reserve Bank of India Act, 1934.
Short title, extent and commencement.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) This section shall come into force at once, and the remaining provisions of this Act shall come into force on such date or dates as the Governor General in Council may, by notification in the Gazette of India, appoint.

2. In this Act, unless there is anything repugnant in the Definitions. subject or context,—

(a) “the Bank” means the Reserve Bank of India constituted by this Act;

(b) “the Central Board” means the Central Board of Directors of the Bank;

(c) “provincial co-operative bank” means the principal society in a province which is registered or deemed to be registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies and the primary object of which is the financing of the other societies in the province which are or are deemed to be so registered:

Provided that in addition to such principal society in a province or where there is no such principal society in a province the Local Government may declare any central co-operative society in that province to be a provincial co-operative bank within the meaning of this definition;

(d) “rupee coin” means silver rupees which are legal tender under the provisions of the Indian Coinage Act, 1906; and

(e) “scheduled bank” means a bank included in the Second Schedule.

CHAPTER II.

INCORPORATION, SHARE CAPITAL, MANAGEMENT AND BUSINESS.

3. (1) A Bank to be called the Reserve Bank of India shall be constituted for the purposes of taking over the management of the currency from the Governor General in Council and of carrying on the business of banking in accordance with the provisions of this Act.

(2) The Bank shall be a body corporate by the name of the Reserve Bank of India, having perpetual succession and a common seal, and shall by the said name sue and be sued.

4. (1) The original share capital of the Bank shall be five crores of rupees divided into shares of one hundred rupees each, which shall be fully paid up.

Share capital, share registers and share-holders.

(2) Separate registers of shareholders shall be maintained at Bombay, Calcutta, Delhi, Madras and Rangoon, and a separate issue of shares shall be made in each of the areas served by those registers, as defined in the First Schedule, and shares shall be transferable from one register to another.

(3) A shareholder shall be qualified to be registered as such in any area in which he is ordinarily resident or has his principal place of business in India, but no person shall be registered as a shareholder in more than one register; and no person who is not—

(a) domiciled in India and either an Indian subject of His Majesty or a subject of a State in India, or

(b) a British subject ordinarily resident in India and domiciled in the United Kingdom or in any part of His Majesty's Dominions the government of which does not discriminate in any way against Indian subjects of His Majesty, or

(c) a company registered under the Indian Companies Act, 1913, or a society registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies or a scheduled bank, or a corporation or company incorporated by or under an Act of Parliament or any law for the time being in force in any part of His Majesty's Dominions the government of which does not discriminate in any way against Indian subjects of His Majesty, and having a branch in British India,

shall be registered as a shareholder or be entitled to payment of any dividend on any share, and no person, who, having been duly registered as a shareholder, ceases to be qualified to be so registered, shall be able to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of his shares.

(4) The Governor General in Council shall, by notification

in the Gazette of India, specify the parts of His Majesty's Dominions which shall be deemed for the purposes of clauses (b) and (c) of sub-section (3) to be the parts of His Majesty's Dominions in which no discrimination against Indian subjects of His Majesty exists.

(5) The nominal value of the shares originally assigned to the various registers shall be as follows, namely:—

(a) to the Bombay register—one hundred and forty lakhs of rupees;

(b) to the Calcutta register—one hundred and forty-five lakhs of rupees;

(c) to the Delhi register—one hundred and fifteen lakhs of rupees;

(d) to the Madras register—seventy lakhs of rupees;

(e) to the Rangoon register—thirty lakhs of rupees;

Provided that if at the first allotment the total nominal value of the shares on the Delhi register for which applications are received is less than one hundred and fifteen lakhs of rupees, the Central Board shall, before proceeding to any allotment, transfer any shares not applied for up to a maximum nominal value of thirty five lakhs of rupees from that register in two equal portions to the Bombay and the Calcutta registers.

A Committee consisting of two elected members of the Assembly and one elected member of the Council of State to be elected by non-official members of the respective Houses shall be associated with the Central Board for the purpose of making public issue of shares and looking after the first allotment of shares.

(6) In allotting the shares assigned to a register, the Central Board shall, in the first instance, allot five shares to each qualified applicant who has applied for five or more shares; and, if the number of such applicants is greater than one-fifth of the total number of shares assigned to the register, shall determine by lot the applicants to whom the shares shall be allotted.

(7) If the number of such applicants is less than one-fifth of the number of shares assigned to the register, the Central

Board shall allot the remaining shares firstly, up to the limit of one-half of such remaining shares, to those applicants who have applied for less than five shares, and thereafter as to the balance to the various applicants in such manner as it may deem fair and equitable, having regard to the desirability of distributing the shares and the voting rights attached to them as widely as possible.

(8) Notwithstanding anything contained in sub-sections (6) and (7), the Central Board shall reserve for and allot to Government shares of the nominal value of two lakhs and twenty thousand rupees to be held by Government for disposal at par to Directors seeking to obtain the minimum share qualification required under sub-section (2) of section 11.

(9) If, after all applications have been met in accordance with the provisions of sub-sections (6), (7) and (8), any shares remain unallotted, they shall, notwithstanding anything contained in this section, be allotted to and taken up by Government, and shall be sold by the Governor General in Council as soon as may be, at not less than par, to residents of the areas served by the register concerned.

(10) The Governor General in Council shall have no right to exercise any vote under this Act by reason of any shares allotted to him under sub-section (8) or under sub-section (9).

(11) A Director shall not dispose of any shares obtained from Government under the provisions of sub-section (8) otherwise than by re-sale to Government at par, and Government shall be entitled to re-purchase at par all such shares held by any Director on his ceasing from any cause to hold office as Director.

5. (1) The share capital of the Bank may be increased or reduced on the recommendation of the Central Board, with the previous sanction of the Governor General in Council and with the approval of the Central Legislature, to such extent and in such manner as may be determined by the Bank in general meeting.

(2) The additional shares so created shall be of the nominal value of one hundred rupees each and shall be assigned to

the various registers in the same proportions as the shares constituting the original share capital.

(3) Such additional shares shall be fully paid up, and the price at which they may be issued shall be fixed by the Central Board with the previous sanction of the Governor General in Council.

(4) The provisions of section 4 relating to the manner of allotment of the shares constituting the original share capital shall apply to the allotment of such additional shares, and existing shareholders shall not enjoy any preferential right to the allotment of such additional shares.

6. The Bank shall, as soon as may be, establish offices in Bombay, Calcutta, Delhi, Madras and Rangoon and a branch in London, and may establish branches or agencies in any other place in India or, with the previous sanction of the Governor General in Council, elsewhere.

7. The general superintendence and direction of the Management. affairs and business of the Bank shall be entrusted to a Central Board of Directors which may exercise all powers and do all acts and things which may be exercised or done by the Bank and are not by this Act expressly directed or required to be done by the Bank in general meeting.

8. (1) The Central Board shall consist of the following
Composition of Directors, namely:—
the Central Board, and
term of office
of Directors.

(a) a Governor and two Deputy Governors, to be appointed by the Governor General in Council after consideration of the recommendations made by the Board in that behalf;

(b) four Directors to be nominated by the Governor General in Council;

(c) eight Directors to be elected on behalf of the shareholders on the various registers, in the manner provided in section 9 and in the following numbers, namely:—

(i) for the Bombay register—two Directors;

- (ii) for the Calcutta register—two Directors;
- (iii) for the Delhi register—two Directors;
- (iv) for the Madras register—one Director;
- (v) for the Rangoon register—one Director; and

(d) one government official to be nominated by the Governor General in Council.

(2) The Governor and Deputy Governors shall devote their whole time to the affairs of the Bank, and shall receive such salaries and allowances as may be determined by the Central Board, with the approval of the Governor General in Council.

(3) A Deputy Governor and the Director nominated under clause (d) of sub-section (1) may attend any meeting of the Central Board and take part in its deliberations but shall not be entitled to vote:

Provided that when the Governor is absent a Deputy Governor authorized by him in this behalf in writing may vote for him.

(4) The Governor and a Deputy Governor shall hold office for such term not exceeding five years as the Governor General in Council may fix when appointing them, and shall be eligible for re-appointment.

A Director nominated under clause (b) or elected under clause (c) of sub-section (1) shall hold office for five years, or thereafter until his successor shall have been duly nominated or elected, and, subject to the provisions of section 10, shall be eligible for re-nomination or re-election.

A Director nominated under clause (d) of sub-section (1) shall hold office during the pleasure of the Governor General in Council.

(5) No act or proceeding of the Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Board.

9. (1) A Local Board shall be constituted for each of the five areas specified in the First Schedule, and shall consist of—

Local Boards, their constitution and functions.

(a) five members elected from amongst themselves by the shareholders who are registered on the register for that area and are qualified to vote, and

(b) not more than three members nominated by the Central Board from amongst the shareholders registered on the register for that area, who may be nominated at any time:

Provided that the Central Board shall in exercising this power of nomination aim at securing the representation of territorial or economic interests not already represented, and in particular the representation of agricultural interests and the interests of co-operative banks.

(2) At an election of members of a Local Board for any area, any shareholder who has been registered on the register for that area, for a period of not less than six months ending with the date of the election, as holding five shares shall have one vote, and each shareholder so registered as having more than five shares shall have one vote for each five shares, but subject to a maximum of ten votes, and such votes may be exercised by proxy appointed on each occasion for that purpose, such proxy being himself a shareholder entitled to vote at the election and not being an employee of the Bank.

(3) The members of a Local Board shall hold office until they vacate it under sub-section (6) and, subject to the provisions of section 10, shall be eligible for re-election or re-nomination, as the case may be.

(4) At any time within three months of the day on which the Directors representing the shareholders on any register are due to retire under the provisions of this Act, the Central Board shall direct an election to be held of members of the Local Board concerned, and shall specify a date from which the registration of transfers from and to the register shall be suspended until the election has taken place.

(5) On the issue of such direction the Local Board shall give notice of the date of the election and shall publish a list of shareholders holding five or more shares, with the dates on which their shares were registered, and with their

registered addresses, and such list shall be available for purchase not less than three weeks before the date fixed for the election.

(6) The names of the persons elected shall be notified to the Central Board which shall thereupon proceed to make any nominations permitted by clause (b) of sub-section (1) it may then decide to make, and shall fix the date on which the outgoing members of the Local Board shall vacate office, and the incoming members shall be deemed to have assumed office on that date.

(7) The elected members of a Local Board shall, as soon as may be after they have been elected, elect from amongst themselves one or two persons, as the case may be, to be Directors representing the shareholders on the register for the area for which the Board is constituted.

(8) A Local Board shall advise the Central Board on such matters as may be generally or specifically referred to it and shall perform such duties as the Board may, by regulations, delegate to it.

10. (1) No person may be a Director or a member of a Local Board who—
Disqualifications of Directors and members of Local Boards.

(a) is a salaried government official or a salaried official of a State in India, or

(b) is, or at any time has been, adjudicated an insolvent, or has suspended payment or has compounded with his creditors, or

(c) is found lunatic or becomes of unsound mind, or

(d) is an officer or employee of any bank, or

(e) is a director of any bank, other than a bank which is a society registered or deemed to be registered under the Co-operative Societies Act, 1912, or any other law for the time being in force in British India relating to co-operative societies.

(2) No two persons who are partners of the same mercantile firm, or are directors of the same private company,

or one of whom is the general agent of or holds a power of procuration from the other, or from a mercantile firm of which the other is a partner, may be Directors or members of the same Local Board at the same time.

(3) Nothing in clause (a), clause (d) or clause (e) of sub-section (1) shall apply to the Governor, or to a Deputy Governor or to the Director nominated under clause (d) of sub-section (1) of section 8.

11. (1) The Governor General in Council may remove from office the Governor, or a Deputy Governor or any nominated or elected Director:

Removal from office and vacation of office.

Provided that in the case of a Director nominated or elected under clause (b) or clause (c) of sub-section (1) of section 8 this power shall be exercised only on a resolution passed by the Central Board in that behalf by a majority consisting of not less than nine Directors.

(2) A Director nominated or elected under clause (b) or clause (c) of sub-section (1) of section 8, and any member of a Local Board shall cease to hold office if, at any time after six months from the date of his nomination or election, he is not registered as a holder of unencumbered shares of the Bank of a nominal value of not less than five thousand rupees, or if he ceases to hold unencumbered shares of that value, and any such Director shall cease to hold office if without leave from the Governor General in Council he absents himself from three consecutive meetings of the Central Board convened under sub-section (1) of section 13.

(3) The Governor General in Council shall remove from office any Director, and the Central Board shall remove from office any member of a Local Board, if such Director or member becomes subject to any of the disqualifications specified in sub-section (1) or sub-section (2) of section 10.

(4) A Director or member of a Local Board removed or ceasing to hold office under the foregoing sub-sections shall not be eligible for re-appointment either as Director or as member of a Local Board until the expiry of the term for which his appointment was made.

(5) The appointment, nomination or election as Director or member of a Local Board of any person who is a member of the Indian Legislature or of a local Legislature shall be void, unless, within two months of the date of his appointment, nomination or election, he ceases to be such member, and, if any Director or member of a Local Board is elected or nominated as a member of any such Legislature, he shall cease to be a Director or member of the Local Board as from the date of such election or nomination, as the case may be.

(6) A Director may resign his office to the Governor General in Council, and a member of a Local Board may resign his office to the Central Board, and on the acceptance of the resignation the office shall become vacant.

12. (1) If the Governor or a Deputy Governor by infirmity or otherwise is rendered incapable of executing his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Governor General in Council may, after consideration of the recommendations made by the Central Board in this behalf, appoint another person to officiate for him, and such person may, notwithstanding anything contained in clause (d) of sub-section (1) of section 10, be an officer of the Bank.

(2) If an elected Director is for any reason unable to attend a particular meeting of the Central Board, the elected members of the Local Board of the area which he represents may elect one of their number to take his place, and for the purposes of that meeting the substitute so elected shall have all the powers of the absent Director.

(3) Where any casual vacancy in the office of any member of a Local Board occurs otherwise than by the occurrence of a vacancy in the office of a Director elected by the Local Board, the Central Board may nominate thereto any qualified person recommended by the elected members of the Local Board.

(4) Where any casual vacancy occurs in the office of a Director other than the vacancies provided for in sub-section (1), the vacancy shall be filled, in the case of a nominated

Director by nomination, and in the case of an elected Director by election held in the manner provided in section 9 for the election of Directors:

Provided that before such election is made the resulting vacancy, if any, in the Local Board and any vacancy in the office of an elected member of such Board which may have been filled by a member nominated under sub-section (3) shall be filled by election held as nearly as may be in the manner provided in section 9 for the election of members of a Local Board.

(5) A person nominated or elected under this section to fill a casual vacancy shall, subject to the proviso contained in sub-section (4), hold office for the unexpired portion of the term of his predecessor.

13. (1) Meetings of the Central Board shall be convened by the Governor at least six times in each year and at least once in each quarter.

(2) Any three Directors may require the Governor to convene a meeting of the Central Board at any time and the Governor shall forthwith convene a meeting accordingly.

(3) The Governor, or in his absence the Deputy Governor authorized by the Governor under the proviso to sub-section (3) of section 8 to vote for him, shall preside at meetings of the Central Board, and, in the event of an equality of votes, shall have a second or casting vote.

14. (1) A general meeting (hereinafter in this Act referred to as the annual general meeting) shall be held annually at a place where there is an office of the Bank within six weeks from the date on which the annual accounts of the Bank are closed, and a general meeting may be convened by the Central Board at any other time.

Provided that the annual general meeting shall not be held on two consecutive occasions at any one place.

(2) The shareholders present at a general meeting shall be entitled to discuss the annual accounts, the report of the Central Board on the working of the Bank throughout

the year and the auditors' report on the annual balance-sheet and accounts.

(3) Every shareholder shall be entitled to attend at any general meeting and each shareholder who has been registered on any register, for a period of not less than six months ending with the date of the meeting, as holding five or more shares shall have one vote and on a poll being demanded each shareholder so registered shall have one vote for each five shares, but subject to a maximum of ten votes, and such votes may be exercised by proxy appointed on each occasion for that purpose, such proxy being himself a shareholder entitled to vote at the election and not being an officer or employee of the Bank.

15. (1) The following provisions shall apply to the first constitution of the Central Board, and, notwithstanding anything contained in section 8, the Central Board as constituted in accordance therewith shall be deemed to be duly constituted in accordance with this Act.

(2) The first Governor and the first Deputy Governor or Deputy Governors shall be appointed by the Governor General in Council on his own initiative, and shall receive such salaries and allowances as he may determine.

(3) The first eight Directors representing the shareholders on the various registers shall be nominated by the Governor General in Council from the areas served respectively by those registers, and the Directors so nominated shall hold office until their successors shall have been duly elected as provided in sub-section (4).

(4) On the expiry of each successive period of twelve months after the nomination of Directors under sub-section (3) two Directors shall be elected in the manner provided in section 9 until all the Directors so nominated have been replaced by elected Directors holding office in accordance with section 8. The register in respect of which the election is to be held shall be selected by lot from among the registers still represented by nominated Directors, and for the purposes of such lot the Madras and Rangoon registers shall be treated as if they comprised one register only.

16. As soon as may be after the commencement of this Act, the Central Board shall direct elections to be held and may make nominations, in order to constitute Local Boards in accordance with the provisions of section 9, and the members of such Local Boards shall hold office up to the date fixed under sub-section (6) of section 9, but shall not exercise any right under sub-section (7) of that section.

17. The Bank shall be authorized to carry on and transact the several kinds of business herein-
 Business which the Bank may transact. after specified, namely:—

(1) the accepting of money on deposit without interest from, and the collection of money for, the Secretary of State in Council, the Governor General in Council, Local Governments, States in India, local authorities, banks and any other persons;

(2) (a) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn on and payable in India and arising out of *bona fide* commercial or trade transactions bearing two or more good signatures, one of which shall be that of a scheduled bank, and maturing within ninety days from the date of such purchase or rediscount, exclusive of days of grace;

(b) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank, or a provincial co-operative bank, and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within nine months from the date of such purchase or rediscount, exclusive of days of grace;

(c) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing the signature of a scheduled bank, and issued or drawn for the purpose of holding or trading in securities of the Government of India or a Local Government, or such securities of States in India as may be specified in this behalf by the Governor General in Council on the recommendation of the Central Board, and maturing within

ninety days from the date of such purchase or rediscount exclusive of days of grace;

(3) (a) the purchase from and sale to scheduled banks of sterling in amounts of not less than the equivalent of one lakh of rupees;

(b) the purchase, sale and rediscount of bills of exchange (including treasury bills) drawn in or on any place in the United Kingdom and maturing within ninety days from the date of purchase, provided that no such purchase, sale or rediscount shall be made in India except with a scheduled bank; and

(c) the keeping of balances with banks in the United Kingdom;

(4) the making to States in India, local authorities, scheduled banks and provincial co-operative banks of loans and advances, repayable on demand or on the expiry of fixed periods not exceeding ninety days, against the security of—

(a) stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money by any Act of Parliament or by any law for the time being in force in British India;

(b) gold or silver or documents of title to the same;

(c) such bills of exchange and promissory notes as are eligible for purchase or rediscount by the Bank;

(d) promissory notes of any scheduled bank or a provincial co-operative bank, supported by documents of title to goods which have been transferred, assigned, or pledged to any such bank as security for a cash credit or overdraft granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops;

(5) the making to the Governor General in Council and to such Local Governments as may have the custody and management of their own provincial revenues of advances repayable in each case not later than three months from the date of the making of the advance;

(6) the issue of demand drafts made payable at its own offices or agencies and the making, issue and circulation of bank post bills;

(7) the purchase and sale of Government securities of the United Kingdom maturing within ten years from the date of such purchase;

(8) the purchase and sale of securities of the Government of India or of a Local Government of any maturity or of such securities of a local authority in British India or of such States in India as may be specified in this behalf by the Governor General in Council on the recommendation of the Central Board;

Provided that securities fully guaranteed as to principal and interest by the Government of India, a Local Government, a local authority or a State in India shall be deemed for the purposes of this clause to be securities of such Government, authority or State:

Provided further that the amount of such securities held at any time in the Banking Department shall be so regulated that—

(a) the total value of such securities shall not exceed the aggregate amount of the share capital of the Bank, the Reserve Fund and three-fifths of the liabilities of the Banking Department in respect of deposits;

(b) the value of such securities maturing after one year shall not exceed the aggregate amount of the share capital of the Bank, the Reserve Fund and two-fifths of the liabilities of the Banking Department in respect of deposits; and

(c) the value of such securities maturing after ten years shall not exceed the aggregate amount of the share capital of the Bank and the Reserve Fund and one-fifth of the liabilities of the Banking Department in respect of deposits;

(9) the custody of monies, securities and other articles of value, and the collection of the proceeds, whether principal, interest or dividends, of any such securities;

(10) the sale and realisation of all property, whether

movable or immovable, which may in any way come into the possession of the Bank in satisfaction, or part satisfaction, of any of its claims;

(11) the acting as agent for the Secretary of State in Council, the Governor General in Council or any Local Government or local authority or State in India in the transaction of any of the following kinds of business, namely:—

(a) the purchase and sale of gold or silver;

(b) the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company;

(c) the collection of the proceeds, whether principal, interest or dividends, of any securities or shares;

(d) the remittance of such proceeds, at the risk of the principal, by bills of exchange payable either in India or elsewhere;

(e) the management of public debt;

(12) the purchase and sale of gold coin and bullion;

(13) the opening of an account with or the making of an agency agreement with, and the acting as agent or correspondent of, a bank which is the principal currency authority of any country under the law for the time being in force in that country or any international bank formed by such banks, and the investing of the funds of the Bank in the shares of any such international bank;

(14) the borrowing of money for a period not exceeding one month for the purposes of the business of the bank, and the giving of security for money so borrowed;

Provided that no money shall be borrowed under this clause from any person in India other than a scheduled bank, or from any person outside India other than a bank which is the principal currency authority of any country under the law for the time being in force in that country:

Provided further that the total amount of such borrowings from persons in India shall not at any time exceed the amount of share capital of the Bank;

(15) the making and issue of bank notes subject to the provisions of this Act; and

(16) generally, the doing of all such matters and things as may be incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act.

18. When, in the opinion of the Central Board or, where the powers and functions of the Central Board under this section have been delegated to a committee of the Central Board or to the Governor, in the opinion of such committee or of the Governor as the case may be, a special occasion has arisen making it necessary or expedient that action should be taken under this section for the purpose of regulating credit in the interests of Indian trade, commerce, industry and agriculture, the Bank may, notwithstanding any limitation contained in sub-clauses (a) and (b) of clause (2) or sub-clause (a) or (b) of clause (3) or clause (4) of section 17,—

(1) purchase, sell or discount any of the bills of exchange or promissory notes specified in sub-clause (a) or (b) of clause (2) or sub-clause (b) of clause (3) of that section though such bill or promissory note does not bear the signature of a scheduled bank or a provincial co-operative bank; or

(2) purchase or sell sterling in amounts of not less than the equivalent of one lakh of rupees; or

(3) make loans or advances repayable on demand or on the expiry of fixed periods not exceeding ninety days against the various forms of security specified in clause (4) of that section:

Provided that a committee of the Board or the Governor shall not, save in cases of special urgency, authorize action under this section without prior consultation with the Central Board and that in all cases action so authorized shall be reported to the members of the Central Board forthwith.

19. Save as otherwise provided in sections 17, 18 and 45, the Bank may not—
Business which the Bank may not transact.

(1) engage in trade or otherwise have a direct interest

in any commercial, industrial, or other undertaking except such interest as it may in any way acquire in the course of the satisfaction of any of its claims: provided that all such interests shall be disposed of at the earliest possible moment;

(2) purchase its own shares or the shares of any other bank or of any company, or grant loans upon the security of any such shares;

(3) advance money on mortgage of, or otherwise on the security of, immovable property or documents of title relating thereto, or become the owner of immovable property except so far as is necessary for its own business, premises and residences for its officers and servants;

(4) make loans or advances;

(5) draw or accept bills payable otherwise than on demand;

(6) allow interest on deposits or current accounts.

CHAPTER III.

CENTRAL BANKING FUNCTIONS.

20. The Bank shall undertake to accept monies for account of the Secretary of State in Council and the Governor General in Council and such Local Governments as may have the custody and management of their own provincial revenues and such States in India as may be approved of and notified by the Governor General in Council in the Gazette of India, and to make payments up to the amount standing to the credit of their accounts respectively, and to carry out their exchange, remittance and other banking operations, including the management of the public debt.

21. (1) The Governor General in Council and such Local Governments as may have the custody and management of their own provincial revenues shall entrust the Bank, on such conditions as may be agreed upon, with all their money, remittance, exchange and banking transactions in India, and, in particular, shall deposit free of interest

Obligation of the Bank to transact Government business.

Bank to have the right to transact Government business in India.

all their cash balances with the Bank:

Provided that nothing in this sub-section shall prevent the Governor General in Council or any Local Government from carrying on money transactions at places where the Bank has no branches or agencies, and the Governor General in Council and Local Governments may hold at such places such balances as they may require.

(2) The Governor General in Council and each Local Government shall entrust the Bank, on such conditions as may be agreed upon, with the management of the public debt and with the issue of any new loans.

(3) In the event of any failure to reach agreement on the conditions referred to in this section the Governor General in Council shall decide what the conditions shall be.

(4) Any agreement made under this section to which the Governor General in Council or any Local Government is a party shall be laid, as soon as may be after it is made, before the Central Legislature and in the case of a Local Government before its local Legislature also.

22. (1) The Bank shall have the sole right to issue bank notes in British India, and may, for a period which shall be fixed by the Governor General in Council on the recommendation of the Central Board, issue currency notes of the Government of India supplied to it by the Governor General in Council, and the provisions of this Act applicable to bank notes shall, unless a contrary intention appears, apply to all currency notes of the Government of India issued either by the Governor General in Council or by the Bank in like manner as if such currency notes were bank notes, and references in this Act to bank notes shall be construed accordingly.

(2) On and from the date on which this Chapter comes into force the Governor General in Council shall not issue any currency notes.

23. (1) the issue of bank notes shall be conducted by the Bank in an Issue Department which shall be separated and kept wholly distinct from the Issue Department.

the Banking Department, and the assets of the Issue Department shall not be subject to any liability other than the liabilities of the Issue Department as hereinafter defined in section 34.

(2) The Issue Department shall not issue bank notes to the Banking Department or to any other person except in exchange for other bank notes or for such coin, bullion or securities as are permitted by this Act to form part of the Reserve.

24. Bank notes shall be of the denominational values of five rupees, ten rupees, fifty rupees, one hundred rupees, five hundred rupees, one thousand rupees and ten thousand rupees, unless otherwise directed by the Governor General in Council on the recommendation of the Central Board.

25. The design, form and material of bank notes shall be such as may be approved by the Governor General in Council after consideration of the recommendations made by the Central Board.

26. (1) Subject to the provisions of sub-section (2), every bank note shall be legal tender at any place in British India in payment or on account for the amount expressed therein, and shall be guaranteed by the Governor General in Council.

(2) On recommendation of the Central Board the Governor General in Council may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender save at an office or agency of the Bank.

27. The Bank shall not re-issue bank notes which are torn, defaced or excessively soiled.

28. Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall of right be entitled to recover from the Governor General in Council or the Bank, the value of any lost, stolen, mutilated or imperfect currency note of the Govern-

ment of India or bank note:

Provided that the Bank may, with the previous sanction of the Governor General in Council, prescribe the circumstances in and the conditions and limitations subject to which the value of such currency notes or bank notes may be refunded as of grace and the rules made under this proviso shall be laid on the table of both Houses of the Central Legislature.

29. The Bank shall not be liable to the payment of any stamp duty under the Indian Stamp Act, II of 1899, in respect of bank notes issued by it.

Bank exempt from stamp duty on Bank notes.

30. (1) If in the opinion of the Governor General in Council the Bank fails to carry out any of the obligations imposed on it by or under this Act, he may, by notification in the Gazette of India, declare the Central Board to be superseded, and thereafter the general superintendence and direction of the affairs of the Bank shall be entrusted to such agency as the Governor General in Council may determine, and such agency may exercise the powers and do all acts and things which may be exercised or done by the Central Board under this Act.

Powers of Governor General in Council to supersede Central Board.

(2) When action is taken under this section the Governor General in Council shall cause a full report of the circumstances leading to such action and of the action taken to be laid before the Central Legislature at the earliest possible opportunity and in any case within three months from the issue of the notification superseding the Board.

31. No person in British India other than the Bank or, as expressly authorized by this Act, the Governor General in Council shall draw, accept, make or issue any bill of exchange, *hundi*, promissory note or engagement for the payment of money payable to bearer on demand, or borrow, owe or take up any sum or sums of money on the bills, *hundis* or notes payable to bearer on demand of any such person:

Issue of demand bills and notes.

Provided that cheques or drafts, including *hundis*, payable to bearer on demand or otherwise may be drawn on a person's account with a banker, *shroff* or agent.

32. (1) Any person contravening the provisions of section 31 shall be punishable with fine which
 Penalty. may extend to the amount of the bill, *hundi*, note or engagement in respect whereof the offence is committed.

(2) No prosecution under this section shall be instituted except on complaint made by the Bank.

33. (1) The assets of the Issue Department shall consist of gold coin, gold bullion, sterling securities, rupee coin and rupee securities to such
 Assets of the Issue Department. aggregate amount as is not less than the total of the liabilities of the Issue Department as hereinafter defined.

(2) Of the total amount of the assets, not less than two-fifths shall consist of gold coin, gold bullion or sterling securities:

Provided that the amount of gold coin and gold bullion shall not at any time be less than forty crores of rupees in value.

(3) The remainder of the assets shall be held in rupee coin, Government of India rupee securities of any maturity and such bills of exchange and promissory notes payable in British India as are eligible for purchase by the Bank under sub-clause (a) or sub-clause (b) of clause (2) of section 17 or under clause (1) of section 18:

Provided that the amount held in Government of India rupee securities shall not at any time exceed one-fourth of the total amount of the assets or fifty crores of rupees, whichever amount is greater, or, with the previous sanction of the Governor General in Council, such amount plus a sum of ten crores of rupees.

(4) For the purposes of this section, gold coin and gold bullion shall be valued at 8.47512 grains of fine gold per rupee. rupee coin shall be valued at its face value, and

securities shall be valued at the market rate for the time being obtaining.

(5) Of the gold coin and gold bullion held as assets, not less than seventeen-twentieths shall be held in British India, and all gold coin and gold bullion held as assets shall be held in the custody of the Bank or its agencies:

Provided that gold belonging to the Bank which is in any other bank or in any mint or treasury or in transit may be reckoned as part of the assets.

(6) For the purposes of this section, the sterling securities which may be held as part of the assets shall be securities of any of the following kinds payable in the currency of the United Kingdom, namely:—

(a) balances at the credit of the Issue Department with the Bank of England;

(b) bills of exchange bearing two or more good signatures and drawn on and payable at any place in the United Kingdom and having a maturity not exceeding ninety days;

(c) Government securities of the United Kingdom maturing within five years:

Provided that, for a period of two years from the date on which this Chapter comes into force, any of such last mentioned securities may be securities maturing after five years, and the Bank may, at any time before the expiry of that period, dispose of such securities notwithstanding anything contained in section 17.

34. (1) The liabilities of the Issue Department shall be an amount equal to the total of the amount of the currency notes of the Government of India and bank notes for the time being in circulation.

(2) For the purposes of this section, any currency note of the Government of India or bank note which has not been presented for payment within forty years from the 1st day of April following the date of its issue shall be deemed not to be in circulation, and the value thereof

shall, notwithstanding anything contained in sub-section (2) of section 23, be paid by the Issue Department to the Governor General in Council or the Banking Department, as the case may be; but any such note, if subsequently presented for payment, shall be paid by the Banking Department, and any such payment in the case of a currency note of the Government of India shall be debited to the Governor General in Council.

35. On the date on which this Chapter comes into force the Issue Department shall take over from the Governor General in Council the liability for all the currency notes of the Government of India for the time being in circulation and the Governor General in Council shall transfer to the Issue Department gold coin, gold bullion, sterling securities, rupee coin and rupee securities to such aggregate amount as is equal to the total of the amount of the liability so transferred. The coin, bullion and securities shall be transferred in such proportion as to comply with the requirements of section 33:

Provided that the total amount of the gold coin, gold bullion and sterling securities so transferred shall not be less than one-half of the whole amount transferred, and that the amount of rupee coin so transferred shall not exceed fifty crores of rupees:

Provided further that the whole of the gold coin and gold bullion held by the Governor General in Council in the gold standard reserve and the paper currency reserve at the time of transfer shall be so transferred.

36. (1) After the close of any financial year in which the minimum amount of rupee coin held in the assets, as shown in any of the weekly accounts of the Issue Department for that year prescribed under sub-section (1) of section 53 is greater than fifty crores of rupees or one-sixth of the total amount of the assets as shown in that account, whichever may be the greater, the Bank may deliver to the Governor General in Council rupee coin up to the amount of such excess but not without his consent exceeding five crores of rupees, against payment of

Method of dealing with fluctuations in rupee coin assets.

legal tender value in the form of bank notes, gold or securities:

Provided that if the Bank so desires and if the amount of gold coin, gold bullion and sterling securities in the assets does not at that time exceed one-half of the total assets, a proportion not exceeding two-fifths of such payment shall be in gold coin, gold bullion or such sterling securities as may be held as part of the assets under sub-section (6) of section 33.

(2) After the close of any financial year in which the maximum amount of rupee coin held in the assets, as so shown, is less than fifty crores of rupees or one-sixth of the total amount of the assets, as so shown, whichever may be the greater, the Governor General in Council shall deliver to the Bank rupee coin up to the amount of such deficiency, but not without its consent exceeding five crores of rupees, against payment of legal tender value.

37. (1) Notwithstanding anything contained in the foregoing provisions, the Bank may, with the previous sanction of the Governor General in Council, for periods not exceeding thirty days in the first instance, which may, with the like sanction, be extended from time to time by periods not exceeding fifteen days, hold as assets gold coin, gold bullion or sterling securities of less aggregate amount than that required by sub-section (2) of section 33 and, whilst the holding is so reduced, the proviso to that sub-section shall cease to be operative:

Provided that the gold coin and gold bullion held as such assets shall not be reduced below the amount specified in the proviso to sub-section (2) of section 33 so long as any sterling securities remain held as such assets.

(2) In respect of any period during which the holding of gold coin, gold bullion and sterling securities is reduced under sub-section (1), the Bank shall pay to the Governor General in Council a tax upon the amount by which such holding is reduced below the minimum prescribed by sub-section (2) of section 33; and such tax shall be payable

at the bank rate for the time being in force, with an addition of one *per cent. per annum* when such holding exceeds thirty two and a half *per cent.* of the total amount of the assets and of a further one and a half *per cent. per annum* in respect of every further decrease of two and a half *per cent.* or part of such decrease:

Provided that the tax shall not in any event be payable at a rate less than six *per cent. per annum.*

38. The Governor General in Council shall undertake not to re-issue any rupee coin delivered under section 36 nor to put into circulation any rupees, except through the Bank and as provided in that section; and the Bank shall undertake not to dispose of rupee coin otherwise than for the purposes of circulation or by delivery to the Governor General in Council under that section.

Obligations of Government and the Bank in respect of rupee coin.

39. (1) The Bank shall issue rupee coin on demand in exchange for bank notes and currency notes of the Government of India, and shall issue currency notes or bank notes on demand in exchange for coin which is legal tender under the Indian Coinage Act, III of 1906.

Obligation to supply different forms of currency.

(2) The Bank shall, in exchange for currency notes or bank notes of five rupees or upwards, supply currency notes or bank notes of lower value or other coins which are legal tenders under the Indian Coinage Act, 1906, in such quantities as may, in the opinion of the Bank, be required for circulation; and the Governor General in Council shall supply such coins to the Bank on demand. If the Governor General in Council at any time fails to supply such coins, the Bank shall be released from its obligations to supply them to the public.

III of 1906.

40. The Bank shall sell, to any person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi, Madras or Rangoon and pays the purchase price in legal tender currency, sterling for immediate delivery in London, at a rate not below one

Obligation to sell sterling.

shilling and five pence and fortynine sixty-fourths of a penny for a rupee:

Provided that no person shall be entitled to demand to buy an amount of sterling less than ten thousand pounds.

41. The Bank shall buy, from any person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi, Madras or Rangoon, sterling for immediate delivery in London, at a rate not higher than one shilling and six pence and three-sixteenths of a penny for a rupee:

Provided that no person shall be entitled to demand to sell an amount of sterling less than ten thousand pounds:

Provided further that no person shall be entitled to receive payment unless the Bank is satisfied that payment of the sterling in London has been made.

42. (1) Every bank included in the Second Schedule shall maintain with the Bank a balance the amount of which shall not at the close of business on any day be less than five *per cent.* of the demand liabilities and two *per cent.* of the time liabilities of such bank in India as shown in the return referred to in sub-section (2).

Cash reserves of scheduled banks to be kept with the Bank.

Explanation.—For the purposes of this section liabilities shall not include the paid-up capital or the reserves, or any credit balance in the profit and loss account of the bank or the amount of any loan taken from the Reserve Bank.

(2) Every scheduled bank shall send to the Governor General in Council and to the Bank a return signed by two responsible officers of such bank showing—

(a) the amounts of its demand and time liabilities, respectively, in India,

(b) the total amount held in India in currency notes of the Government of India and bank notes,

(c) the amounts held in India in rupee coin and subsidiary coin, respectively,

(d) the amounts of advances made and of bills discounted in India, respectively, and

(e) the balance held at the Bank, at the close of business on each Friday, or if Friday is a public holiday under the Negotiable Instruments XXVI of 1881. Act, 1881, at the close of business on the preceding working day; and such return shall be sent not later than two working days after the date to which it relates:

Provided that where the Bank is satisfied that the furnishing of a weekly return under this sub-section is impracticable in the case of any scheduled bank by reason of the geographical position of the bank and its branches, the Bank may require such bank to furnish in lieu of a weekly return a monthly return to be dispatched not later than fourteen days after the end of the month to which it relates giving the details specified in this sub-section in respect of such bank at the close of business for the month.

(3) If at the close of business on any day before the day fixed for the next return, the balance held at the Bank by any scheduled bank is below the minimum prescribed in sub-section (1), such scheduled bank shall be liable to pay to the Bank in respect of each such day penal interest at a rate three *per cent.* above the bank rate on the amount by which the balance with the Bank falls short of the prescribed minimum, and if on the day fixed for the next return such balance is still below the prescribed minimum as disclosed by this return, the rates of penal interest shall be increased to a rate five *per cent.* above the bank rate in respect of that day and each subsequent day on which the balance held at the Bank at the close of business on that day is below the prescribed minimum.

(4) Any scheduled bank failing to comply with the provisions of sub-section (2) shall be liable to pay to the Governor General in Council or to the Bank, as the case may be, or to each, a penalty of one hundred rupees for each day during which the failure continues.

(5) The penalties imposed by sub-sections (3) and (4) shall be payable on demand made by the Bank, and, in the event of a refusal by the defaulting bank to pay on such demand, may be levied by a direction of the principal Civil Court having

jurisdiction in the area where an office of the defaulting bank is situated, such direction to be made only upon application made in this behalf to the Court by the Governor General in Council in the case of a failure to make a return under sub-section (2) to the Governor General in Council, or by the Bank with the previous sanction of the Governor General in Council in other cases.

(6) The Governor General in Council shall, by notification in the Gazette of India, direct the inclusion in the Second Schedule of any bank not already so included which carries on the business of banking in British India and which—

(a) has a paid-up capital and reserves of an aggregate value of not less than five lakhs of rupees, and

(b) is a company as defined in clause (2) of section 2 of the Indian Companies Act, 1913, or a corporation or a company incorporated by or under any law in force in any place outside British India,

and shall by a like notification direct the exclusion from that Schedule of any scheduled bank the aggregate value of whose paid-up capital and reserves become at any time less than five lakhs of rupees, or which goes into liquidation or otherwise ceases to carry an banking business.

43. The Bank shall compile and shall cause to be published each week a consolidated statement showing the aggregate of the amounts under each clause of sub-section (2) of section 42 exhibited in the returns received from scheduled banks under that section.

44. The Bank may require any provincial co-operative bank with which it has any transactions under section 17 to furnish the return referred to in sub-section (2) of section 42, and if it does so, the provisions of sub-sections (4) and (5) of section 42 shall apply so far as may be to such co-operative bank as if it were a scheduled bank.

45. (1) The Bank shall enter into an agreement with the Imperial Bank of India which shall be subject to the approval of the Governor General in Council, and shall be expressed to come into force on the date on which this Chapter comes into force and to remain in force for fifteen years and thereafter until terminated after five years' notice on either side, and shall further contain the provisions set forth in the Third Schedule:

Agreement
with the
Imperial
Bank.

Provided that the agreement shall be conditional on the maintenance of a sound financial position by the Imperial Bank and that if, in the opinion of the Central Board, the Imperial Bank has failed either to fulfil the conditions of the agreement or to maintain a sound financial position, the Central Board shall make a recommendation to the Governor General in Council, and the Governor General in Council, after making such further enquiry as he thinks fit, may issue instructions to the Imperial Bank with reference either to the agreement or to any matter which in his opinion involves the security of the Government monies or the assets of the Issue Department in the custody of the Imperial Bank, and in the event of the Imperial Bank disregarding such instructions may declare the agreement to be terminated.

(2) The agreement referred to in sub-section (1) shall, as soon as may be after it is made, be laid before the Central Legislature.

CHAPTER IV.

GENERAL PROVISIONS.

46. The Governor General in Council shall transfer to the Bank rupee securities of the value of five crores of rupees to be allocated by the Bank to the Reserve Fund.

Contribution
by Governor
General in
Council to
the Reserve
Fund.

47. After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds, and such other contingencies as are usually provided for by ban-

Allocation of
surplus.

kers, and after payment out of the net annual profits of a cumulative dividend at such rate not exceeding five *per cent. per annum* on the share capital as the Governor General in Council may fix at the time of the issue of shares, a portion of the surplus shall be allocated to the payment of an additional dividend to the shareholders calculated on the scale set forth in the Fourth Schedule and the balance of the surplus shall be paid to the Governor General in Council:

Provided that if at any time the Reserve Fund is less than the share capital, not less than fifty lakhs of rupees of the surplus, or the whole of the surplus if less than that amount, shall be allocated to the Reserve Fund.

48. (1) Notwithstanding anything contained in the Indian Income-tax Act, XI of 1922, or any other enactment for the time being in force relating to income-tax or super-tax, the Bank shall not be liable to pay income-tax or super-tax on any of its income, profits or gains:

Exemption of Bank from income-tax and super tax and provision for deduction at source of income-tax on dividends.

Provided that nothing in this section shall affect the liability of any shareholder in respect

of income-tax or super-tax.

(2) For the purposes of section 18 of the Indian Income-tax Act, XI of 1922, and of any other relevant provision of that Act relating to the levy and refund of income-tax any dividend paid under section 47 of this Act shall be deemed to be "Interest on Securities".

49. The Bank shall make public from time to time the standard rate at which it is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under this Act.

Publication of bank rate.

50. (1) Not less than two auditors shall be elected and their remuneration fixed at the annual general meeting. The auditors may be shareholders, but no Director or other officer of the Bank shall be eligible during his continuance in office. Any auditor shall be eligible for re-election on quitting office.

Auditors.

(2) The first auditors of the Bank may be appointed by the Central Board before the first annual general meeting and, if so appointed, shall hold office only until that meeting. All auditors elected under this section shall severally be, and continue to act as, auditors until the first annual general meeting after their respective elections:

Provided that any casual vacancy in the office of any auditor elected under this section may be filled by the Central Board.

51. Without prejudice to anything contained in section 50, the Governor General in Council may at any time appoint the Auditor General or such auditors as he thinks fit to examine and report upon the accounts of the Bank.

Appointment of special auditors by Government.

52. (1) Every auditor shall be supplied with a copy of the annual balance-sheet, and it shall be his duty to examine the same, together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank if appointed by it or at the expense of the Governor General in Council if appointed by him, employ accountants or other persons to assist him in investigating such accounts, and may, in relation to such accounts, examine any Director or officer of the Bank.

Powers and duties of auditors.

(2) The auditors shall make a report to the shareholders or to the Governor General in Council, as the case may be, upon the annual balance-sheet and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, and, in case they have called for any explanation or information from the Central Board, whether it has been given and whether it is satisfactory. Any such report made to the shareholders shall be read, together with the report of the Central Board, at the annual general meeting.

53. (1) The Bank shall prepare and transmit to the Governor General in Council a weekly account of the Issue Department and of the Banking Department in the form set out in the Fifth Schedule or in such other form as the Governor General in Council may, by notification in the Gazette of India, prescribe. The Governor General in Council shall cause these accounts to be published weekly in the Gazette of India.

(2) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a copy of the annual accounts signed by the Governor, the Deputy Governors and the Chief Accounting Officer of the Bank, and certified by the auditors, together with a report by the Central Board on the working of the Bank throughout the year, and the Governor General in Council shall cause such accounts and report to be published in the Gazette of India.

(3) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a statement showing the name, address and occupation of, and the number of shares held by, each shareholder of the Bank.

54. The Bank shall create a special Agricultural Credit Department the functions of which shall be—

(a) to maintain an expert staff to study all questions of agricultural credit and be available for consultation by the Governor General in Council, Local Governments, provincial co-operative banks, and other banking organisations,

(b) to co-ordinate the operations of the Bank in connection with agricultural credit and its relations with provincial co-operative banks and any other banks or organisations engaged in the business of agricultural credit.

55. (1) The Bank shall, at the earliest practicable date and in any case within three years from the date on which this Chapter comes into force, make to the Governor General in Council a report, with proposals, if it thinks fit, for legislation, on the following matters, namely:—

Reports by
the Bank.

(a) the extension of the provisions of this Act relating to scheduled banks to persons and firms, not being scheduled banks, engaged in British India in the business of banking, and

(b) the improvement of the machinery for dealing with agricultural finance and methods for effecting a closer connection between agricultural enterprise and the operations of the Bank.

(2) When the Bank is of opinion that the international monetary position has become sufficiently clear and stable to make it possible to determine what will be suitable as a permanent basis for the Indian monetary system and to frame permanent measures for a monetary standard it shall report its views to the Governor General in Council.

56. (1) The Local Board of any area may at any time require any shareholder who is registered on the register for that area to furnish to the Local Board within a specified time, not being less than thirty days, a declaration, in such form as the Central Board may by regulations prescribe, giving particulars of all shares on the said register of which he is the owner.

Power to require declaration as to ownership of registered shares.

(2) If it appears from such declaration that any shareholder is not the owner of any shares which are registered in his name, the Local Board may amend the register accordingly.

(3) If any person required to make a declaration under sub-section (1) fails to make such declaration within the specified time, the Local Board may make an entry against his name in the register recording such failure and directing that he shall have no right to vote, either under section 9 or section 14, by reason of the shares registered in his name on that register.

(4) Whoever makes a false statement in any declaration furnished by him under sub-section (1) shall be deemed to have committed the offence of giving false evidence defined in section 191 of the Indian Penal Code, and shall be punishable under the second paragraph of section 193 of that Code.

(5) Nothing contained in any declaration furnished under sub-section (1) shall operate to affect the Bank with notice of any trust, and no notice of any trust expressed, im-

plied or constructive shall be entered on the register or be receivable by the Bank.

(6) Until Local Boards have been constituted under section 9 the powers of a Local Board under this section shall be exercised by the Central Board in respect of any area for which a Local Board has been constituted.

57. (1) Nothing in the Indian Companies Act, VII of 1913, shall apply to the Bank, and the Bank shall not be placed in liquidation save by order of the Governor General in Council and in such manner as he may direct.

Liquidation of the Bank.

(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in the proportion of seventy five *per cent.* and twenty five *per cent.*, respectively:

Provided that the total amount payable to any shareholder under this section shall not exceed the paid-up value of the shares held by him by more than one *per cent.* for each year after the commencement of this Act subject to a maximum of twenty five *per cent.*

58. (1) The Central Board may, with the previous sanction of the Governor General in Council, make regulations consistent with this Act to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act.

Power of the Central Board to make regulations.

(2) In particular and without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely:—

(a) the holding and conduct of elections under this Act, including provisions for the holding of any elections according to the principal of proportional representation by means of the single transferable vote;

(b) the final decision of doubts or disputes regarding the qualifications of candidates for election or regarding the validity of elections;

(c) the maintenance of the share register, the manner in which and the conditions subject to which shares may be held

and transferred, and, generally, all matters relating to the rights and duties of shareholders.

(d) the manner in which general meetings shall be convened, the procedure to be followed thereat and the manner in which votes may be exercised;

(e) the manner in which notices may be served on behalf of the Bank upon shareholders or other persons;

(f) the manner in which the business of the Central Board shall be transacted, and the procedure to be followed at meetings thereof;

(g) the conduct of business of Local Boards and the delegation to such Boards of powers and functions;

(h) the délégation of powers and functions of the Central Board to the Governor, or to Deputy Governors, Directors or officers of the Bank,

(i) the formation of Committees of the Central Board, the delegation of powers and functions of the Central Board to such Committees, and the conduct of business in such Committees;

(j) the constitution and management of staff and superannuation funds for the officers and servants of the Bank;

(k) the manner and form in which contracts binding on the Bank may be executed;

(l) the provision of an official seal of the Bank and the manner and effect of its use;

(m) the manner and form in which the balance sheet of the Bank shall be drawn up, and in which the accounts shall be maintained;

(n) the remuneration of Directors of the Bank;

(o) the relations of the scheduled banks with the Bank and the returns to be submitted by the scheduled banks to the Bank;

(p) the regulation of clearing-houses for the scheduled banks;

(q) the circumstances in which, and the conditions and

limitations subject to which, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note may be refunded; and

(r) generally, for the efficient conduct of the business of the Bank.

(3) Copies of all regulations made under this section shall be available to the public on payment.

59. In the Indian Coinage Act, III of 1906, for section Amendment of 11 the following section shall be substituted, Act III of 1906. namely:—

“11. Gold coins, coined at His Majesty’s Royal Mint in England or at any mint established in pursu-
Demonetisa-
tion of sove-
reign and half-
sovereign.
ance of a proclamation of His Majesty as a
branch of His Majesty’s Royal Mint, shall not
be legal tender in British India in payment or
on account, but such coins shall be received by the Reserve
Bank of India at its offices, branches and agencies in India at
the bullion value of such coins calculated at the rate of 8·47512
grains troy of fine gold per rupee.”

60. The Indian Paper Currency Act, X of 1923, the Indian Repeals. Paper Currency (Amendment) Act, XXXVI of 1923, the Indian Paper Currency (Amendment) Act, II of 1925, and the Currency Act, IV of 1927, are hereby repealed.

61. In sub-section (3) of section 11 of the Indian Com-
Amendment of
section 11, Act
VII of 1913.
panies Act, VII of 1913, after the word
“Royal” the words “Reserve Bank” shall be
inserted.

THE FIRST SCHEDULE.

(See section 4.)

AREAS SERVED BY THE VARIOUS SHARE REGISTERS.

I. The WESTERN AREA, served by the BOMBAY Register, shall consist of—

the Bombay Presidency including Sind, the Central Provinces, Berar, Hyderabad, Baroda, Khairpur, the Western India States, the Central India States (including Makrai but excluding Rewah and other States of Bundelkhand and Baghelkhand), the Gujerat States, Kolhapur and Deccan States.

II. The EASTERN AREA, served by the CALCUTTA Register, shall consist of—

the Bengal Presidency, Bihar and Orissa, Assam, Sikkim, Manipur, Cooch-Behar, Tripura, the Eastern States, Rewah and other States of Bundelkhand and Baghelkhand, and the Khasi States.

III. The NORTHERN AREA, served by the DELHI Register, shall consist of—

the United Provinces, Delhi, the Punjab, the North-West Frontier Province, Ajmere-Merwara, Baluchistan, Kashmir, the Punjab States, excluding Khairpur, the Simla Hill States, Dujana, Pataudi, Kalsia, Rampur, Tehri-Garhwal, Benares, the Rajputana States including Palanpur and Danta, Gwalior, Khanidhana, Kalat, Las Bela, Hunza, Nagir, Amb, Chitral, Dir, Phulera and Swat.

IV. The SOUTHERN AREA, served by the MADRAS Register, shall consist of —

the Madras Presidency, Coorg, Mysore and the Madras States.

V. The BURMA AREA, served by the RANGOON Register, shall consist of—

Burma, the Andaman and Nicobar Islands, Bawlake, Kantarawadi and Kyebugyi.

THE SECOND SCHEDULE.

(See section 42 and section 2 (c).)

SCHEDULED BANKS.

Ajudhia Bank, Fyzabad.

Allahabad Bank.

American Express Company Incorporated.

Banco National Ultramarino.
 Bangalore Bank.
 Bank of Baroda.
 Bank of Behar.
 Bank of Chettinad, Madras.
 Bank of Hindustan, Madras.
 Bank of India, Bombay.
 Bank of Mysore.
 Bank of Taiwan.
 Bank of Upper Burma.
 Benares Bank.
 Bengal Central Bank.
 Bhagwan Das & Co., Dehra Dun.
 Canara Bank.
 Central Bank of India.
 Chartered Bank of India, Australia and China.
 Comptoir National d'Escompte de Paris.
 Eastern Bank.
 Grindlay and Company.
 Hongkong and Shanghai Banking Corporation.
 Imperial Bank of India.
 Imperial Bank of Persia.
 Indian Bank, Madras.
 Industrial Bank of Western India, Ahmedabad.
 Jalpaiguri Banking and Trading Corporation.
 Karnani Industrial Bank.
 Lloyds Bank.
 Mercantile Bank of India.
 Mitsui Bank, Bombay.
 Muffasil Bank, Gorakhpur.
 National Bank of India.
 National City Bank of New York.
 Nederlandsche Indische Handels-bank.
 Nederlandsche Handel-Maatschappij.
 Nedungadi Bank, Calicut.
 Oudh Commercial Bank.
 People's Bank of Northern India.
 P. and O. Banking Corporation.
 Punjab and Sind Bank, Amritsar.
 Punjab Co-operative Bank, Amritsar.
 Punjab National Bank, Lahore.
 Simla Banking and Industrial Company.
 Thomas Cook & Sons.
 Travancore National Bank, Tiruvalla.
 Union Bank of India, Bombay.
 U. Rai Gyaw Thoo and Co., Akyab.
 Yokohama Specie Bank.

THE THIRD SCHEDULE.

(See section 45.)

**PROVISIONS TO BE CONTAINED IN THE AGREEMENT BETWEEN THE
RESERVE BANK OF INDIA AND THE IMPERIAL BANK OF INDIA.**

1. The Imperial Bank of India shall be the sole agent of the Reserve Bank of India at all places in British India where there is a branch of the Imperial Bank of India which was in existence at the commencement of the Reserve Bank of India Act, 1934, and there is no branch of the Banking Department of the Reserve Bank of India.

2. In consideration of the performance at the places referred to in clause 1 by the Imperial Bank of India on behalf of the Reserve Bank of India of the functions which the Imperial Bank of India was performing on behalf of the Governor General in Council before the coming into force of the Reserve Bank of India Act, 1934, the Reserve Bank of India shall pay to the Imperial Bank of India as remuneration a sum which shall be for the first ten years during which this agreement is in force a commission calculated at one-sixteenth of one per cent. on the first 250 crores and one thirty-second of one per cent. on the remainder of the total of the receipts and disbursements dealt with annually on account of Government by the Imperial Bank of India on behalf of the Reserve Bank of India. At the close of the said ten years the remuneration to be paid by the Reserve Bank of India to the Imperial Bank of India for the performance of these functions shall be revised and the remuneration for the ensuing five years shall be determined on the basis of the actual cost to the Imperial Bank of India, as ascertained by the expert accounting investigation, of performing the said functions. The remuneration so determined shall thereafter be subject to revision in like manner at the end of each period of five years so long as this agreement remains in force. If any dispute arises between the Reserve Bank of India and the Imperial Bank of India as to the amount of the said remuneration the matter shall be referred for final decision to the Governor General in Council who may require from the Imperial Bank such information and may order such accounting investigation as he thinks fit.

3. In consideration of the maintenance by the Imperial Bank of India of branches not less in number than those existing at the commencement of the Reserve Bank of India Act, 1934, the Reserve Bank of India shall until the expiry of fifteen years from the coming into force of this agreement, make to the Imperial Bank the following payments, namely :—

- (a) during the first five years of this agreement—nine lakhs of rupees per annum ;
- (b) during the next five years of the agreement—six lakhs of rupees per annum ; and
- (c) during the next five years of the agreement—four lakhs of rupees per annum.

4. The Imperial Bank of India shall not without the approval of the Reserve Bank of India open any branch in substitution for a branch existing at the time this agreement comes into force.

THE FOURTH SCHEDULE.

(See section 47.)

SCALE OF ADDITIONAL DIVIDEND PAYABLE TO SHAREHOLDERS.

A. If the maximum rate of dividend fixed under section 47 is five *per centum* and so long as the share capital of the Bank is five crores of rupees—

- (1) if the surplus does not exceed four crores of rupees—*Nil*.
- (2) if the surplus exceeds four crores of rupees—
 - (a) out of such excess up to the first one and a half crores of rupees—a fraction equal to one-sixtieth;
 - (b) out of each successive additional excess up to one and a half crores of rupees—one-half of the fraction payable out of the next previous one and a half crores of excess:

Provided that the additional dividend shall be a multiple of one-eighth of one per cent. on the share capital, the amount of the surplus allocated thereto being rounded up or down to the nearest one-eighth of one per cent. on the share capital.

B. If the maximum rate of dividend fixed under section 47 is below five *per centum*, the said fraction of one-sixtieth shall be increased in the ratio of the difference between six and the fixed rate to unity.

C. When the original share capital of the Bank has been increased or reduced, the said fraction of one-sixtieth shall be increased or diminished in proportion to the increase or reduction of the share capital.

THE FIFTH SCHEDULE.

(See section 53.)

RESERVE BANK OF INDIA.

An Account pursuant to the Reserve Bank (India) Act, 1934, for the week ending on the _____ day of _____

ISSUE DEPARTMENT.

<i>Liabilities.</i>	Rs.	<i>Assets.</i>	Rs.
Bank Notes held in the Banking Department..		A. Gold coin and bullion—	
Bank Notes in circulation		(a) held in India— ..	
Total Bank Notes issued ..		(b) held outside India ..	
Government of India Notes in circulation		Sterling Securities	_____
		Total of A ..	_____
		B. Rupee coin ..	
		Government of India rupee securities ..	
		Internal bills of exchange and other commercial paper ..	
		Total Assets ..	_____
Total Liabilities..	_____		
		Ratio of total of A to liabilities	<i>per cent.</i>
Dated the		day of	19

BANKING DEPARTMENT.

<i>Liabilities.</i>	<i>Ra.</i>	<i>Assets.</i>	<i>Ra.</i>
Capital paid up .. ..	..	Notes .. ..	..
Reserve Fund .. ..	..	Rupee coin .. ..	..
Deposits—		Subsidiary Coin	
(a) Government .. ..	..	Bills discounted—	
(b) Banks		(a) Internal .. ..	..
(c) Others		(b) External .. ..	..
Bills payable .. ..	. . .	(c) Government of India	
Other liabilities		Treasury Bills	
		Balances held abroad	
		Loans and advances to	
		Government .. ..	..
		Other loans and advances	
		Investments .. ..	..
		Other assets .. ..	..
	_____		_____
	.		.
	_____		_____
	day of		19 ..

 etc.
 or, the Deputy
 Managing Directors
 or elected from

APPENDIX

*Statement containing information as
of thirty four Banks of Issue in*

(1) Serial No.	(2) Name of the Bank.	(3) Year of Laws, Charters and Statutes regulating the Bank.	(4) Capital.		
			(A) Amount.	(B) Denomination of each share, if any.	(C) Subscribed by.
1	Commonwealth Bank of Australia.	1911-25	£20 millions.	..	Government.
2	National Bank of Austria.	1926	30 million gold crowns.	100 crowns.	Shareholders.
3	National Bank of Belgium.	1927	200 million francs.	1,000 francs.	Shareholders.
4	National Bank of Bulgaria.	1926 (amendment in 1928)	500 million leva.	..	State.
5	Bank of Canada.	1934	5 million dollars.	50 dollars.	Shareholders.
6	Central Bank of Chile.	1925	Initial capital of 150 million pesos ^c .	1,000 pesos.	Government, Banks and Public ^d .

^c Initial capital of 150 million pesos, which may be increased to 200 million pesos.

^d Shares to a total of 20 million pesos to be subscribed entirely by the Nation. Every national and foreign bank carrying on a commercial banking business in Chile shall become a member of the Central Bank by holding shares to a total par value equal to 10 per cent. of its paid-up capital and reserve funds. The residue may be held without restriction.

II.

*regards Capital, Management and Nature
different parts of the World.*

(5) Number of Directors ^a .			(6)
(A) Government nominees.	(B) Elected by Shareholders.	(C) Total.	Nature of the Bank
8	..	8	State.
1	13	14	Quasi-public.
1	3	4	do.
..	..	11 ^b	State.
2	7	9	Quasi-public.
3	7	10	do.

^a Including Governors and Deputy Governors etc.

^b The Board of Directors consists of the Governor, the Deputy Governors, four members nominated from the Managing Directors of the central administration of the Bank and four elected from outside the Bank.

(1) Serial No.	(2) Name of the Bank.	(3) Year of Laws, Charters and Statutes regulating the Bank.	(4) Capital.		
			(A) Amount.	(B) Denomination of each share, if any.	(C) Subscribed by.
7	Bank of the Republic of Colombia.	1923 (amendment in 1925)	11,618,700 gold pesos.	100 gold pesos.	Government, Banks and Public ¹ .
8	National Bank of Czechoslovakia.	1920 (amendment in 1925)	12 million U. S. dollars ² .	Dollars 100 Inscribed Stock.	One-third by the State.
9	Bank of Danzig	1924	7,500,000 gulden.	100 gulden.	Shareholders.
10	National Bank of Copenhagen, Denmark	1908 (amendment in 1919)	27 million kroner.	200 kroner.	Shareholders.
11	Bank of England.	1694 & 1844	£14,553,000	Stock.	Shareholders
12	Bank of Estonia.	1927	5 million kronen.	50 krone.	do.
13	Bank of Finland.	1925	1,000 million marks.		State.

¹ Five million gold pesos to be subscribed by Government; and every national and foreign bank carrying on a commercial banking business in Colombia is authorised to purchase shares to an amount equivalent to 15 per cent. of its paid-up capital and surplus; and the residue to be subscribed by the general public.

² Under the Currency Reform Act (November 1929) the capital is converted into 405,000,000 crowns in shares of a nominal value of 3,375 crowns. The Board is authorised to increase the capital to 607,500,000 crowns.

(5) Number of Directors.			(6)
(A) Government Nominees.	(B) Elected by Shareholders.	(C) Total.	Nature of the Bank.
3 [*]	7	10	Quasi-public.
4	6	10 or 11	do.
2 ^h	4 ^h	6	do.
2	17	19	do
..	26 ⁱ	26	Private.
1	7 ^j	8	Quasi-public.
5	..	5	State.

* If the Government reduces its holding of shares below a par value of 4 million gold pesos, but not below 2 million, its representation on the Board of Directors shall be reduced to two. If its holdings are reduced below 2 million its representation shall be reduced to one. It shall always have at least one representation on the Board.

^h Like the Board of Directors in the constitution of most of the Central Banks, the Bank Committee of the Bank of Danzig is responsible for the general maintenance and supervision of all departments of the Bank's business. The Committee consists of three representatives of the shareholders, two representatives of bank-note holders and borrowers nominated by the Senate.

ⁱ Including Governor and Deputy Governor, whose election, like that of the Directors, takes place at General Courts.

^j Exclusive of two members of the Management nominated by the President.

(1) Serial No.	(2) Name of the Bank.	(3) Year of Laws, Charters and Statutes regulating the Bank.	(4) Capital.		
			(A) Amount.	(B) Denomination of each share, if any.	(C) Subscribed by.
14	Bank of France	1928	182,500,000 francs.	1,000 francs.	Shareholders.
15	Reichsbank, Germany.	1924 (amended in 1926)	300 million Reichmarks [†] .	100 Reichmarks.	do.
16	Bank of Greece.	1927	400 million drachmas.	500 drachmas.	State may hold one-tenth shares.
17	Bank of Hungary.	1924	30 million gold crowns.	100 crowns.	Shareholders.
18	Reserve Bank of India.	1934	50 million rupees.	100 rupees.	do.
19	Bank of Italy.	1928	500 million lire.	1,000 lire.	do.
20	Bank of Japan.	1882	60 million yen.	200 yen.	do [‡] .
21	Bank of Latvia.	1923 (amendment in 1927)	10 million lats.		State.
22	Bank of Lithuania.	1922	12 million litas.	100 litas.	State and others [§] .

[†] The capital may be raised to Reichmark 400 millions.

[‡] Government may contribute half the capital.

[§] The State, municipalities, companies, associations and individuals may be shareholders.

(5) Number of Directors.			(6)
(A) Government nominees.	(B) Elected by Shareholders.	(C) Total.	Nature of the Bank.
3	18	21	Quasi-public.
..	Elected	Unspecified	Private.
..	11	11	Quasi-public.
1	17	18	do.
8	8	16	do.
..	8'	...	dc.
2	4	6	do.
13.	..	13	State.
1	4	5	Quasi-public.

¹ Two members elected by each of the Councils of the Chief Offices, and five by the shareholders. The Board elects the Governor, but his name must be approved by the Government. The supervision of the Bank is vested in the Treasury, for which purpose a permanent Commission is appointed under the Presidency of the Finance Minister.

² Eight are elected, out of which four are selected by the Finance Minister.

(1) Serial No.	(2) Name of the Bank.	(3) Year of Laws, Charters and Statutes regulating the Bank.	(4) Capital.		
			(A) Amount.	(B) Denomination of each share, if any.	(C) Subscribed by.
23	Netherlands Bank.	1919	20 million guilders.	1,000 guilders.	Shareholders
24	Reserve Bank of New Zealand.	1933	500,000 pounds.	5 pounds.	do.
25	Norges Bank, Norway.	"	35 million kroner.	Stock ^p	Stockholders
26	Reserve Bank of Peru.	1922	£P. 2 million.	£P.10	Shareholding Banks and public.
27	Bank of Poland	1927	150 million zloty.	100 zloty.	State and shareholders
28	National Bank of Roumania	1929	600 million Lei.	3,000 Lei.	State and shareholders
29	State Bank of the R.S.F. S. R., Russia.	1921	2,000 million paper roubles.	..	State.

^p The holding of stock may not be for amounts under 100 kroner.

^a The laws governing the Norges Bank are published by Columbia University Press, New York, in 1926.

^e The shareholding of the State and State enterprises may in no case exceed 10 per cent. of the amount of the capital.

(5) Number of Directors.			(6)
(A) Government nominees.	(B) Elected by Shareholders.	(C) Total.	Nature of the Bank.
2	2	4	<i>Quasi-Public.</i>
5	4	9	do.
2	3	5	State.
3	7	10	<i>Quasi-public.</i>
2	12	14*	do.
4	7	11	do.
The Bank is part of the peoples Commissariat of Finances.			State.

*The Council consists of a President and Vice-President appointed by the President of the Republic, and twelve members elected by the General Meeting. Directors are appointed by the Council and approved by Finance Minister. The number of Directors is determined by the Council.

(1) Serial No.	(2) Name of the Bank.	(3) Year of Laws, Charters and Statutes regulating the Bank.	(4) Capital.		
			(A) Amount.	(B) Denomination of each share, if any.	(C) Subscribed by.
30	South African Reserve Bank.	1920 (amended in 1923)	1 million pounds.	Stock.	Stock-holders.
31	Bank of Spain	1921 & 1922	177 million pesetas.	500 pesetas.	Share-holders.
32	Sveveriges Riksbank, Sweden	1897 (amended in 1924)	50 million kroner.	..	Owned by the Riksdag.
33	Swiss National Bank, Switzerland.	1921	50 million francs.	500 francs.	Share-holders.
34	Federal Reserve System, United States of America..	1913 (amended in 1929)	4 million dollars*.	100 dollars.	Banks."

* No Federal Reserve Bank to commence business with subscribed capital of less than 4 million dollars.

All national banking associations to subscribe to capital stock of Federal Reserve Bank in their district up to 6 per cent. of capital stock and surplus of bank.

(5) Number of Directors.			(6)
(A) Government nominees.	(B) Elected by Shareholders.	(C) Total.	Nature of the Bank.
5	6	11	Quasi-public.
3	20 ^a	23	do.
1 by the King and 6 by the Ricksdag.		7	State.
25	15	40 ^a	Quasi-public.
..	..	9 ^b	do.

^a Out of the twenty members of Council, fifteen are to be elected from the shareholders; three are elected by banking institutions participating in the scheme of control of banking; one is nominated by the Chamber of Industry and Commerce, and one by the official Agricultural Corporations.

^b The Council of Bank exercises a general supervision on the conduct of affairs of the Bank. It is composed of forty members—fifteen chosen by the shareholders and twenty five by the Federal Council.

^c Board to consist of nine members; three chosen by and representatives of stockholding banks; three at the time of election actively engaged in their district in commerce, agriculture or other industry; and three designated by Federal Reserve Board, one of whom to be designated Chairman and Federal Reserve Agent—he must be a person of tested banking experience.

BIBLIOGRAPHY

A. BOOKS AND WORKS OF REFERENCE (GENERAL).

1. AMBER BLANCO WHITE : *The Nationalisation of Banking*, 1934.
2. ANDREADES, (A.): *History of the Bank of England*, 1924.
3. ASHBY (J. F.): *The Story of the Banks*, 1934.
4. BAGEHOT (W.): *Lombard Street*.
5. BASTER (A. S. J.): *The Imperial Banks*, 1929.
- ✓ 6. BRUNYATE (J.B.): *An Account of the Presidency Banks*, 1900.
7. BURGESS (W. R.): *The Reserve Banks and the Money Market*, 1927.
8. CASSEL (G.): *The World's Monetary Problems*, 1921.
- ✓ 9. CHABLANI (H. L.): *Indian Currency, Banking and Exchange*.
- ✓ 10. CHESNEY (G.): *Indian Polity*, 1868.
11. CONANT (C. A.): *History of Modern Banks of Issue*, 5th edition.
- ✓ 12. COOKE (C. N.): *Rise, Progress and present condition of Banking in India*, 1863.
- ✓ 13. COYAJEE (SIR J. C.): *The Reserve Bank of India*, 1927.
14. CREIGHTON (J. H.): *Central Banking in Canada*, 1933.
15. DAVIDSON (A. C.): *Central Reserve Banking*.
16. DILLEN (J. H. VAN.): *History of the Principal Public Banks*, 1934.
17. DUNBAR (C. F.) *The Theory and History of Banking*, 1929.
18. EASTON (H. T.): *The Work of a Bank*.
19. GREGORY (T. E.): *The present position of Banking in America*, 1925.
20. HARRIS (S. E.): *Twenty years of Federal Reserve Policy*, 1933.
21. HARVEY (SIR ERNEST): *Central Banks*, 1929.
22. HAWTREY (R. G.): *The Art of Central Banking*, 1932.
23. INOUIYE: *Problems of the Japanese Exchange*, 1931.

(English version, E. H. DE BUNSEN).

24. JAIN (L. C.): *Indigenous Banking in India*, 1929.
25. JAIN (L. C.): *The Monetary Problems of India*, 1933.
26. JAUNCEY (L. C.): *Australia's Government Bank*.
27. KATZENELLENBAUM (S. S.): *Russian Currency and Banking, 1914-24, 1925*.
28. KEMMERER (E. W.): *The A. B. C. of the Federal Reserve System*, 1926.
29. KEYNES (J. M.): *Indian Currency and Finance*, 1913.
30. KEYNES (J. M.): *A Treatise on Money*, 1930.
31. KISCH (SIR CECIL H.) and ELKIN, (W. A.): *Central Banks*, 1930.
32. LEAGUE OF NATIONS: *Memorandum on Currency and Central Banks, 1913-24 and 1913-25*.
33. MACLEOD (H. D.): *A History of Banking of all the Leading Nations*.
34. MLYNARSKI: *Gold and Central Banks*, 1929.
35. RAU (B. R.): *Present Day Banking in India*, 1930.
36. SHIRRAS (F.): *Indian Finance and Banking*, 1920.
37. WADIA (P. A.) and JOSHI, (G. N.): *Money and Money Market in India*, 1927.
38. WEST (C. A.): *WOOD's Administration of Indian Affairs*, 1867.
39. SHAW, (WM. A.): *The Theory and Practice of Central Banking*, 1930.

B. OFFICIAL AND OTHER PUBLICATIONS.

1. *Banking Needs of India*, Pamphlet by M. L. Tannan, 1919.
2. *Council of State Debates*.
3. *Despatch of the Government of India to the Secretary of State about the formation of the Imperial Bank of India*, 1920.
4. *Gazette of India* (Weekly Publications).
5. *Imperial Bank of India Act*, 1920.
6. *Imperial Bank of India (Amendment) Act*, 1934.
7. *India in 1924-25 to 1931-32*.
8. *Indian Currency Act*, 1927.
9. *Indian Year-Book*.
10. *Legislative Assembly Debates*.
11. *Parliamentary Papers*, 1813-15.
12. *Proceedings of the Indian Legislative Council*, 1919.

Reports of—

13. *The Controller of the Currency, 1920-21 to 1931-32.*
14. *Committee of Finance and Industry, London, 1931.*
15. *The External Capital Committee, 1925.*
16. *The Chambers of Commerce in India.*
17. *Mansfield Commission, 1861.*
18. *Harris Committee, 1787.*
19. *Herschell Committee, 1892.*
20. *Fowler Committee, 1898.*
21. *Babington-Smith Committee, 1920.*
22. *Chamberlain Commission, 1913.*
23. *Hilton Young Commission, 1925-26.*
24. *Indian Central Banking Enquiry Committee, 1929-31.*
25. *Annual Conference of the All-India Economic Association, 1926.*
26. *Reserve Bank of India Bills, 1927-28.*
27. *Joint Committee of the Indian Legislature to consider the Reserve Bank Bill, 1927.*
28. *Proceedings of the First Round Table Conference, 1931.*
29. *Proceedings of the Third Round Table Conference, 1932.*
30. *Government of India Despatch on the Constitutional Reform, dated the 20th September, 1930.*
31. *London Committee of the Indian Reserve Bank Legislation, 1933.*
32. *Reserve Bank of India Bill, 1933.*
33. *Joint Committee appointed to consider the Reserve Bank of India Bill, 1933.*
34. *Reserve Bank of India Act, 1934.*
35. *Statistical Tables relating to Banks in India (Annual.)*

C. MISCELLANEOUS.

1. *The Bankers' Magazine, London, (Monthly).*
2. *The Capital, Calcutta (Weekly).*
3. *The Economics (London School of Economics Journal).*
4. *The Economist, London. (Weekly).*
5. *The Economic Journal, London (Quarterly).*
6. *The Economic Review.*
7. *The London Times (Daily).*
8. *The Financial Times (Daily).*
9. *Financial News (Daily).*

10. *The Journal of the Institute of Bankers, London.*
(Monthly).
11. *The Financial and Commercial Chronicle.*
12. *The Journal of the Indian Institute of Bankers*
(Monthly).
13. Pamphlet entitled *Reasons for the establishment of a
new Bank in India, 1836, London.*
14. *Statist.*

INDEX

- Abrahams, Sir Lionel, 38, 41.
 Act of Parliament, 10.
 Advisory Committee, 64.
 Agricultural Credit Department,
 183, 219.
 Ahmedabad, 70.
 Allahabad Bank, Ltd., 69.
 Alliance Bank of Simla, 68.
 America, 104.
 American Republics, 196.
 Armistice, 45.
 Argentine, 188.
 Associated Chambers of Com-
 merce, 132-133, 134, 136, 138.
 Auditor General, 177.
 Australia, 87, 210, 211.
 Austria, 131, 196, 202, 208, 211.

 Babington-Smith Committee, 91,
 95.
 Bank, 8, 12, 16, 17, 21.
 Bankers' Bank, 68, 110.
 Banking Department, 108, 191,
 209.
 Banking Enquiry, 1929-31, 147-
 153; origin of, 147; scope of
 the, 148.
 Banks' deposits, 66.
 Bank Rate, 31.
 Bank of Bengal, 11, 12, 18, 61.
 Bank of Bombay, 17, 18.
 Bank of France, 19, 23, 25, 31,
 211.
 Bank of England, 13, 14, 15, 18,
 21, 22, 23, 25, 34, 35, 58, 64,
 65, 146, 189, 200, 205, 210.
 Bank of International Settle-
 ment, 182.
 Bank of Madras, 18.
 Bank of Montreal, 18.
 Banking Enquiry Committee,
 1931, 143.
 Belgium, 131, 211.

 Bengal, 9, 15.
 Bengal National Bank, 68, 69.
 Bills, 10.
 Bills of Exchange, 64, 110.
 Bill Market, 152.
 Blackett, Sir Basil, 106, 124,
 125, 126, 134, 135, 139.
 Bombay, 8, 12, 15, 18, 19, 37,
 40, 61, 68, 70, 123, 126, 136,
 172, 190.
 Bombay Mint, 117.
 Bowie, Mr. A., 69.
 Bulgaria, 199.

 Cable, Sir Ernest, 34.
 Calcutta, 8, 18, 37, 40, 61, 68,
 70, 123, 126, 138, 172, 190.
 Canada, 210.
 Cash balances, 23, 24.
 Cawnpore, 70.
 Central Bank, 1, 2, 6, 16,
 19, 20, 22, 26, 27, 28, 30,
 31, 34, 41, 42, 44, 47, 71,
 73, 74, 75, 90, 91, 105, 110,
 112, 128, 132, 182, 186, 189,
 192, 213, 215, 216.
 Central Banking, 1, 72, 73;
 history of, 186-187; principles
 of, 187-188.
 Central Legislature, 133, 147,
 171, 175, 181.
 Ceylon, 53, 54, 57.
 Chakravarti, Mr. B., 69.
 Chamberlain Commission, 31,
 33, 42, 45, 89, 91, 93, 94.
 Charter, 17.
 Chile, 197, 205, 210, 211, 214.
 China, 101.
 Civil Procedure Code, 153.
 Clearing Houses, 70, 71.
 Colombia, 210, 211, 214.
 Colombian Bank, 209.
 Colombo, 70.

- Commercial banking, 71, 72.
 Commercial paper, 178.
 Commonwealth Bank of Australia, 205.
 Constitutional Reforms, 143, 185, 221.
 Controller of the Currency, 58, 63, 64, 117, 120.
 Co-operative Banks, 132, 133.
 Co-operative Banking, 37.
 Co-operative Societies, 138, 180.
 Co-operative Societies Act, 191.
 Council Bills, 33, 39.
 Council of State, 2, 181, 183.
 Court of Directors, 8, 10.
 Court of Wards, 54.
 Coyajee, Sir Jehangir C., 88.
 Credit Department, 179.
 Currency Act, 1927, 115, 116, 119.
 Currency Bill, 13, 115.
 Currency Controversy, 1926-31, 118-122.
 Currency Department, 66.
 Currency Ordinances, 1931, 119-122.
 Currency regulations, 23.
 Currency system, 20, 95, 179.
 Curzon, Lord, 29.
 Czecho Slovakia, 131, 198.
 Delhi, 70, 138, 172, 190.
 Denmark, 208.
 Dickson, G., 17, 18.
 District Officer, 119.
 District Treasuries, 39.
 Drafts, 35, 39.
 Deputy Controller of the Currency, Bombay, 117.
 East India Company, 7, 9, 11.
 Economic Society, Victorian Branch of the, 187.
 Equador, 210, 211.
 England, 6, 10, 15, 24, 55, 87, 214.
 English Government, 13.
 Europe, 23.
 Ellis, 19.
 Estonia, 131.
 Estonian Bank Act, 199.
 European Banks, 18.
 Everard, Sir, 23, 24.
 Exchange, 118.
 Exchange Banks, 27, 44.
 Exchange rate, 116.
 Exchange transactions, 22.
 Export, 24.
 Federal Ministry, 160.
 Federal Relations Committee, 154.
 Federal Reserve Act, 205.
 Federal Reserve Bank, 131.
 Federal Reserve Board, 131.
 Federal Reserve Notes, 209.
 Federal Reserve System, 72, 104.
 Federal Structure Sub-Committee, 120, 153, 158, 162.
 Federation of Indian Chambers of Commerce, 133, 134, 136, 138.
 Finance Department, 91, 100.
 Financial Safeguards Committee, 156, 159, 160, 162, 163.
 Finland, 198.
 Foreign Exchange, 207.
 Foreign Remittances, 25.
 Fowler Committee, 20, 22, 89, 91.
 Fowler, Sir Henry, 24, 29.
 France, 15, 131, 214.
 Frere, Sir Bartle, 16.
 General Bank in Bengal and Bahar, 1773, 1, 2; necessity of, 3; objects of, 3-4; constitution of, 4-5; working of, 5-6; end of, 6.
 General Bank Scheme of 1808, 6; objects of, 7; capital of, 7-8; management of, 8; note issue by, 8; branches of, 8; functions of, 8; fate of, 9-10.

- Germany, 71, 77, 211, 218.
 Gold Bullion Standard, 101.
 Gold Conversion Office, 188.
 Gold Currency, 21, 92, 95.
 Gold Exchange Standard, 96, 110.
 Gold Standard, 25, 32, 33, 87, 90, 91, 94, 95, 121, 122.
 Gold Standard and Reserve Bank of India Bills, 115, 122-141, 137.
 Gold Standard Reserve, 35, 99, 153.
Gomastas, 4.
 Government Account, 24, 177.
 Government Bankers, 65, 71.
 Government Business, 52.
 Government Department, 22, 23, 25.
 Government Deposits, 66.
 Government of India, 1, 16, 19, 21, 24, 28, 29, 34, 42, 45, 46, 47, 59, 62, 65, 67, 87, 90, 92, 111, 121, 143, 144, 146, 157, 160, 174, 176.
 Government of India Act, 154.
 Government Paper Currency, 25.
 Government revenues, 6.
 Government Securities, 60, 65.
 Government Treasuries, 47, 107.
 Governor General, 1, 49, 53, 54, 108, 113, 115, 155, 158, 171, 174, 175, 181, 182, 183, 184, 207.
 Great Banking establishment project, 1836, 10.
 Great Britain, 11.
 Great Central Bank, 17.
 Greece, 208.
 Hailey, Sir Malcolm, 46, 48, 49.
 Hambro, Sir Edward, 22.
 Harvey, Sir Ernest, 187.
 Herschell Committee, 91, 92.
 High Commissioner for India, 64.
 Hilton Young Commission, 66, 67, 69, 73, 87-114, 122,
 His Majesty's Dominions, 171, 191.
 His Majesty's Government, 120, 121, 143, 160, 162.
 Holden, Sir E. H., 31.
 Home Charges, 11.
Hoondian, 4.
 House of Commons, 29, 118.
Hundis, 152, 153.
 Hungary, 196, 202, 208, 211.
 Imperial Bank of India, 44-84, 85, 100, 105, 119, 120, 122, 124, 128, 177, 195; creation of, 44-49; Act, 49, 57, 58, 115, 173; capital and constitution of, 49-52; business of, 52-58; London Branch of, 57; obligations and privileges of, 59-61; achievements of, 61-71; establishment of branches by, 61-63; business outside India of, 64; management of public debt by, 65; constitutional position of, 71-76.
 Imperial Bank of India (Amendment) Act, 1934, 77-84; salient features of the, 80-84.
 Imperial Bank of India (Amendment) Bill, 1927, 141.
 Imperial Bank of Russia, 190.
 Independent Treasury System, 35.
 India, 18, 19.
 India Office, 32, 34.
 Indian Banking, 2.
 Indian Central Banking Enquiry Committee, 1931, 147; recommendations of, 76-77, 149-153.
 Indian Coinage Act, 97, 115, 117.
 Indian Commerce, 10.
 Indian Companies Act, 172, 191.
 Indian Currency Committee, 1898, 33.
 Indian Currency System, 91-102; historical review of the, 91-98

- defects of the, 98-99; remedies suggested in the, 99-102.
- Indian Debt, 7.
- Indian Economic Conference, 1927, 88.
- Indian Gold and Sterling Sales Regulation Ordinance, 121.
- Indian Industrial Commission, 43.
- Indian Legislative Council, 13, 29, 42, 46, 48.
- Indian Legislature, 42, 138, 157, 164, 204.
- Indian Mints, 92.
- Indian Paper Currency Act, 115, 116, 117.
- Indian States, 164, 166, 167, 173.
- Inland Remittance, 63.
- International Economic Conference, Genoa, 1922, 2.
- International Financial Conference, 1920, 2, 90.
- Irish Free State, 189.
- Issue Department, 108, 175.
- Italy, 71.
- Jackson, President, 15.
- Japan, 211.
- Joint Committee of Central Legislature, 1927, 126, 134.
- Joint Committee of the Indian Legislature, 1933, 169; recommendations of the, 170-179; consideration by the Legislative Assembly of the Bill as reported by the, 179-184.
- Joint Stock Banks, 69, 70, 71, 205.
- Karachi, 70.
- Kemmerer, Prof. E. W., 197.
- Keynes, J. M., 34, 37, 43, 195.
- Kisch, Sir Cecil, 66, 73.
- Laing, Samuel, 14, 15.
- Lahore, 70.
- Latvia, 198, 211.
- Law, Sir Edward, 26.
- League of Nations, 196, 199.
- Legislative Assembly, 1, 77, 78, 86, 87, 106, 115, 116, 122, 124, 125, 137, 142, 179, 183, 184.
- Legislature, 11.
- Local Government, 16, 19, 53, 54, 110, 119, 174, 183, 207, 219.
- Local Legislatures, 130, 138, 202.
- London, 12, 35, 64, 96, 117.
- London Committee on Reserve Bank Legislation, 163, 169; appointment and constitution of the, 163-164; recommendations of the, 164-169.
- London Money Market, 29, 35, 36, 146.
- London Office, 35, 39, 41, 64, 166, 181.
- Madras, 8, 12, 15, 18, 19, 40, 61, 70, 123, 138, 171, 190.
- Market Operations, 168.
- Meston, Sir James, 43, 45.
- Midland Bank, 31.
- Midnapore, 5.
- Mint, 35.
- Money Market, 10.
- Montreal, 18.
- Murray, Sir Norman, 67.
- Murshidabad, 3.
- National Bank of Czecho Slovakia, 205.
- National City Bank of New York, 72.
- Netherlands, 20, 203.
- New Delhi, 170.
- New Zealand, 87.
- Nizam of Hyderabad, His Exalted Highness, 64.
- Note Issue, 36, 107, 111.
- Paish, Sir George, 187.
- Paper Currency, 12, 14, 16, 17.
- Paper Currency Act, 154.
- Paper Currency Reserves, 34, 39, 40, 98, 153,

- Parliament, 23, 131, 157, 158, 159.
- Poland, 131, 202, 205.
- Presidency, 19.
- Presidency Banks, 14, 20, 22, 23, 24, 25, 27, 29, 30, 32, 33, 34, 40, 41, 44, 45, 47, 49, 61.
- Presidency Banks Act, 1876, 53, 57.
- Presidency Banks Bill, 29.
- Presidency Towns, 19.
- Prime Minister, 156.
- Prospectus, 10.
- Provincial Co-operative Banks, 134, 136, 138, 180, 183.
- Provincial Governments, 110, 111, 147, 174.
- Provincial Legislatures, 133.
- Public Debt, 7, 10, 17, 47, 65.
- Public Debt Office, 61, 65, 66, 68.
- Public Deposits, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.
- Rangoon, 70, 138, 172, 490.
- Reforms Scheme, 43.
- Reichsbank, 208.
- Remittance Operations, 107.
- Reserve Bank, 89, 102, 106, 109, 122, 124, 144, 145, 150, 152, 153, 154, 155, 158, 159, 161, 162, 163, 179, 180, 182.
- Reserve Bank Bill, 77, 80, 142, 150, 169.
- Reserve Bank of India Act, 1934, 1, 76, 162, 184, 185-221; salient features of the, 190-221.
- Reserve Treasuries, 34, 39, 58, 59, 60.
- Resbank, 198.
- Mr. George E., 72.
- Richards, 7, 8, 9, d, 20.
- Reference, 118.
- Revision of, 153.
- of, 156, 163.
- Royal Commission on Indian Currency and Finance, 1925, 1, 85-114, 116; appointment of the, 87-88; importance of the, 88-89; recommendations of the, 89-114; Central Banking organisation proposed by the, 102-114; salient features of the Reserve Bank Scheme proposed by the, 106-114.
- Royal Mint, 92.
- Rupee Debt, 35, 64.
- Russia, 198.
- Sarma, Sir B. N., 42.
- Schuster, Sir George, 78, 121, 220.
- Secretary of State, 15, 18, 19, 23, 24, 26, 29, 32, 34, 35, 36, 39, 40, 41, 42, 46, 57, 58, 64, 65, 87, 90, 92, 93, 96, 120, 163, 207.
- Shareholders' Bank, 127, 128, 150, 191, 221.
- Shareholders' Bank *versus* State Bank, 191-201.
- Shaw, Dr., 200.
- Shroffs, 4, 5, 8, 10.
- Sicca rupee, 4, 6.
- Simla, 70, 136, 169.
- Sinking Fund, 8.
- South Africa, 202, 203, 214, 215, 218, 219.
- South African Reserve Bank, 205, 208, 209.
- South American Countries, 197.
- South American Republics, 214.
- Spain, 211.
- Standard Rate, 178.
- State Bank, 7, 10, 14, 15, 19, 20, 21, 32, 34, 35, 38, 39, 40, 41, 42, 43, 45, 46, 69, 72, 128, 150, 191.
- States in India, 172, 191, 207.
- State Railways, 64.
- Sterling Exchange Standard, 99.

- | | |
|------------------------------------|--|
| Stockholders' Scheme, 135. | United Kingdom, 176, 191. |
| Sweden, 131, 205, 211. | United States, 15, 103, 126, 131,
173, 209, 214, 215, 216, 218. |
| Switzerland, 131. | Vincent, Sir Edgar, 21. |
| Tata Industrial Bank, 68. | Warren Hastings, 1, 2, 9. |
| Telegraphic transfers, 35, 39. | Ways and Means purposes, 110. |
| Times, 32. | Western India, 16. |
| Treasury, 3, 5, 6, 8, 17, 19. | White Paper on the Indian
Constitutional Reform, 1933,
159, 160, 161, 185. |
| Treasury balances, 40, 63. | Wilson, James, 12. |
| Treasury work, 67. | |
| Trevelyan, Sir Charles, 15-16, 21. | |
| Union of South Africa, 87. | |

CHECKED
2903-04