

## FOREWORD

The Reserve Bank of India is now 35 years old. Relatively to some of the oldest Central Banks, such as the Riksbank of Sweden and the Bank of England which date back to the 17th century, the Reserve Bank is still a very young institution indeed. However, it is one of the oldest central banks in the developing countries. Its formative years have been eventful. Its efforts to adapt central banking functions and techniques to an economy in which modern banking was neither deep-rooted nor widespread, the special responsibilities including those of exchange control that it was called upon to shoulder with the outbreak of World War II in the very first decade of its existence, its transformation from a privately owned institution to a nationalized undertaking, its new role in the economy with the advent of independence -all these make the Bank's initial years of special interest. The Bank therefore felt that it would not be too soon for a history of its earlier years to be written.

A factor influencing this decision was that at this stage it was possible to draw upon the knowledge of those who were connected intimately with the Bank in its early years. We were fortunate in being able to secure the assistance of Dr. C. D. Deshmukh, the first Indian Governor of the Bank, to chair the Editorial Committee, which included Shri R. G. Saraiya who had for long been associated with the Bank as a Director and otherwise and is currently the Chairman of the Banking Commission, Dr. Bhabatosh Datta, an eminent economist from the Calcutta University, and Shri J. J. Anjaria who had joined the Bank many years ago and thereafter been the Chief Economic Adviser to the Government of India, the Executive Director for India on the International Monetary Fund and retired only recently as Deputy Governor after the work of the Editorial Committee was duly completed. The Bank made available the wholetime services of Shri S. L. N. Simha, a senior economist within the Bank, with long standing and experience, to be the Member-Secretary of the Committee and to undertake the writing of the history under the guidance of the Editorial Committee.

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A question which had to be faced at the very outset was how many years of the Bank's existence the first volume of the history should cover. In consultation with the Editorial Committee it was decided that this volume should cover the first 16 years of the Bank's working, 1935-51. 1951 constitutes a watershed in the country's annals, since it witnessed the launching of India's first Five Year Plan. It was also felt that the period that followed was too close for it to be viewed in the kind of time perspective that history needs.

I am happy that this work has been completed before I lay down office as Governor. The preparation of this comprehensive volume in about two years' time owes much to Dr. Deshmukh's dynamic and wise leadership. I wish to record the Bank's gratitude to him and to the other members of the Committee. I trust that the volume, which in some ways, is a chapter in the financial history of the country, will prove to be both interesting and useful not only to students and practitioners of central banking but also to those in India and abroad who are concerned, one way or another, with the problems of a developing economy. I hope in due course this volume will be followed by others covering the later periods of the Bank's working.

**RESERVE BANK OF INDIA,  
BOMBAY, March 13, 1970**

**L. K. JHA  
Governor**