

FOREWORD

It gives me great pleasure to present *The Reserve Bank of India, 1951–1967* in the fiftieth year of our independence. This is the second volume of the history of the Reserve Bank of India, the first (covering the period 1935–1951) having been published in 1970. The book covers the larger part of the first two decades after independence, when pioneering steps were taken to strengthen, develop, and diversify the country's economic and financial structure. The Reserve Bank of India played a notable role in bringing about these changes. As it met with the challenges and demands of a developing economy, the Reserve Bank was itself transformed in a considerable measure. This volume narrates not only the history of an important public institution in the process of change, but also sheds light on the country's economic development during these crucial years. I hope it will be read as an important contribution to the history of central banking in general, and in the developing countries in particular.

The history of a public institution serves one important function which is not always apparent. A history based on official documents and making the latter available to the interested public, together constitute an important exercise in public accountability. Despite its retrospective aspect, this form of accountability is not without its contemporaneous impact upon the institution's 'present'.

The focus of this book is on the Reserve Bank and public policy. In addition, as an institution, the Bank grew in size and complexity, and the changes in its organization and management are important subjects deserving to be analysed in their own right. It is therefore proposed to cover the Bank's organizational history over a longer-term perspective, in the next volume of the Reserve Bank's history.

In writing this book, Dr Balachandran has been guided by the Committee of Direction which was set up as soon as the decision to write the present volume was taken. The membership of the Committee has remained more or less unchanged since its beginning, except that Shri R.N. Malhotra ceased to be part of the Committee after he relinquished office as Governor.

Shri U.K. Sarma served for over four years as Officer on Special Duty, and undertook the patient job of unearthing the basic information and putting it together to provide the base for further construction. Dr Balachandran was entrusted with the writing of the history in 1995. The present volume is essentially his work. The Committee of Direction discussed from time to time the chapters written by him and offered advice on the details as well as the approach to various issues. I gratefully acknowledge the time and effort put in by the members of the Committee of Direction. It needs, however, to be pointed out that Dr Balachandran had full freedom to express his views in the book, even when members were not in agreement with them. The Committee of Direction was always of the view that a historical narrative cannot simply be a catalogue of events, and that since interpretation is the essence of any history, this book would necessarily have to bear the stamp of its author. In placing on record our deep appreciation of the work done by Dr Balachandran, the Committee wishes to make it very clear that the interpretation and selection of events and issues are entirely his responsibility.

I am sure this book will be read with profit by all those interested in the economic development of modern India.

C. RANGARAJAN
Chairman
Committee of Direction

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