



CHAPTER V

Modern Banking in India

Modern Banking system heralded its beginning in the sub-continent a little over two hundred years back with the establishment of **Bank of Calcutta**.

State Bank of India in the Making : Bank of Calcutta, the first bank in the country, established by the British, was born on June 2, 1806 at 8 Post Office Street in Calcutta; vide Calcutta Gazette notification No. 1158 dated May 7, 1806. In the said notification it was interalia mentioned - "The Notes of the Bank will be issued in the under mentioned Sums and be signed by one of the Directors of the Bank..." Notes called Sicca Rupees were issued in eight denominations of 10, 50, 100, 250, 500, 1,000, 5,000 and 10,000 by the bank.

The First Presidency Bank – Bank of Calcutta was rechristened as **Bank of Bengal** on January 21, 1809 as per Charter of the Bank of Bengal granted by the Governor General in Council at Fort William in Calcutta.

In a span of almost thirty five years two more such banks in the names of **Bank of Bombay** on April 15, 1840 and **Bank of Madras** on July 1, 1843 came up through separate Charters which provided for issuance of bank notes of the same denominations ranging between Sicca Rs.10 and Rs. 10,000.

The notes issued by the Presidency Banks, though not identical in designs and sizes, were bearing signatures of different directors of the Banks of the concerned cities, though values were the same. Till the introduction of the government paper currency in 1862 these notes were accepted as legal tender for making public revenue payments. However, these three banks functioned as the financial arms of the British

regime. They undertook many government business transactions, opened branches in different parts of the country, issued currency notes etc.

In 1825 Bank of Bengal moved to a premise of its own on Strand Road in Calcutta overlooking river Hooghly.

The Bank of Bombay initially located at 23 Rampart Row moved in 1863 to its own building on Bank Street in Bombay Green. In 1924 a new stately stone building emerged on Apollo Street where it was shifted.

The Bank of Madras set up initially inside Fort St. George moved first to Popham Broadway and then in 1898 to its own massive building on North Beach Road.

With the passing of **Paper Currency Act in 1861** the right of note issue of the Banks of Bengal, Bombay and Madras was abolished and the Government of India assumed the sole power of issuing paper currency. The Banks were made bankers to the Government. Assured of custody of government treasury balances, the Banks then embarked on expansion by way of opening branches at the interior trade marts of the sub-continent. Among the earliest branches were - Rangoon (Myanmar), Dacca (Bangla Desh), Mirzapur, Benaras, and Patna of the Bank of Bengal. Poona, Ahmadabad, Karachi (Pakistan) and Broach of the Bank of Bombay and Cochin, Calicut, Cocanada and Bangalore of the Bank of Madras.

Indian trade flourished by about 1860's because of development of cotton, jute, tea and coal enterprises coupled with expansion of Indian railways and telegraph and opening up of the Suez Canal. Several exchange banks eager to promote overseas trade started arriving in India – Chartered Mercantile Bank of India, London and China, Chartered Bank of India, Australia and China, Comptoir D' Escompte de Paris, National Bank of India and the Hong Kong and Sanghai Banking

Corporation. Indian joint stock banks like Allahabad Bank in 1865, Alliance Bank of Simla in 1874, and Punjab National Bank in 1895 also came up. **And as a direct impact of the Swadeshi Movement** banks like Bank of India, Canara Bank and Corporation Bank were founded in 1906; Indian Bank in 1907, Bank of Baroda and Punjab and Sind Bank in 1908, Central Bank of India in 1911 and also a few other banks thereafter came up.

IMPERIAL BANK – With the establishment and functioning of the three Presidency Banks some sort of financial discipline could be ensured in the country. In the meantime India's political climate was becoming hotter every day. The massacre at Jallianwala Bagh in the Punjab and renouncement of Knighthood by poet Rabindranath in severe protest on this barbaric act and also launching of Non-violence Movement by Gandhiji stirred the nation against the British raj. It was at this stage that the **Presidency Banks were amalgamated** to form the Imperial Bank of India on January 27, 1921. This new bank took on the triple role of a commercial bank, a Banker's bank and a banker to the government till establishment of the Reserve Bank of India in 1935.

Gross discrimination in wages and recruitment – No Indian, whosoever and whatsoever qualified he might be, could ever gain entry into the higher echelons of the banking service for almost one hundred and fifty years since inception of the Bank in 1806. It is a matter of historic importance that Sri J.R.D Tata on April 2, 1943 wrote a letter to the then Managing Director of the Bank on the issue of Indianisation - "I was at one time connected with it (the Imperial Bank) as a director and I resigned because I did not approve of the anti-national policy then in vogue in the matter of officer recruitment...". There was a wide disparity in salaries between European and Indian employees. The salary of the senior most European officer in 1809 was Rs. 800/-, while the Indian Khazanchee or

Cash keeper drew only Rs. 300/-, although both tendered the same security deposit of Rs. 50,000/-. The Indian writer or clerk was paid around Rs. 307- only. Even as late as 1924 Secretary and Treasurer drew a princely salary of Rs. 6,000/-, the Khazanchee received Rs. 1,000/-, a senior Indian writer Rs. 350/- and a fresh Indian Apprentice a pittance of between Rs. 18/- and Rs. 39/-. In 1949, after Independence, Sri P.A. Engineer was appointed as the first Indian Secretary and Treasurer. Four years later in 1953 Sri S. K. Handoo became the first Indian Managing Director of the Bank.

A few jewels of our country who maintained accounts with the Bank during its early days: Pundit Iswar Chandra Vidyasagar, Poet Rabindranath Tagore, Sir Jagadish Chandra Bose, Dadabhai Naoroji, Pherozeshah Mehta, Justice Ashutosh Mukherjee etc.

By the end of 1947 the Imperial Bank had a market share of a little over 30% of deposits and 23% of advances of all scheduled commercial banks in India. It had a network of 437 offices including sub-offices. However, the Bank also, for a while post-independence, operated as banker to the Government of Pakistan. It had several branches functioning in West and East Pakistan.

A peep into the Report for half-year ended 31st December, 1947 of the bank :

Payment of Dividend to Shareholders @14% p.a.	Rs.	39,37,500/-
Transfer to Reserve Fund	Rs.	2,50,000/-
Transfer to Pension Fund	Rs.	1,63,100/-
Bonus to Staff including 'Independence bonus' paid in Aug, 1947	Rs.	20,00,000/-
Carried forward to P/L a/c	Rs.	41,89,728-3-3
Total	Rs.	1,05,40,328-3-3

(Published on 30.01.1948)

It may be worthwhile to note that the figures 3-3 after rupee figures denote 3 annas and 3 pice as the old coinage system was fully operative those days. The present decimal system was introduced in our country in 1957.

Birth of Reserve Bank of India :

The adoption of the creed of Purna Swaraj, the Dandi March and the Civil Disobedience Movement forced the government to introduce constitutional reforms in 1935. After establishment of RBI earlier restrictions on Imperial Bank's business were removed and it was permitted to undertake foreign exchange business and executor and trustee business for the first time. The bank moved into branch opening spree in order to cope with the demand of time and circumstances.

However, prior to establishment of RBI, **Currency offices** functioning in a few Metropolitan cities including Calcutta, Bombay, Madras, Karachi, Rangoon, Colombo etc. from the very beginning of the 20th century, were also working as extended arms of the British raj. Employees were divided in numerous sub-categories with varied salary structures. To-day's Coin/Note Examiners were termed as Shroffs those days. They had to work in abject poverty with a pittance at the end of the month called 'salaries'. During those days also there were workers engaged as temporary hands on a pay of just 12 annas (equivalent to 75 paise) per day. Over and above the employees had to face deductions of Rs. 2.00 to Rs. 3.00 on an average per month for over payment of coins and/or receiving fake notes as penalty. In order to keep both ends meet most of the employees and workers had to fall prey to the private money lenders and 'Kabuliwalahs' (Afghan money lenders) finally driving them to insolvency, debt-traps, starvation and premature death.

Working Conditions in the Currency offices? - Shroffs had to work sitting on the floor mats. Others engaged in the

counters had to discharge their duties sitting on high stools with their feet hanging above the floor, till early 40's of the last century. In spite of several appeals no chairs were sanctioned because the plea of the management was - "Stool would prove more comfortable & convenient to the staff than the chairs". In N E (Note Examination) Sections there was no arrangement for drinking water. Such was the unhygienic service condition that even some of the employees succumbed to tuberculosis. In case balancing not being tallied they had to work all through the nights, but not a single pie was granted as 'overtime' which was a forbidden word to the employees. Although there was 'Casual Leave' employees had no right to avail of the same as per their requirement, rather management exercised their authority to refuse 'Casual Leave' prayed for and deduct pay. It was almost a routine exercise on the part of the management to inflict whimsical punishment, issue Show Cause Notices, expel employees from services and so on and so forth. It could well be termed as 'jungle rule'.

Presumably the collective voice for salary revision was heard for the first time in the banking industry in the Indian sub-continent in 1908; it was the mass appeal of the Currency employees of Calcutta office. Attempts were made to draw attention of the government subsequently through submission of memorandum in 1910 also in this regard. Some sort of relief was, however, granted to the employees by the government, but the benefit soon came to naught as a result of the World War I. Prices of essential commodities soared beyond comprehension and even rose by 50% within a period of 2-3 years during the War.

Amidst such a depressing and darkening war situation came 1917 ushering in an era of freedom from tyrannies, oppression, discrimination and exploitation of man by man. A new meaning of life was suddenly injected amongst workers in mills and factories in our country too. AITUC was founded in 1920.

Just one instance will bring home the truth of establishment of the magic of 1917 and its effects – by 1914 number of industrial workers under the Factories Act, 1886 stood at 85.100 whereas the number swelled to around 26.00.000 by 1921. A jump of 30 times in a span of only 7 years!

In 1921 March 150 employees at Calcutta Currency office submitted a mass petition to the currency officer Mr. J J Latta seeking **permission for organizing an association**. Situations in respect of both national and international arena appeared favourable to the employees, so it was difficult on the part of the authority to deny outright the collective say of the employees. So they preferred the other way – adopted delaying tactics. But ultimately, after almost 10 months the much awaited **permission came on January 26, 1922**. And just within three weeks Calcutta Currency Association, **the first Currency Association**, was formed in a meeting of the employees at the Currency Building at B B D Bagh **on February 17, 1922** under Presidentship of Sri D K Basu. 9 member Office bearers, 10 member Working Committee and 50 member Executive Council were elected from the General Meeting attended by all the employees excepting 2-3 officers. Sri Binod Behari Mukherjee became the General Secretary and E B Marie the President of the Association. It was announced in the meeting: “In the age of Civilisation, Progress and changed conditions, the Association may be pardoned if it aspires that the relation between the master and servant of the olden days should in its opinion be replaced by one of respect & sympathy”.

The news of the foundation of the Currency Association at Calcutta spread encouragement amongst employees at other centres of Currency offices also. **Bombay Currency Association** was formed **on May 9, 1923**. Came up subsequently Associations **at Rangoon and Madras offices also**. Organisers, especially the leaders at Calcutta, soon felt incumbent on their part to launch a unified programme of

approach on the demands of the employees scattered at different centres of the subcontinent. A **Preparatory Conference** of the employees from different centres under the banner ‘**All India Currency Conference**’ was held at the University Institute Hall, Calcutta **on June 16, 1923**. In this year, it is worthwhile to mention, a communication link was established with the International Federation of Trade Unions by the Association. Included were in the ‘Subject Committee’ Sri V Gopal from Rangoon and Sri V S Kukde from Mumbai. Sri N C Sen, editor of the renowned ‘Labour Patrika’ presided over the Conference. Finally **All India Currency Association was founded** the year next **in 1924** at the same venue i.e. University Institute Hall, Calcutta in presence of the great freedom fighter and national leader Sri Bepin Chandra Pal. Organisers at the Calcutta office of the Association felt the importance of introducing a medium of communication to enthuse and keep abreast the members of the developments from the very beginning. So a **typed ‘Bulletin’**, the monthly organ was **introduced** since December, 1925, which was also circulated amongst members of other centres. From 1929 onwards the Bulletin came into publication and circulation regularly as the all India organ of the members.

Well past the formation of the Currency Association, employees at the Calcutta office **established a Library** of their own **under the banner ‘Currency Club’** which later served as a wing of the Association on and from August 31, 1923.

In 1924 the Association set up an Enquiry Committee, known as ‘**Debt Enquiry Committee**’ to study the plight of the poverty stricken Currency employees. It came to light that 90% of the employees were in debt traps, and naturally it was felt that some urgent steps were needed to pull out them from the vicious circle. So the way out was formation of a Co-operative Society. **On July 21, 1927 ‘Calcutta Currency Co-**

operative Credit Society' was born. Overcoming heavy odds and adversaries prevailing those days the Society began its journey with a 115-strong membership. The expectation that revolved round the debt-trapped employees was – "Money lenders could hardly be found to loaf around the Currency office premises any more". The name of the Society, however, underwent several changes over the following years, and finally it came to be known as 'Calcutta Reserve Bank Employees Cooperative Credit Society Ltd' from 1952 onwards.

Labour Movements started spreading in various parts of the country. Voice of dissensions and protests gradually became louder. The British felt the pressure and compulsion that led to the passing of the '**Trade Union Act**' in 1926. But attitude of the rulers was yet to change. Worldwide economic turmoil engulfed peoples and workers of the countries including India. Demands were raised by the Currency Association for amelioration of hardship through revision of salaries of the employees. The issue was raised by G.S.Kharpade, Member of the Central Assembly in the Legislature after the demand was turned down by the Currency authority. The issue was also defeated in the House by a margin of 19-16 votes when Mr. Bweton, Finance Secretary proudly hailed the government policy saying that they were not at all facing any difficulty to recruit hands as per prevailing practice, however sad they might be. And it would act as a disastrous example if the employees' demands were met.

But this paved the way for the leading national dailies e.g. Hindusthan Times, the Hindu etc. to bring to public notice the actual plight of the employees of the Currency offices. These publicities built up strong public opinion in favour of the employees that compelled the rulers to appoint 'Nixon Committee' to study the cases and submit its observation, resulting in **marginal improvement** in salaries of the Shroffs.

The rulers also felt the necessity of establishing one Central Bank in the country that would regulate and monitor government debts and monetary system. However, Warren Hastings, during the period of East India Company in 1773 i.e. almost two and a-half centuries ago, thought and recommended of establishing a Central Bank for Bengal and Bihar, which never saw the light. Hilton Commission also recommended of the same in 1925-26 resulting which a Bill to establish the Central Bank 'free from political influences' was introduced in the Central Legislative Assembly. And the **Reserve Bank of India was established on April 1, 1935** through amalgamation of the erstwhile Currency offices and a few departments of the Imperial Bank and of the Office of the Accountant General. It was first established as a joint stock company with an initial capital of Rs. 5 crores. **In the very same year** an All India Conference of the Currency Association was held at Calcutta and the name of the old organization was changed to **All India Reserve Bank Employees Association**.

Soon after the World War II came to a close Central Banks in many of the European countries e.g. Bank of England, Bank of France etc. were nationalised. Public opinion here also pressurized Indian government to such an extent that it had to purchase all private shares of the Reserve Bank in 1948 by an enactment. The Bank was finally nationalised on January 1, 1949. This heralded a turning point in the economic activities of the country.

Foundation of AIRBEA ushered in a new era of hope and movement amongst the employees. In 1938 All India Conference the representatives present openly condemned the pitiful salary structure and demanded improvement. Collective voice of protest again was heard loud against 'excessive work load' in NE (Note Examination) section and policy of 'supersession' in the matter of promotion by the management. During the W W II employees raised their demand for 'War

Allowance' and supply of Essential Commodities at cheaper prices in the face of the grim situation of sky rocketing prices, scarcity, breakdown of economic order and moral values etc. After a long drawn tug of war their demands were conceded to some extent; the authorities introduced '**grain shop**' at Calcutta office that continued for several years and effected enhancement of increment of Rs. 3/- annually in place of existing Rs. 5/-biennially.

Emboldened by the surrounding developments the employees resolved to realize their demands unitedly even by resorting to direct action if warranted in the All India Conference at Delhi in 1944. And in Cawnpore All India Conference in 1945 they raised a significant demand in the history of bank employees movement in the country for introduction of **Uniform Local Allowance** in all centres of the Bank. Reserve Bank employees also paved the path of **bilateral negotiations in the country in 1946** when uniformity in the basic pay, advance increment for Graduate and CAIB employees, Contribution by the Bank in Provident Fund accounts of the temporary employees etc. could be achieved through negotiations between the Bank management and the Association.

Hapless Conditions of Bank Employees those days :

Conditions in almost the entire banking industry? Those were the days! Yes, the days were cruel and savage. The owners and their aides were simply tormentors – devoid of an iota of anything humane. "Use and fleece and throw" seemed to be their motive force. And the result? Employees had to live in the gasping atmosphere of abject poverty and insecurity, seething in anger silently, there was murmuring at times but that too with extreme caution. A leaf from the "Bulletin" – organ of the Currency (RBI then known as the Currency Office). Association of Calcutta – circulated in 1930 may easily take

us more than eight decades back to unfold the plight of the workmen:

"Man is mortal. All men must die. But saddest is the death of a currency employee – who gives his best to the govt. in return of a pittance. While young he cares not what he is paid, as the couple is lulled into a slur of security with the primary start of 2880 pice (equiv. of Rs.45.00 only, as per old coinage system 64 pice made a rupee) per month. But when years roll by and the couple multiply, there comes the real awakening. His pay increases slowly like distilled drops of Rose water and his family growing, the happy dreams of youth vanish and grim realities of life stare in the face. He fumes, he frets, he groans. But in vain he strikes his head against rock. He cries in wilderness. None listens.

"He must live poorer and die poor. His family must be content with a slice of dry bread and onion perhaps with some salt during the lifetime of the honest bread winner and must beg in tatters from door to door after he is snatched away by the cruel hand of death. Such are the prospects of a Dept. under the Central Govt.

"So cry and cry and rent the sky. Your tears of blood must one day move the powers to be. So cry and let the mother know that you are hungry."

A stage of huge unemployment rolled out a situation quite favourable to the bankers. Job-seekers were abundantly available in the market. So they did not have to bother also as to norms and ethics, working hours and service conditions, their duties and obligations towards the workers. Close on the heels of establishment of the Reserve Bank of India in April 1935, a report was published in connection with recruitment of 50 temporary hands in the Bank:

"It was not a rain, but a downpour, of applicant. They came from all corners of Calcutta – from most mofussil stations of

Bengal. The building was chokeful of crowing graduates. The overflow in the street was so heavy that the traffic was held up and there was a perfect jam. The men who got into the building could not get out; the crowd in the street, who were all the time pressing towards the entrance of the building, were panting and perspiring and some fainted in the Gush Crush, I understand. The officials, who were to make the selection, were non-plussed. Never did any advertisement in Calcutta papers have such pulling power. In sheer desperation, the police were rung up; & their assistance requisitioned to clear up the building & streets.” (Indian Finance - March 30, 1935)

Disparities and discriminations played rampant. Both State Bank and Reserve Bank, in their embryonic stages, started their limited operations of banking and monetary control from the very beginning of the nineteenth century. Modern industries started flourishing in the country from almost around mid 19th century and there was no dearth of exploitative approach. Workers in the country were treated almost like herds of beasts of burden.

Banks were exclusively in private hands. In those days employees had no specific working hours, service condition a misnomer, financial benefits a dream, raising a voice meant immediate loosing of job. Employees knew their time of attendance but there was no certainty as to when to leave the bank. They had to work till the employer wished them to perform, to complete balancing of day's transactions on many occasions; they could go out at midnight when no public transport was available, no passersby found, only thieves and miscreants roamed. Naturally they had to go on foot to reach their destinations. Sometimes police caught them and dragged them to the police stations suspecting them to be vagabonds and miscreants. As a result, they had to pass the night in police custody, and when the information finally reached the

employers they contacted the police authorities for their release in the next morning.

Weekly balancing day was Friday. On that day employees would come well prepared with bed rolls and pillows for night stay in the office, as in most of the cases balancing could be over past midnight. Hindusthan Standard in its publication dated 11.2.1940 gave a vivid reporting on the pitiful conditions of the employees: “There is no time limit of the working hours in the Banks. The poor clerks have to attend office at 10 a.m. and they do not know when they will be able to leave the office because they are not allowed to leave office until and unless the day's accounts i.e. the cash balance are found correct. In some of the Banks, the transactions go up to 4 or 5 p.m. so that the day's accounts cannot be taken up early during the day and so that the closing of the accounts go up to 10 p.m. and sometimes even up to 12 midnight until the cash balance is found correct. These clerks are, therefore, compelled to work for 12 to 14 hours per day. On the other hand, these overworked clerks are very poorly paid. The high officers like the Managers, Cashiers etc. of course are highly paid at the cost of these poor and over worked clerks. It should also be noted that the banking firms make huge profits sometimes 40 to 50 lacs of rupees annually. This is indeed a 'zoolum' on the part of the management of the banks who are bent on exploiting the poor Bengalee 'Bhadralok' labour taking advantage of the critical unemployment. It is a pity that even the humblest day labourer or even the prisoners of gaols have a limit to the working hours and have allowances for extra-works, but these unfortunate clerks have none of these privileges. They are burdened to work like beasts at the sweet will of their masters. The consequence is that these poor clerks are being dragged to ultimately graves due to over work and unemployment. Is there no body in the land to prevent such cruelty to human beings although there exists law punishing cruelty to animals?”

In foreign banks the employees were restricted to come to the office with dhoti or any casual dress. Employees in many banks those days were employed for a term of 5 to 10 years and thereafter they were thrown out of employment. Management was apprehensive of their longer stay because in that case they might form organizations taking advantage of their seniority and experience. In many banks even employees had to come to the office on Sundays to render 'voluntary' service. Although the term is used as 'voluntary', it was actually compulsory. If any employee refused to come to the office on Sundays, hired musclemen were sent to their houses to forcibly bring them to the office.

Chaprasis (subordinate staff) had to serve their employers' houses, do all sorts of domestic jobs, they were treated as domestic servants and simultaneously they had to perform their duties in the office also. There was no question of holiday or overtime. In most South Indian banks, employees had to stand on their feet when the Agents (managers) entered their branch premises; subordinate staff had to lie down on the floor (in 'sastangam' or 'namaskaram' posture) to welcome the Agents. Whenever any manager/agent came out of his chamber employees had to perform their jobs standing till he entered back his chamber. If any Agent called any staff in his chamber, the staff concerned had to leave his shoes or chappals outside and go inside the chamber bare footed.

Although there was some system of 'leave', employees had no right or liberty to avail of the leave without the prior permission of the management concerned, the employers had the prerogative to refuse leave. We heard of many inhuman treatments meted out to employees in their crucial need. One staff of a bank while working in the branch got a telegram to the effect of his father's serious illness, asking him to attend to his father immediately. When the staff concerned approached the Agent with a request to allow him to leave the branch to

remain by the side of his ailing father, the Agent asked him to finish his job first. But actually when his job was finished it was late at night when no railway service was available. Naturally, he could not go to his home. Next day he came to the branch with a heavy heart and while doing his day's work he got another telegram stating that his father was no more. When he went to the Agent again with a request to release him so that he might do the last rituals of his father, Agent's reply was that it was of no use to release him since his father was no more. Instances of such inhuman treatments by the Agents to the employees are numerous. There was an atmosphere of complete insecurity of service. Nobody knew when he would be thrown out of his employment. They always lived in a state of terror. Abject poverty and insecurity always haunted them. There was no organization in any of the banks those days. It took time for the bank employees to gather strength and organize themselves in order to face and combat the offensives of the managements.

Bengal : Mushrooming of Banks and Their Failure -

They flourished and perished...

Soon after political power from the East India Company was transferred to the British rulers capital from Britain flowed free in our country from the last quarter of the 19th century till the first quarter of the 20th, precisely for almost half a century. With spreading of railway tracks and considerable movements of goods and merchandise business activities saw enormous growth and also a strong link between colonized India and international finance was very much visible. Naturally bank business saw its breeding ground. Imperial Bank alone became incapable of handling and managing growing economic rapidity. Big entrepreneurs and indigenous business houses set up their banks primarily to pump in capital in order to flourish their respective business interests. Foreign bankers also poured in

to spread their existence and rope in business. Tempted by the favourable scenario many Rajas and Zamindars also did not lag behind; some of them “to fish out in the troubled water”.

There was no control, no economic discipline, no policies and as a result there were mushrooming of private banks, small and medium and even big. But in the face of the uneven competition bank failure became a routine exercise during the rest of the British regime. Those who survived had better banking knowledge, backing of capital, liaison with foreign rulers and got their patronization.

The alarming feature of bank failure will be very much clear from the following instances -

On the impact of the World War I and between 1913 and 1917 around 600 banks became bankrupt.

During the span of the World War II 365 banks were closed. Even 45 banks were wound up immediately after independence of the country. No data, no record is available to-day as regards how many thousands and lakhs of depositors were ruined as a result of more than one thousand banks downing their shutters. Many unscrupulous bank owners also usurped entire deposits of public money taking advantage of the situation. In order to get rid of such a chaotic condition and bring back confidence of the public in the banking system and regulate bank affairs ‘Banking Companies Act’ was passed in 1949.

Bengal was at the pinnacle of economic activities in the undivided subcontinent. It was the nerve centre also of political, social, cultural affairs and movements till the first half of the last century. [Then the scenario gradually changed to worse with partition of Bengal and also because of political considerations by the ruling party/parties at the centre post-independence. That is altogether a separate story.] Bank business, therefore, flourished in Bengal phenomenally. On the eve of independence of our country, during 1945-46, a large number of banks existed in Kolkata, names of only some

such banks are given below, which may serve as an important piece of information.

Name of the Bank	Name of the Bank
Aryasthan Bank Ltd.	Kusthia United Bank Ltd.
Asiatic Bank Ltd.	Lall Bank Ltd.
Assam Co-operative Bank Ltd.	Light of Hindustan Bank Ltd.
Bank of East Asia Ltd.	Midland Commercial Bank Ltd.
Bengal Muslim Bank Ltd.	Minerva Banking Corporation Ltd.
Bhagirathi Bank Ltd.	Modern Commercial Bank Ltd.
Bengal Metropolitan Bank Ltd.	National Central Bank Ltd.
Bank of Industries Ltd.	Bank of Asia Ltd.
Bogra Banking Corpn. Ltd.	Bharat Union Bank Ltd.
Bengal Express Bank Ltd.	Bharat Industrial Bank Ltd.
Bank of Metropolis Ltd.	Bengal Exchange Bank Ltd.
City Commercial Bank Ltd.	Bengal Comml. & Agricultural Bank Ltd.
Dacca Federal Bank Ltd.	Bengal Zamindari Bank Ltd.
Dacca Central Bank Ltd.	Calcutta People’s Bank Ltd.
Discount Bank Ltd.	Calcutta Exchange Bank Ltd.
East Bengal Mercantile Bank Ltd.	Calcutta Standard Bank Ltd.
East and West Bank Ltd.	Calcutta Credit Bank Ltd.
Eastern Credit Bank Ltd.	Calcutta Bankers Ltd.
Eastern National Bank Ltd.	Central Hindusthan Bank Ltd.
Eastern Continental Bank Ltd.	Co-operative Bank of India Ltd.
Everest Bank Ltd.	Comilla Industrial Bank Ltd.
Federal Commercial Bank Ltd.	Chittagong Central Banking Corpn. Ltd.
Jubilee Development Bank Ltd.	Commons Bank of India Ltd.
Jubilee Overseas Bank of India & Burma Ltd.	Crescent Commercial Bank Ltd.
Kashipur Bank Ltd.	Civil Bank of India Ltd.
Khulna - Kayastha Bank Ltd.	

Name of the Bank	Name of the Bank
Indian Specie Bank Ltd.	National Union Bank Ltd.
Indian Standard Bank Ltd.	New Bengal Bank Ltd.
Indo Traders Insurance Bank Ltd.	New Hindustan Bank Ltd.
Federation Bank of India Ltd.	New Oriental Bank Ltd.
Great Bengal Bank Ltd.	Oriental Bank Ltd.
Hind National Bank Ltd.	Oriental Public Bank Limited
Hindusthan Specie Bank Ltd.	Sens Banking Corpn. Ltd.
Incorporated Bank Ltd.	Sound Bank Ltd.
India Exchange Bank Ltd.	South Calcutta Industrial Bank Ltd.
India Security Bank Ltd.	Sri Bharat Industrial Bank Ltd.
Indian Associated Bank Ltd.	Sunlight Bank Ltd.
Indian Crescent Bank Ltd.	The Nabadwip Bank Ltd.
Indian People's Bank Ltd.	Union Credit Bank Ltd.
Indian Public Bank Ltd.	Union Mercantile Bank Ltd.
Purbadhala Bank Ltd.	United Bank of India Ltd.
Puri Bank Ltd.	United Calcutta Bank Ltd.
Pulli Luxmi Bank Ltd.	International Commercial Bank Ltd.
Radiant Bank Ltd.	Jamalpur Industrial Bank Ltd.
Rajasthan Bank Ltd.	Patuakhali Bank Ltd.
Rajshahi Banking & Trading Ltd.	Provincial Bank of Bengal Ltd.
Rashtriya Bank Ltd.	Sonapore Bank Ltd.
Regent Bank Ltd.	Shakti Bank Ltd.
Reliance Bank Ltd.	Security Bank Ltd.
Relief Bank Ltd.	United Industrial Bank Ltd.
National Chambers Bank Ltd.	Wallace Bank Ltd.
National Express Bank Ltd.	Welfare Bank Ltd.
National Exchange Bank Ltd.	
National Mercantile Bank Ltd.	
National Provincial Bank Ltd.	

The list given above includes only the names of the small banks and it is not exhaustive. Most of the banks vanished in no time. Only a few survived with their identities over a couple of years and with amalgamation of a few with a bigger bank viz., United Bank of India emerged and still it is one of the premier banks in the country. Hooghly Bank, Bengal Central Bank, Comilla Banking Corporation and Comilla Union Bank were amalgamated and United Bank of India emerged. Later on Standard Bank and Hindusthan Mercantile. Bank were also amalgamated with the United Bank India.

Kerala : Numerous Banks Rolling Down Shutters -

In the princely State of Travancore - Cochin (Kerala) also existed quite a large number of Banks. Names of such Banks, very small to mid-sized, are listed here below for information and curiosity-sake. Most of the Banks, as was usual during those days, vanished in no time, a few merged and managed extension of life for a couple of years more, and one Bank – Travancore Forward Bank Ltd. was merged with State Bank of Travancore in 1961.

List of Banks	Place
Adoor Bank Ltd.	Adoor
Alleppey Bank Ltd.	Alleppey
Ambat Bank Ltd.	Chittur
Anthraper Bank Ltd.	Shertallay
Asiatic Mercantile Bank Ltd.	Cochin
Asoka Bank Ltd.	Shertallay
Assyrian Charities Banking Co. Ltd.	Trichur
Bank Always Ltd.	Always
Bank of Cochin Ltd.	Ernakulam
Chalakydy Public Bank Ltd.	Chalakydy
Chaldean Syrian Bank Ltd.	Trichur
Champakulam Catholic Bank Ltd.	Champakulam
Changanacherry Bkg. Co. Ltd.	Changanacherry
Changanacherry Central Bank Ltd.	-do-

List of Banks	Place
Chengannur Bank Ltd.	Chengannur
Cherai Bank Ltd.	Cherai
Christian Popular Bank Ltd.	Irinjalakuda
Cochin Farmer Bank Ltd.	Thiruvilwamala
Bank of Deccan Ltd.	Kottayam
Bank of Eloor Ltd.	Trivandrum
Bank of New India Ltd.	-do-
Bank of Travancore Ltd.	-do-
Bhagabathivilasom Nayar Bank Ltd.	Nayarambalam
Bharananganam Bank Ltd.	Bharananganam
Commercial Bank Ltd.	Nayarambalam
Catholic Bank of India Ltd.	Changanacherry
Catholic Oriental Bank Ltd.	Aranathukara
Catholic Parish Bank Ltd.	Kalparamba
Catholic Syrian Bank Ltd.	Trichur
Catholic Syrian Christian Bank Ltd.	Narakkal
Catholic Syrian Vyavasaya Bank Ltd	Kanjany
Catholic Union Bank Ltd.	Trichur
Central Banking Corpn. Of Travancore Ltd.	Alleppy
Central Travancore Bank Ltd.	Tiruvalla
Central Travancore Indl. Bank Ltd.	Thumpamon
Chalaky Bank Ltd.	Chalaky
Indian Traders Bank Ltd.	Alwaye
Indo-National Bank Ltd.	Cochin
Cochin National Bank Ltd.	Trichur
Cochin Nayar Bank Ltd.	-do-
Cochin Reserve Bank Ltd.	-do-

List of Banks	Place
Bharatha Union Bank Ltd.	Trichur
Cochin Union Bank Ltd.	-do-
Commercial Bank Ltd.	Kottayam
Catholic Alliance Bank Ltd.	Narakkal
Commercial Central Bank Ltd.	Palai
Commonwealth Bank Ltd.	Kanjirapally
Dakshina Bharat Bank Ltd.	Trichur
Deva Raja Vilasam Bank Ltd.	Kadakavoor
Dhanalakshmi Bank Ltd.	Trichur
Dhanuandhari Bank Ltd.	Erumpaetti
Eastern Midland Bank Ltd.	Kottayam
Federal Bank Ltd.	Alwaye
Highland Bank Ltd.	Chingavanam
Hindu Union Bank Ltd.	Enamavu, Kanjany
Indian Ins. & Bkg. Corp. Ltd.	Trichur
Kozhuvanal Bank Ltd.	Kozhuvanal
Kshemavilasom Banking Co. Ltd.	Trichur
Indo National Bank Ltd.	Nagercoil
Industrial Bank Ltd.	Cochin
Industrial Native Bank Ltd.	Piravom
Irinjalakuda Bank Ltd	Irinjalakuda
Irinjalakuda Catholic Bank Ltd.	-do-
Jai Hind Bank Ltd.	Thodupuzha
Jai Bharath Bank Ltd.	Monipally
Josna Bank Ltd.	Cochin
Kamalodayam Bank Ltd.	Ponkunnam
Kanadassankadavu Popular Bank Ltd.	Kandassankadavu

List of Banks	Place
Kanjoor Commercial Bank Ltd.	Kanjoor
Kerala Com. Bank Ltd.	Trivandrum
Kerala National Bank Ltd.	Kottayam
Kerala Service Bank Ltd.	-do-
Kerala Union Bank Ltd	Mala
Kottayam Bank Ltd.	Kottayam
Kozhencherry Bank Ltd.	Kozhencherry
Nanjinad Bank Ltd.	Nagercoil
Nayar Union Bank Ltd.	Trichur
Lord Krishna Bank Ltd.	Cranganore
New Model Bank Ltd.	Alleppey
Ollur Bank Ltd.	Ollur
Oriental Bankers Ltd.	Munnar
Kuruppampady Bank Ltd.	Kuruppampady
Kuttanad Bank Ltd.	Edathua
Lakshmi Prasad Bank Ltd.	Trichur
Latin Christian Bank Ltd.	Ernakulam
Liberal Bank Ltd.	Parathode
Little Flower Bank Ltd.	Ollur
Madapally Sri Vilasan Bank Ltd.	Mundakayam
Malabar Bank Ltd.	Trichur
Malabar City Bank Ltd.	Vikom
Malankara Bank Ltd.	Tiruvalla
Mar Appream Bank Ltd.	Trichur
Martamdham Comml. Bank Ltd.	Martandam
Mar Thoma Syrian Bank Ltd.	Trichur
Merchants' Bank of India Ltd.	Ernakulam

List of Banks	Place
Moolankuzhi Union Bank Ltd.	Trooppampady
Mukkattukara Catholic Bank Ltd.	Mukkattukara
Nadar Mercantile Bank Ltd.	Trivandrum
National Service Bank Ltd.	Poonjar
Cochin Comml. Bank Ltd.	Cochin
New India Bank Ltd.	Vazhakulam
Prabhatha Tharaka Bank Ltd.	Kuravilangad
Presidency Bank Ltd.	Kottayam
Progressive Bank Ltd.	Kottarakara
Oriental Bank of India Ltd	Thodupuzha
Oriental Christian Bank Ltd.	Trichur
Oriental Ins. & Bkg. Union Ltd.	Trichur
Oriental Union Bank Ltd.	Kaduthuruthy
Oriental Central Bank Ltd.	Kottayam
Palai Central Bank Ltd.	Palai
Parameswara Vilasam Bkg. Co. Ltd	Pariyaram
Parur Central Bank Ltd	Parur
Perumbavur Bank Ltd.	Perumkavur
Pioneer National Bank Ltd.	Kidangoor
Popular Bank Ltd.	Alleppey
Sree Poornathrayeesa Vilasom Bank Ltd	Tripunithura
Sree Vardhana Bank Ltd.	Kottayam
Sree Krishna Vilasom Bank Ltd.	Ezhumattoor
St. George Union Bank Ltd.	Puthenpally
St. Mary's Model Bank Ltd.	Vazhapally
St. Thomas Bank Ltd	Ullur
Suburban Bank Ltd.	Trichur

List of Banks	Place
Swadesi Bank Ltd.	Pathanamthitta
Swarajya Bank Ltd.	Kottayam
Thiyya Bank Ltd.	Cranganore
Public Bank Ltd.	Pudukad
Puthenpeedika Bank Ltd	Puthenpeedika
Salvation Bank Ltd	Trichur
Seasia Bank Ltd	Alleppey
S & 1 Banking Ltd.	Tripunithura
Society Bank Ltd	Trichur
South Indian Bank Ltd.	Trichur
South Indian National Bank Ltd	Mavelikara
South Travancore Bank Ltd.	Neyyor
Sree Narayana Vilasom Bank Ltd	Pathanamthitta
Sree Radhakrishna Bank Ltd.	Trichur
Travancore Forward Bank Ltd.	Kottayam
Travancore General Bank Ltd.	Kottayam
Travancore Sanathana Bank Ltd.	Chengannur
Tripunithura Union Bank Ltd.	Tripunithura
Trivandrum Permanent Bank Ltd.	Trivandrum
Union Bank Ltd.	Alleppey
United India Bank Ltd	Chengannur
United Kerala Bank Ltd.	Kayamkulam
Venadu Bank Ltd.	Pulincunoo
Vijayalakshmi Bank Ltd.	Parur
Thomcos Bank Ltd.	Alleppey
Travancore Eastern Bank Ltd.	Karunagapally
Vyavasaya Bank Ltd.	Peringottukara
Vypeen Catholic Bank Ltd.	Nayarambalam

However, it should not be construed that Banks thronged in Bengal and Kerala alone; we also come to know of many more Banks that came up like weeds in different parts of the sub-continent and vanished like bubbles. Names of some such Banks are given below. It is needless to mention that the list of vanishing banks from our country can never be made authentic and exhaustive one, as there is no recorded documents in the country in the matter:

Bank	Date of Foundation
Bank of Nagpur, Nagpur	13.11.1937
Belgaum Bank, Belgaum	11.01.1930
Gadodia Bank, Bombay	11.08.1943
New Citizen Bank of India, Bombay	31.07.1937
Bank of Citizens, Belgaum	13.01.1937
Bank of Karad, Karad	12.03.1946
Hindu Bank, Karur	11.02.1932
Hubli City Bank, Hubli	14.04.1930
South India Commercial Bank, Karur	20.05.1942
Narang Bank of India, Delhi	24.12.1942
Ajodhia Bank, Fyzabad	11.09.1894
Bank of Behar, Patna	01.04.1911
Bank of Karnataka, Hubli	23.09.1946
Bank of Poona, Poona	19.07.1945
Bharatha Lakshmi Bank, Machilipatnam	22.04.1929
Hindusthan Commercial Bank, Kanpur	22.04.1929
Hindusthan Mercantile Bank, Calcutta	05.02.1944
Indo-Commercial Bank, Mayavaram	08.11.1932
Jodhpur Commercial Bank, Gwalior	04.01.1958
Krishnaram Baldeo Bank, Gwalior	04.11.1958
Miraj State Bank, Miraj	30.04.1929

Nadar Bank, Tuticorin	11.05.1921
National Bank of Lahore, Delhi	28.08.1942
Pandyan Bank, Tirumangalam	11.12.1946
Prabhat Bank, Delhi	01.02.1943
Pratap Bank, Delhi	17.12.1943
Presidency Industrial Bank, Poona	19.11.1936
Traders' Bank, Delhi	07.02.1929
Universal Bank of India, Dalmianagar	04.01.1937
Bank of Bundelkhand, Rewa	01.05.1933
Bank of Dewas, Dewas	11.03.1938
Bank of Karaikudi, Karaikudi	10.09.1936
Bank of Konkan, Malvan	09.03.1945
Bari Doab Bank, Hoshiarpur	12.05.1915
Bharat Industrial Bank, Poona	14.04.1938
Chawla Bank, Dehra Dun	
Coimbatore National Bank, Coimbatore	23.01.1933
Commercial Bank of India	21.05.1935
Didwana Industrial Bank	01.06.1925
G. Raghunathmull Bank, Hyderabad	04.05.1946
Gauhati Bank, Gauhati	19.06.1926
Goenka Commercial Bank, Calcutta	23.01.1933
Indian Insurance & Banking Corporation, Trichur	06.03.1933
Jaya Laxmi Bank, Mangalore	11.10.1923
Manickavelu Banking Corporation, Bangalore	24.07.1920
Pangal Nayak Bank, Udipi	15.04.1920
Sahukara Bank, Ludhiana	23.07.1912
Arunadu Bank, Triuchirapalli	23.12.1942
Agurchand Manmull Bank, Madras	09.11.1944
Allahabad Trading & Banking Corpn., Allahabad	17.04.1883

Amrit Bank, Amritsar	16.05.1935
Annamalai Union Bank, Annamalai	30.03.1922
Bank of Alagapuri, Alagapuri	31.01.1935
Bank of Aundh, Satara city	25.08.1938
Bhor State Bank, Bhor	01.08.1944
Catholic Bank, Mangalore	05.06.1925
Chetnad Mercantile Bank, Karakudi	30.10.1933*
Chitaldurg Bank, Chitradurga	17.07.1870
Citizens Bank, Robertsonpet, KGF	10.04.1937
City Forward Bank, Kumbakonam	12.06.1929
Kankinada Radhasoami Bank, Kakinada	04.05.1943
Coimbatore Anuppapalyam Bank, Coimbatore	10.11.1919
Coimbatore Aryan Bank, Coimbatore	26.03.1923
Coimbatore Baghialakshmi Bank, Coimbatore	07.03.1936
Coimbatore Janopakara Bank, Coimbatore	22.06.1883
Coimbatore Sri Ganesar Bank, Coimbatore	02.12.1924
Coimbatore Standard Bank, Coimbatore	15.12.1932
Coimbatore Town Bank, Coimbatore	26.11.1908
Coimbatore Varthaka Vridhi Bank, Coimbatore	11.12.1878
Coimbatore Vasunthara Bank, Coimbatore	19.06.1924
Colony Bank, Ludhiana	19.06.1908
Commercial Bank, Kolhapur	22.04.1936
Coonoor Subramania Vilas Upakara Bank, Coonoor	29.11.1911
Cuttack Bank, Cuttack	09.06.1913
Devanga Bank, Bangalore	22.01.1926
Dewas Senior Bank, Dewas	04.10.1941
Galada Bank, Madras	06.04.1945
Ganesh Bank of Kurundwar, Kurundwar	14.08.1920
Govind Bank, Mathura	02.01.1943

Himalaya Bank, Kangra	16.06.1943
Indian Commercial Bank, Coimbatore	12.02.1926
Jalpaiguri Banking & Trading Corpn., Jalpaiguri	26.07.1911
Jharia Industrial Bank, Jharia	18.04.1941
Jotedars' Banking & Trading Corpn. Jalpaiguri	26.07.1911
Kannivadi Bank, Dindigul	18.10.1937
Kashinath Seth Bank, Shahjanpur	03.09.1947
Krupakara Bank, Coimbatore	07.09.1905
Kulitalai Bank, Tiruchirapalli	25.10.1933
Malanad Bank, Tarikere	19.12.1933
Mannargudi Bank, Mannargudi	22.06.1932
Mayurbhanj State Bank, Baripada	03.11.1919
Merchants' Bank, Tanjore	03.11.1919
Modern Bank, Coimbatore	19.05.1926
Naini Tal Bank, Naini Tal	31.07.1922
Nanjilnad Bank, Nagercoil	15.06.1937
New India Bank, Coimbatore	25.09.1922
Palakarai Bank, Tiruchirpalli	22.09.1902
Pathinen Grama Arya Vysya Bank, Kombai	26.11.1919
Peelamedu Karivaratharaj Bank, Peelamedu	26.11.1919
Peoples' Bank, Tirthahalli	04.04.1913
Perumbavur Bank, Perumbavur	10.01.1938
P.N.N. Bank, Shevapet, Salem	07.04.1948
Pollachi Town Bank, Pollachi	16.05.1917
Pollachi Union Bank, Pollachi	16.11.1921
Public Bank, Pudukad	06.06.1928
Radhasoami Bank, Agra	12.01.1929
Rajapalayam Commercial Bank, Rajapalayam	20.11.1936
Ramdurg Bank, Ramdurg	18.11.1944

Rayalaseema Bank, Ananthapur	25.11.1939
R.V. Bank, Madurai	29.01.1936
Salem Gugai Sri Krishna Bank, Salem	01.05.1931
Salem National Bank, Salem	03.07.1935
Salem Shevapet Sri Venkateswara Bank, Salem	04.06.1931
Salem Sree Ramaswami Bank, Salem	23.01.1931
Salem Sri Kannikaparameswari Bank, Salem	19.02.1931
Satara Swadeshi Commercial Bank, Satara	20.08.1907
Sethiya Bank, Madras	31.08.1946
Shree Jadeya Shankarling Bank, Bijapur	10.05.1948
Sind National Bank, Ulhasnagar	22.05.1952
Sree Rajagopal Bank, Kovilpatti	10.10.1922
Sri Dwarakanathar Bank, Salem	28.08.1931
Sri Ranganathar Bank, Salem	16.11.1936
SMSO Bank, Madras	05.12.1881
Sri. Mayuram Bank, Mayuram	10.09.1917
Sri. Nadiambal Bank, Pattukkottai	04.12.1936
Sringeri Sri Sarada Bank, Sringeri	13.05.1914
Srinivasaperumal Bank, Coimbatore	13.11.1935
Srirangam Janopakara Bank, Srirangam	20.04.1882
Vasaganeri Subramania Bank, Tiruchirapalli	17.04.1899
Woriur Commercial Bank, Tiruchirapalli	29.01.1894

[Acknowledgement- History of AIBEA]

There were many more banks which were there in different parts of the country that rolled down their shutters throwing thousands of depositors to dust. The unscrupulous bank owners, in most cases, robbed the people of their hard earned money. There is also no record as to how many people became penniless because of sudden closures of the banks.

In 1921 when three Presidency Banks of Bengal, Bombay and Madras, with a spread of almost 80 branches were amalgamated and christened as Imperial Bank of India it had a total business of Rs.127 crores, Deposits Rs.73 crores and Advances Rs.54 crores.

However, functioning of the Association in some form or the other in the Bank was in existence since early 20's and even prior to in the century last. Of course in the formative stage of consolidation the voice was naturally quite feeble and mostly unheard; welfare measures for the employees were sought to be pursued and extended. Level of consciousness and urge for uniting kept developing at a snail's pace in an atmosphere fraught with risks and insecurities. But in every trying situation someone emerges as a role model to enthuse his colleagues, dispel their inhibitions.

The man who inspired, the Leader who Made Tremendous sacrifice - Being the product of a situation very few people can excel and go beyond the situation. Ajit Sen was such a man born with different stuff. By appearance he was an average Bengali Bhadrak, clad in dhoti and kurta, frail and short statured, burdened with poverty-stricken mouths of the family members. He was a Stenographer in the Imperial Bank in Kolkata. He took the initiative in igniting his colleagues who lost their voice squeezed by agony and abject poverty. Ajit Sen, the valiant fighter, took the pioneering role of giving voice to them, organizing them with cautious determination and ideological dedication. But the management, the Bank then ruled and owned by the British, became equally alert and perturbed with gradual raising of voices of the employees, hitherto dumb and mute and inaudible. They identified the man who was the driving force behind. One morning, early 1930's, Ajit Sen was summoned by his boss in his chamber, given two envelopes, asked to open them and go through the contents. He opened one and glanced over the letter that read

that he stands promoted to officers' cadre with immediate effect and transferred on acceptance of the offer letter. The second envelope containing the letter warned...either leave the Association or leave the Bank. Acceptance of the offer of promotion also meant severing of connection with the Association he nurtured. Acute poverty and hungry faces of the family members loomed large before his eyes. But love for the organization was more intense. He instantaneously read the implications, his continuance with the Bank meant end of the Association. But his leaving the Bank would save the cause of the toiling colleagues. He submitted his resignation letter with the Bank and took the vow to build up and develop the organization from outside for the sake of his colleagues whose conditions touched him so intensely. The highest sacrifice was made for upholding the cause of the employees made to live under sub-human conditions in the country's premier Bank. Employees in State Bank of India and Bank employees at large cannot forget such an illustrious leader.....Ajit Sen, father of Ashis Sen, the unforgettable pace setter of Bank employees' movement.