

Duvvuri Subbarao: Mint road milestones

Talking points by Dr Duvvuri Subbarao, Governor of the Reserve Bank of India, at the inauguration of NEWSIBITION, Kolkata, 8 December 2010.

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I am delighted to inaugurate this Newsibition of the Reserve Bank in this City of Joy.

Last year, the Reserve Bank celebrated our Platinum Jubilee. As part of the celebrations, we documented the 75 years of the Reserve Bank's history in the form of a book – Mint Road Milestones. Milestones is rich treasure trove of archival material including, photographs, news clippings, documents along with a commentary which weaves them all together in an interesting narrative. In fact, the material that we collected was so interesting and rare that we thought it would be a great public service to put it up all in the form of an exhibition and make it accessible to a much wider audience.

But why are we setting up the exhibition in Kolkata? Because, Kolkata is where it all began. The Reserve Bank's first central office was located here in this very building. It is thus appropriate that any effort to document the banks past and project its future be located here.

This exhibition is a part of the Bank's outreach efforts to demystify the central bank. It seeks to introduce the viewer to the broad canvas, considerations and changing facets of thought that lay behind the Bank's policy efforts over the years.

The display is divided into nine sections representing different phases in the Bank's evolution. These take the viewer down 75 years of central banking history covering critical events and policies.

The Reserve Bank took birth here in Kolkata on April 1, 1935 as a private shareholders institution. It shifted to Mumbai shortly thereafter and was nationalized in 1949. Soon after independence, the bank repositioned itself to meet the aspirations of an infant democracy and dovetailed its functions to the demands of a poor country with ambitious development goals.

The 60s were a period of institution building where the Reserve Bank helped formalize systems for agricultural and industrial credit; catalyzed institutions such as the State Finance Corporations and helped set up the Deposit Insurance Corporation, the Unit Trust of India as the first mutual fund, the IDBI as an apex development bank , etc.

The 70s saw the nationalization of banks which heralded a new era when banking was taken from the classes to the masses. This was also the period when banks performed a critical role in poverty alleviation programmes of the government.

In the 80s, we started sowing the seeds of liberalisation following the recommendations of the Sukhomoy Chakrabarty Committee. We focused on developing markets in a sequenced and calibrated manner.

Early in the 90s, we headed into a balance of payments crisis. The stabilization and structural adjustment programmes that followed marked an inflection point in India's economic and financial development. Banking sector reforms helped strengthen the banking system and made it more competitive.

The new millennium brought with it a new momentum where India made a decisive break from the "Hindu rate" and shifted onto a higher growth trajectory. This was also the period when Basel II norms were adopted, the payments system was substantially revamped, and the focus shifted to issues of inclusion. India weathered the global financial crisis where the Reserve Banks' policy response and role brought it into a new public focus.

As we turn into the second decade of the new millennium, our endeavour is to position the RBI as a knowledge institution; conduct outreach efforts as well as a financial literacy and inclusion drive; and finally make efforts to document the bank's history and traditions.

The 75 year journey of RBI gives us a glimpse of the spirit of the times and the Policy concerns of the age. We also have delightful anecdotes on "the note that never was". This was a note signed by the first governor Osborne Smith. It was not issued 'cos Edward VII's heart had its reasons. The King's abdication delayed the note issues of the Reserve Bank and the first RBI notes were signed by the second governor James Taylor.

The exhibition also chronicles anecdotes about the Reserve Bank's brush with art (artists and philistines) and public prudery in the commissioning of the imposing statues of the Yaksha and Yakshini on the frontage of the Bank's New Delhi office. These offended the sensibilities of many and evoking a host of parliamentary questions.

This exhibition tries to document events not only as they happened but also how they were viewed by the public at large through media reports. Earlier, the RBI Monetary Museum documented the history of money in India and served as the focal point of the Bank's public education and outreach endeavours.

This is a concept exhibition. We hope to expand and refine it to showcase how the Reserve Bank contributed to economic policy formulation in the country over time.

As the Bank looks forward to the future, we trust that this exhibition would be the RBI's mite to the cause of financial literacy in India. We trust it will evoke interest and take banking and finance not only to bankers and students of economics but also to the common person.