

POCHKHANAWALA THE BANKER

N. J. NANPORIA



SIR SORABJI N. POCHKHANAWALA (1881-1937)
FOUNDER OF THE CENTRAL BANK OF INDIA LIMITED

Foreword

AMONG THE pioneers of Indian Banking, Sir Sorabji Pochkhanawala's name may well be on the top. He dared to found the Central Bank of India in 1911 under the most adverse conditions. He not only realised a personal dream of launching a bank of his own but in the process succeeded eminently in raising the status of Indian banking by his many bold moves and imaginative initiatives.

From the very start, the Central Bank was more a peoples' bank, in the sense that all its support came from the common people, unlike some other banks. Sorabji built the bank with their backing and also knew how to generate public support. He was typically a grass roots banker, having a great deal in common with A. P. Giannini, the great founder of the Bank of America, who drew his inspiration and resources from "the little fellow" as he called the common man and who always thought in terms of his needs and requirements.

The life-style and life story of this remarkable banker is well brought out in this biography by Shri N. J. Nanporia. The evolving personality of Pochkhanawala as a person and as a banker, as a fighter and as an innovator, as a dreamer and as a realist, comes out faithfully and powerfully in this biography. It is a tribute to Shri Nanporia that he could so well bring out the spirit of the man and of the times after a lapse of almost half a century.

The credit for this publication deservedly goes to Shri Noshir Pochkhanawala, and to the late Shri Rattan Pochkhanawala (who died in 1978 when he was the General Manager of the Central Bank), sons of Sorabji, who initiated this project with a sizable family donation, to leave the memory of their great banker father for posterity in a lasting and fitting manner. They had preserved the material for long and finally succeeded in organising this biography through this Committee, many of whose members had worked under Sorabji and knew him intimately. The members of this Committee are: (1) Shri Pravinchandra V. Gandhi (2) Shri T. N. Ramamurthy (3) Shri Vithalbhai C. Patel (4) Shri P. F. Gutta/Shri N. Vaghul/Shri B. V. Sonalkar (5) Shri S. G. Shah (6) Shri

G. M. Laud (7) Shri N. J. Nanporia (8) Shri Noshir S. Pochkhana-wala and myself as the Chairman.

The Committee is happy that on the occasion of the birth cen-tenary of Sir Sorabji it has been possible to bring out this bio-graphical volume.

The Committee is specially grateful to the Central Bank of India and to its Chairman Shri B. V. Sonalkar for very graciously mak-ing a large donation towards the publication of this book. The Committee is also appreciative of the donation made by the Parsi Panchayat.

It has been my good fortune to be associated with this Com-mittee. My father Thakordas was an associate of Sir Sorabji; they had both joined the Bank of India from its inception in 1906, and left the Bank of India together in 1911 to work for the Central Bank of India from its start. My father spent all his life in the ser-vice of the Central Bank and my two brothers also spent their lives serving the Central; my elder brother rising to a very high position in the Bank. I myself got the opportunity to serve as Sir Sorabji's secretary for a short period in 1936 when he came to London to open a branch of the Bank. In that short period, I got an insight into the style of his working and of his great dedication, drive and will power. My association in this Committee has given me the chance to acknowledge formally this debt of honour of my family to the founder of the Central Bank, for which I am grateful.

The Committee would like to thank the publishers of this book M/s. Jaisingh & Mehta Publishers Private Limited, for showing keen interest in the early publication of the book and for all their co-operation.

It is our hope that this book will provide some inspiration to the rising generation of young bankers by offering them some clue as to the attributes and qualities necessary to make a true and good banker.

H. T. PAREKH

Bombay, 25 November 1981.

Preface

IN 1977 Mr. Rattan Pochkhanawala then General Manager of the Central Bank of India suggested that I should write a biography of his father Sir Sorabji Pochkhanawala. His death in 1978 brought discussions on this project to an end. When his brother Mr. Noshir S. Pochkhanawala revived the proposal there was some doubt about what the scope of the book should be. Although the story of Sir Sorabji is almost inseparable from an account of the Central Bank it was felt that the emphasis should be on his many-sided personality. It was Sir Sorabji, the "character", as much as his expertise that was responsible for the founding of the Central and its development into a leading, national institution. He was a man very much of his period when innovation and enterprise were rugged virtues for which there was then considerably more scope than there is at the present day. If the Central is a magnificent and permanent memorial to Sir Sorabji so is the spirit which fed his imagination and sustained him throughout his life. Alas, the latter is less easily apprehended than the former which is solidly with us as a national asset. This book is therefore an attempt to capture and define something of the spirit which brought a Bank into being, and beyond that kindled and fired the uncertain embers of Swadeshi banking. Seen thus its inadequacies either as a conventional biography or as the story of a Bank will be more readily forgiven.

For much of the material I am indebted to the following who co-operated most willingly by way of anecdotes and reminiscences: Mr. S. C. Majumdar, Mr. P. H. Premani, Mr. L. R. Suneja, Mr. J. B. Tantra, Mr. P. J. Dumasia, Mr. P. N. Mehta, Mr. P. C. Pillay and Mr. R. L. Mangal. A special word of appreciation is due to Mr. A. J. Doctor, Mr. N. K. Karanjia and Mr. C. H. Bhabha. The book would not have been possible if Mr. T. N. Ramamurthy, former Assistant General Manager of the Central Bank, and the Pochkhanawala family had not had the foresight to preserve many important notes and documents relating to the founding of the Bank. His advice and recommendations have been

valuable.* For designing the book's jacket thanks are due to Mrs. Piloo R. Pochkhanawala. For patiently nursing the project to fruition I am grateful to the Committee headed by Mr. Hasmukh T. Parekh, former Chairman of ICICI, and consisting of Mr. Pravinchandra V. Gandhi, former Chairman of the Dena Bank, Mr. T. N. Ramamurthy, Mr. F. Gutta, former Chairman of the Central Bank, Mr. B. V. Sonalkar, present Chairman of the Central Bank and Mr. Noshir S. Pochkhanawala. The last in particular was a source of much encouragement though I should add in fairness that the interpretation of Sir Sorabji as an individualist, underlying his persona as Banker and Pioneer, is entirely my own.

* The chapters on The Modern Sector and the Ceylon Banking Commission have been contributed by Mr. S. G. Shah whose cooperation and help are gratefully acknowledged.

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“A Huge Joke”

IN 1910 Stringfellow, the Manager of the Bank of India, sent for Sorabji Pochkhanawala to seek confirmation of what he regarded as a “huge joke”. He had been informed that Sorabji, an assistant Accountant, was planning to start a bank of his own. He was not unkindly and conceded that Sorabji had accepted and efficiently discharged the many responsibilities involved in launching the Bank of India. If he was vastly amused at the idea of an Indian bank he was equally concerned about Sorabji’s career and gravely advised him to abandon what seemed to him so chimerical a scheme as a Swadeshi bank. Sorabji, he said, was fortunate in that he had been entrusted with the work he was doing so well, and in other banks no Indian had achieved the status he already had. In the manner of a fatherly adviser Stringfellow asked Sorabji to ponder carefully what he had been told and avoid taking hasty decisions for at least twenty-four hours. To this, twenty-eight year old Sorabji’s reply was: “Sir, I have made up my mind. I resign the bank’s service. One day my bank will be bigger than yours.” In this way, promptly and conclusively, was the decision taken from which a premier banking institution in India, the Central Bank of India, was born.

* * *

In this episode, so seminal in the developments to which it finally led, one is able to discern those aspects of Sorabji’s complex personality that were to flower so magnificently in subsequent years. Though a deep and clear thinker, his intellect was moved by intuitive understanding, reinforced by a courage which he demonstrated throughout his career. Together, these qualities added up to a personality from which the Bank he founded derived its driving force and adventurous spirit. The Central Bank was therefore not merely an enterprise crowned by commercial success but the materialisation of the dream of a visionary who also had his two feet firmly on the ground.

Sorabji's great grandfather, Hirjibhoy Chanjibhoy Bhaji, migrated from Navsari to Bombay and established himself at Mapla Chawl and Hanuman Lane as a manufacturer of wooden cash boxes, a not unfelicitous background for a great grandson who was to figure so prominently in the world of high finance. He had two sons, Edulji and Sorabji, the second of whom was a cabinet maker, a few examples of whose craftsmanship are still preserved in the family. The next generation in the Sorabji line consisted of Nusserwanji Sorabji Pochkhanawala and Ruttonji Sorabji Mistry, the first of whom had four sons, the youngest of these being the founder-to-be of the Central Bank.

Nusserwanji Pochkhanawala was the proprietor of a hotel in Mazagaon called Hope Hall, also known as the Mazagaon Hotel which was one of the finest hotels of the Bombay of that time and was patronised by Englishmen and visiting foreigners. He also owned Wellington Hotel on the Esplanade Road. Nusserwanji appears to have been of a genial disposition, getting to know many of his hotel guests and establishing some influential connections. Sorabji was only six years old when his father died, and there is a highly appropriate irony in the circumstances which preceded his father's death. The father of the son who came to symbolise in his person and career the entire philosophy of sound and progressive banking deposited such wealth as he had in the Agra Bank which shortly afterwards went into liquidation. Thus a respectable middle class family of average means was left in what is usually called "straitened circumstances", and Sorabji was deprived of the paternal guidance and encouragement of which his restless spirit was in greatest need. Speculation on how Sorabji would have shaped under his father's care is less to the point than the probability that the loss of his father was a major formative element in the development of his character. It is not extravagant to conclude that much of Sorabji's capacity for initiative and innovation derived from his early acquired sense of having to think and act on the basis of his own personal resources. He was however fortunate in having a family which, though often bewildered and alarmed by his intrepidity and even seeming rashness, was always prepared to give him the warmth if not the full understanding for which he craved.

It was his elder brother Hirjibhoy who loyally and ungrudgingly accepted the family's responsibilities, giving these a priority over his own interests and displaying a degree of self-sacrifice that was

indeed rare. He was employed by the Chartered Bank of India, Australia and China on a monthly salary of Rs. 100 and although this sum was far greater than it is now one marvels at the self-denial it must have cost him to support the family and arrange for the education of his two younger brothers, Edulji and Sorabji, and one sister. Hirjibhoy's cheerful and unfussy adaptability to circumstances was early evidence of a family trait of which Sorabji had a generous share. When he died he was unmarried but had the satisfaction of knowing that he had sincerely and successfully fulfilled his obligations, one consequence of which was the emergence of India's first major pioneering banker.

Sorabji's uncle had started his career in the Chartered Bank on a salary of Rs. 25 and rose to the position of Head Clerk, a status and privilege that was rarely accorded to an Indian. His good offices were instrumental in getting Sorabji's brother Hirjibhoy into the Bank, and it was under this tradition of mutual help within the family that Hirjibhoy arranged for Sorabji to join the Chartered Bank as a clerk on Rs. 20 per month. Sorabji was then nineteen and this first step in the banking world was preceded by a fruitless search for a job for over six months. Armed though he was with recommendations there were no opportunities for him, the fate of thousands of young Indians when a career was beyond the reach of Indians because they were Indians. Sorabji had passed the matriculation examination of Bombay University at the age of sixteen and with the intention of taking the B.A. degree had joined St. Xavier's College. He had doubtless felt keenly his failure to pass the first examination of "Previous" but it is not unlikely that this was the point when he had the first intimations of his own impatience with academic theory and of his penchant for pragmatic action. He had had a period of normal schooling at the New High School but there was nothing at this period to suggest a particular leaning for banking as a profession. What can be reasonably inferred is an intense desire to start working and learning as quickly as possible, for to a man of Sorabji's temperament the one was inseparable from the other.

It seems that once he had plunged into the Chartered Bank's milieu, thanks to his brother, he took to his work and atmosphere without hesitation. The presence of his uncle as Head Clerk and of his brother no doubt helped him considerably to familiarise himself with the Bank's work, but it was his own ambition and

convictions that drove him. He was not content with doing only what was allotted to him but made it his business to learn everything he could of every branch of the Bank's activities. There was in him an insatiable curiosity and the confidence that he would not, if he could help it, remain for long where he was. Ambition is fairly evenly distributed but Sorabji had it in ample measure. Yet Sorabji felt within himself the stirrings of something that went well beyond the demands of ambition: a challenge of the structure of things as it was and unquestioningly accepted by others. The probability is that Sorabji himself had not formulated anything so precise in his mind. Yet he acted as though he had and in the years to come he was to articulate and define his motives with force and clarity. This was a time of self-help because nothing could have been more remote from the minds of those who ran foreign banks than the idea of training Indian clerks. Such a thought would never have occurred to them and would have horrified them if it had. Sorabji was already swimming against the tide when in his first job he unofficially moved from department to department and, by indefatigable questioning, began to grasp the fundamentals of how the entire Bank functioned and for what reasons. His brother as the Book-keeper was able to teach Sorabji what he could. They sat next to each other and when the Bank's vouchers were sent to Hirjibhoy in his capacity as Book-keeper and were subsequently written up in his books, Sorabji followed every detail and was soon helping his brother. He studied the vouchers minutely, asked questions, cleared any difficulties with departmental heads, and finally acquired a relatively comprehensive picture of the Bank's internal working.

He went on to absorb some of the principles of banking procedure and when his brother fell ill after Sorabji had been in the Bank for two years he was able to deputise for him. Not long afterwards he began to appreciate that while pragmatic self-education could carry him far there was a limit beyond which he could not possibly advance without the benefit of systematic knowledge. He, therefore, joined a book-keeping class held on Sundays and in due course he was able to pass the examinations of the London Chamber of Commerce and of other similar institutions. At this stage the impetus of his early enthusiasm was his sole inspiration and he was eager to make good his lack of theoretical knowledge while he was in a job that enabled him to relate such knowledge to the work being done around him.

One day an officer of the Bank, no doubt aware of the unusual qualities of the young man, gave him a copy of the *Journal of the Institute of Bankers*, London. Sorabji went through it eagerly, studied the syllabus of the course of study organised by the Institute, and thereupon decided that if he passed the Institute's examinations his prospects would be greatly improved. Ringing in his mind were the words of his well loved brother Hirjibhoy when he took Sorabji into the Chartered Bank: "Sorab, you are now old enough to help me provide for the family and in any case I don't think you will do so well where you are (in college). I would like to settle you in a good job while God grants me life. From tomorrow you will come with me. I have already spoken to Sahib." Sorabji's sense of indebtedness to his brother, his ambition, and his curiosity seem to have combined to persuade him that unless he equipped himself by further study and by passing the Institute's examinations he would remain in a rut. No one would have blamed him if he had reconciled himself to things as they were since it could never have occurred to anyone that Sorabji either could or wanted to be anything more than a Head Clerk. But Sorabji had by now, even if not consciously, set his sights, though how high even he had probably not realised.

His immediate problem was how to prepare for the Institute's examinations since in those days there were no organised facilities for study, and he was handicapped by his lack of academic qualifications. Fortunately, in the same copy of the journal he had been lent there was an advertisement of a school in London which provided tuition by post. He immediately got in touch with them and embarked assiduously on his studies. Oddly, though Sorabji was essentially pragmatic and believed in learning by doing, his very pragmatism impelled him to understand the importance of theoretical knowledge. Not fully appreciating this his brothers and friends tried to dissuade him from, as they saw it, wasting his time in a course of study, arguing that Sorabji with his quick wits would be able to pick up all that was necessary at the Bank's counter. This was not to be the only occasion when Sorabji, though lending a willing ear to the advice of friends and relatives, was finally guided by his own intuitive understanding of what the best course was. He believed in, and in himself came to symbolise, a combination of theory with practice, both being simultaneously pursued; and it can now be recognised that this, together with his

personality, constituted the basis of his dynamic leadership. His daily life and interests and responsibilities at this early period provide a clue to many facets of his character. Without the pretensions characteristic of young men of his age he undertook to do the bazaaring for his family, a task which he apparently saw as an interesting pleasure rather than a tedious duty. He had inherited from his father and acquired from his brother Hirjibhoy a love of good food, the name Pochkhana meaning a hotel. This habit of going to the bazaar persisted through his life and even as Sir Sorabji Pochkhanawala he would every now and then visit the bazaar to buy fish, fruit, *khajas*, etc. He also imbibed from Hirjibhoy whom he revered as a father a love of music and gardening, thus widening the range of his mental outlook. He learned, again under his brother's influence, to play the violin, and with a confidence and initiative characteristic of him, gave violin tuitions to supplement the family income.

Later when he lived in houses with gardens he was able to indulge his partiality for gardening. There can be little doubt that Hirjibhoy's disinterested conduct left a deep impression on Sorabji's mind and character. Tragedy had dogged the family. About a year after Sorabji's father had died seven year old Sorabji, the youngest in the family, was returning from school in the humidity and the dirt of the narrow lane leading to Vanko Mohalla (Chira Bazaar) when he came across a large crowd near his home. He pushed through the crowd to discover that his brother, Rustomji, had been drowned in the local well. The burden of going home and informing the family fell on him. This was a traumatic experience which however did not result in a sense of insecurity but appears to have reinforced his determination to make something of himself, partly as self-fulfilment and partly to relieve the financial pressures on his family. In this he saw Hirjibhoy as an example, a brother who refused to marry the woman he loved so as to enable him to support the family. Known as Hirjibhoy Marker he earned some extra money for the family by working as a billiard marker, and there is a parallel to this in Sorabji's violin tuitions. Hirjibhoy appears to have been the sort of person who sacrifices his own interests with no expectation of applause but simply as something imposed on him by circumstances and therefore to be cheerfully accepted. There was also some evidence that he saw in his younger brother certain qualities that marked him out as someone with a promising future.

Additionally, he undertook to see that his sisters and brothers were married and relatively well settled. Little wonder that until his death in 1934 Sorabji gave him the respect and love due to a father and never left the house without bidding him goodbye.

It can be said of both the brothers that they fully deserved each other. Sorabji's day began about 5-30 in the morning with a visit to the bazaar after which he attended a school which taught book-keeping, returned home and changed, left again to give violin lessons, and then had a hurried breakfast at an Irani restaurant. Making allowances for youthful spirits this was nevertheless a stringent routine and one must suppose that he was sustained by his naturally buoyant nature. He was at the Bank by 10 a.m. and worked till late in the evening, sometimes staying on till 8 o'clock and often longer on balancing days and Saturdays not to mention the Sundays on which he worked to clear up unfinished business. His appetite for work merged with his appetite for knowledge and after the day's work when the Bank was deserted he would study some aspect of banking with the help of Hirjibhoy. On the Sundays he was free he would bury himself in books on banking to prepare for the Institute's examinations. The usual attractions and pastimes that attract the young were not for him, not in the sense that he was a kill joy but simply because he could not spare the time, and the schedule he had prescribed for himself was related to a life time's career. He would not spare himself for an evening's walk and returned home directly from the Bank. In common with people determined to follow a path as they saw it, Sorabji must have been a relatively lonely young man because the quality of his ambition was such that it could not be easily communicated to or understood by or discussed with a sympathetic friend. All that was expected of him was that he should stick to the job he had and work for such positions as were open to Indians at the time.

Not surprisingly the daily routine exacerbated the nerves of even so iron-willed a man as Sorabji, and he took refuge in music and singing. Such was the thoroughness with which he applied himself to any interest that he was constantly searching for instructors for the violin and harmonium. After dinner he would join his family for a musical session but by 9-30 or 10 p.m. he was at his desk, studying hard for his examinations. All this collectively was an illustration of Sorabji's capacity for hard and sustained work, and for persistence in the pursuit of the object he had in mind. Later this

was to be illuminated by an ideal which became the lode-star of his career. Meanwhile, he resisted attempts by friends and colleagues to involve him in gossip sessions at Chaupatty sands or the Esplanade Maidan. He did not allow himself such relaxation primarily because he appears to have had a strong sense of time, a commodity which for him was always running short. Yet he refused to compromise his obligations to the family by concentrating solely on the demands of his career. Always aware of the family's slender resources he conducted tutorial classes and gave private tuitions whenever he had the time to spare.

That despite his relentless pursuit of learning Sorabji was a personable young man with a capacity for friendship was soon evident when the late R. B. Vissonji Khimji arranged for him to instruct the boys of his family in book-keeping and commercial subjects. These boys subsequently became proprietors of the firm of Messrs. Vissonji & Sons and freely acknowledged their indebtedness to Sorabji for the grounding they had received from him in commercial education. It is probable that Seth Vissonji, even at this early stage, recognised in the young Sorabji the qualities that make for a successful career. But that apart he was also attracted by Sorabji's lively personality and invited him to his house, encouraged him to think of himself as a member of the family, and held musical parties which Sorabji attended whenever he could. Thus was established a friendship between the two families that lasted for over thirty years and in later life Sorabji often spoke warmly of Seth Vissonji as his patron.

Though in a general way Sorabji saw his way ahead with a fair degree of clarity he was naturally less certain about the direction his career would take. To this must be attributed an incident which almost led to his abandoning his banking career which he had only just started. A certain Lalchand of the then well-known firm of Gulab Singh & Sons of Lahore had arrived in Bombay on his way to London and encountering Sorabji on the street asked for directions to the nearest post office. He seems to have been of an extremely friendly disposition but he was also much taken by Sorabji's forward looking and positive character. One can surmise that as their friendship flowered Lalchand gained a fairly detailed picture of Sorabji's circumstances as well as his intense desire to improve them. Gulab Singh & Sons was an influential firm in Lahore and Calcutta and Lalchand no doubt saw Sorabji as a promising young

man of the kind that would reflect well on his company. He therefore offered Sorabji a post at Rs. 300 per month at a time when he was drawing only Rs. 75. In the money terms of those days this was indeed a handsome offer and Sorabji immediately accepted it, reported to his superiors at the Bank and handed in his resignation. When he informed his family there was consternation, as there was occasion to be many times in the future. His mother, brothers and sisters combined to dissuade him and were horrified at the prospect of losing so well loved a member of the family. They believed that if the powers that be so ordained Sorabji would get a post with an identical salary in Bombay. Clearly, their affection for Sorabji apart, the general family view was that a steady attachment to a secure job was the key to "success". When his mother and Hirjibhoy endorsed this which was the received wisdom of those days and tearfully entreated him to remain at the Bank, Sorabji agreed to withdraw his resignation.

There are several possible explanations for Sorabji's conduct. He was anxious to earn more money for the family, his was a venturesome spirit and the prospect of working in Lahore or Calcutta was appealing, and finally he had as yet no clear picture of the shape his banking career would ultimately take. Two other points emerge from the Lalchand episode: Sorabji's ability and willingness to take quick and independent decisions; and the probability that although he had responded to Lalchand's offer so precipitously, he himself had reservations about his decision. Whatever the explanation, Sorabji was saved for the banking world and he applied himself to his work industriously, taking on much of the work that had been assigned to Hirjibhoy and thus relieving him somewhat of the drudgery it entailed. With his brother as Head Clerk Sorabji had opportunities of delving into the mysteries of banking that he would not otherwise have had. He was able, for example, to grasp something of the implications of the foreign exchange business, a closely guarded secret in those days among the foreign banks.

Legend had it that at that time there were only three Indians capable of handling the intricacies of exchange calculations or arbitrage operations: the Head Clerk of the Chartered Bank, Hirjibhoy who was to succeed to this post in 1905, and the Head Clerk of the Mercantile Bank. One of Hirjibhoy's duties was to ensure that the books of the Agent and the Accountant involving exchange transactions were balanced every week. To Sorabji all this was a

fascinating revelation of one aspect of banking, and he was soon able to prescribe rates, bearing in mind the many relevant factors according to the nature of the transaction. When his uncle died in 1905 Hirjibhoy was appointed his successor as Head Clerk and Sorabji moved up as book-keeper. Meanwhile Sorabji reached a point in his studies when he felt he could sit for the first part of the Institute's examination. This he passed at the first attempt. Elated though he was he wasted no time in studying for the second part which he also passed in all subjects except Political Economy, a subject which, apart from being highly technical, Sorabji had had no opportunity to study systematically. Later he was able to overcome this difficulty, becoming the first Indian to become a Certified Associate of the Institute of Bankers in London.

An episode that belongs to this period of Sorabji's life and casts some light on his character involved a poor relative who was in desperate need of financial help. Sorabji who was only twenty-two years old could not spare any money on his own account, but he borrowed whatever was required and volunteered to pay the interest. Similarly a close relative, a widow with no children, told him that all she had to last her through her life was a sum of Rs. 5,000. She had been advised that she could get 3 per cent on this sum and wanted Sorabji to arrange for a higher rate of interest. Sorabji placed the money in fixed deposit at the Bank of Burmah with the intention which he kept to himself of adding to the interest from his own pocket to keep the old lady happy. A short while later the Bank failed and when the relative learned of this she demanded that Sorabji should repay the sum of Rs. 5,000 insisting that Sorabji was responsible and that she was concerned only with getting her money back. With a forbearance at which one marvels Sorabji admitted his responsibility but declared his inability to repay. In the result the old lady agreed to receive the interest every year on the basis of a guarantee on stamped paper together with the commitment that the capital would be returned by Sorabji whenever the relative wanted him to do so. Sorabji, in the tumult of this affair and the anxiety it caused him, was unaware that the Bank was to repay its depositors at the rate of twelve annas in the rupee. As an example of Sorabji's high sense of fidelity to his family and relatives this could not be bettered; and it is probable that the standards of disinterested behaviour as established by his brother Hirjibhoy evoked in him a desire to set an identical pattern for

himself. Furthermore, he was not one to forget his financially humble origins and all that poverty implied. No man could have been more immersed than he was in the ambitions that stirred within him and few were as determined as he was to show that poverty need not necessarily be a permanent handicap. Yet his response to those who were in need, when his own needs were looming large, never faltered. This also proved true in his dealings with staff, clients and even his rivals. There was in him a sincerity which some misinterpreted as gullibility and he was as a result described as an "honest fool". Like his brother Hirjibhoy, he was liable to angry outbursts, with the difference that Hirjibhoy's temper was quick and Sorabji's tended to boil for some time before exploding. With his family situated as it was, the tragedies that overtook it, with neither pomp nor power anywhere in his ancestry, with no influential friends, with most of the cards stacked against him and with an inheritance that consisted solely of an honest, decent, God-fearing, mutually affectionate, hardworking, close-knit family Sorabji had nothing substantial to lean on and no source of encouragement. Nevertheless he did not see himself as a martyr or indulge in anything resembling self-pity. His was an outward and forward looking nature, and in this he was very much a member of his community. He shared in the beliefs and superstitions of the Parsis and he was firmly entrenched in his belief that his brother's death in a well was the curse that resulted from the marriage of a male member of a non-priestly family to a girl from a priestly class family. In this way Sorabji can be said to have "belonged" to his class and family and community, and to the times in which he was taking the first steps of his career. Where he did not precisely "belong" and was uniquely himself was the slow blossoming within himself of the "huge joke" at which Stringfellow was to laugh rather immoderately.

Not Enough Whiskers

THE PROCESS by which Stringfellow's "huge joke" began to acquire some recognisable contours in Sorabji's mind was obviously a slow one, the result of cumulative experience and keen observation. Sorabji's mind was one that was constantly questioning, refusing to accept uncritically the assumptions that were widely accepted in his time as unshakable. One of these was the conviction, held as much by Indians as by the British, that Indians were not fit in terms of temperament and ability to manage banks or even to rise to senior positions in a foreign conducted banking institution. Viewing the situation as it was in Sorabji's early days from the vantage point of the present, one cannot easily conjure up the kind of atmosphere that prevailed at the time. Prejudice against Indians was so powerful that it was not even recognised as such. It was simply assumed that no Indian could ever be employed as an accountant or sub-accountant. In retrospect one must be thankful to the British that they were victims of this prejudice, for this was to provide the momentum that carried Sorabji forward until the Central Bank was founded and that sustained him during the Bank's early and difficult years.

Sorabji had noted that his brother Hirjibhoy had been Head Clerk at the Chartered Bank for fifteen years, with no possibility of ever being promoted to the officers' cadre. The prejudice at work was enshrined in a policy that debarred Indians, whatever their merits and ability, from higher staff appointment. Sorabji's perspicacity lay not only in deliberately noting what was common knowledge but in drawing some conclusions from it. He also noted that when he passed Part I of the Institute of Bankers' examination the customary payment among London banks of a bonus of £5 did not apply to him. It is an index to his innocent sincerity and sense of justice that he failed to relate the existence of such prejudice to his own affairs. So much so that he wrote to the Bank's headquarters in London putting forward his case for a bonus and was astonished to learn that the bonus provisions were not intended for the Bank's Indian branches. For Sorabji the bonus was not so much a sum of money as a gesture of recognition and encouragement.

To him the discrimination was a shock, made all the worse by his inability to understand it.

Such was the condition of his mind when the context emerged in which a further stage in his career was to take place. In 1905 the Bank of India was founded under the promotion of such stalwarts as Sir David Sassoon, Sir Cawasjee Jehangir, Sir Shapoorji Bharucha, Mr. R. D. Tata, Mr. Chunilal Saraiya and Mr. Goverdhandas Khatau. Immediately Sorabji was seized by the idea of seeking advancement in the new Bank managed by Indians. He had, in support of his application, seven years of practical experience buttressed by the theoretical knowledge he had gained by study. Here, he thought, was an opportunity to show what he was capable of in an institution free from the prejudices that worked against all Indians. He had no intention of mouldering in an Exchange Bank in a junior position with no prospect other than that of rising, if fortunate, to the position of Head Clerk after years of laborious work.

Sorabji's friendly and obliging ways and his obvious intelligence had attracted the attention and friendship of several people while working at the Chartered Bank. Of the Bank of India's directors the only one he knew casually was Sir Shapoorji who, one must deduce, had taken note of the young man. Sorabji however realised that he could not directly approach Sir Shapoorji on such slender ground. His friends, D. L. Panday and Homi C. Sethna, younger brother of Pheroze Sethna (later Sir Pheroze Sethna) undertook to induce Pheroze Sethna to introduce Sorabji to Sir Shapoorji. Armed with a recommendation from his friend and patron, Vissonji Khimji, a man known to be extremely discriminating in issuing recommendations, Sorabji was introduced to Sir Shapoorji. Seeking to flee from one kind of prejudice Sorabji encountered another. Sir Shapoorji was no doubt impressed by the young man's keenness and such limited abilities as he had so far cultivated at the Chartered Bank. Yet his response was not promising. "Son" he said, "I suggest you apply again after a few years when you will have grown more whiskers. This post is for a more experienced person". That this was another blow which left Sorabji bewildered by the ways of the banking world cannot be doubted. Anyone with less spirit might have been pardoned for leaving the matter at this inconclusive stage. But Sorabji persisted, and one must allow for the possibility that, despite his deflating comment, Sir Shapoorji had

received a fairly sharp and not unfavourable impression of the young applicant.

When Sorabji mobilised his friends for a second effort he succeeded in persuading Sir Shapoorji to take him to see Sir David Sassoon. The intensity of his aspirations was evident in his proposal that he be permitted to work without a salary to gain experience. Sir David in turn was apparently much taken by Sorabji's enthusiasm and asked him how much he expected as a salary. Sorabji asked for Rs. 200 but was offered Rs. 150 in the post of a Sub-Accountant. This was the kind of opportunity for which he had been waiting and, as Sorabji saw it, the attraction lay not in the salary but in the designation and the opportunities which went with the higher status. This time, with a deliberation that reflected an awareness of what was involved, he accepted the offer; and one must suppose that he went home to inform his family with some trepidation. He was not bothered by the ominous condition that his job would last until the Bank of India found a European for his post.

Consternation again engulfed him within the family. Surely, they said, it was foolhardy to give up a secure position in a leading foreign Bank with the near certainty of his succeeding to the post held by his brother. The reputation and standing of the Chartered Bank, the dangers of joining a new and uncertain venture, his lack of experience, and what seemed to his family to be immature impetuosity—all the predictable arguments were marshalled against Sorabji. These were arguments that were valid enough, having the force of convention fortified by the ethos of those days. Sorabji himself could not have been totally unmoved by the points his family so forcefully made against a change of jobs. His refusal to be persuaded can be ascribed firstly, to his experiences in the Chartered Bank, and secondly, to his belief that, despite increased vulnerability in his new post, and whatever the future held for him, he would gain experience, something which for him at the time was more precious than money.

The family was so incensed that in the manner of such families none of its members spoke to Sorabji for some days. One can only speculate on what his feelings were during this period. To encounter the sharp disapproval of his family to which he was so attached, at a crucial time in his career, when he craved every encouragement, was an ordeal that must have cut him to the quick. Yet it

was not that he did not recognise the dangers and difficulties that might lie ahead. He had had more than sufficient experience of them at the Chartered Bank. It was rather that he realised that in a newly established bank with a hierarchy not yet firmly established and a number of ad hoc assignments to be filled, the scope of his responsibilities and experience would be greatly enlarged; and this, in his view, compensated for the uncertainties that came with every opportunity. He must presumably have argued on these lines and a diary dating from those days discloses that he skillfully made much of the point that he would be in Bombay and not be posted in some distant part of India. A further point which helped to allay a few of his family's anxieties was that Bruce, the Accountant of the Chartered Bank, was to be the Manager of the new bank. The family relented and Sorabji was free to plunge into whatever came his way in the multiplicity of tasks involved in establishing a new bank. As it happened, negotiations with Bruce seem to have been unproductive and neither he nor anyone else arrived to take over as manager. This, one suspects, delighted the young and irrepressible Sorabji on whom, by a process of unofficially sanctioned approval, fell the greater part of the burden of organising the office.

Books, stationery, vouchers, furniture, etc. were arranged by him. He enthusiastically took decisions in the absence of a manager, calling on the experience he had absorbed while he was in the Chartered Bank. So swiftly, efficiently and meticulously did he discharge his duties that were partly self-imposed and partly dictated by circumstances that the auditors complimented him on his work. Life had conspired to bring him a challenge to which he reacted with cheerful confidence. The relative lack of inhibition when a new institution is being formed without a manager allowed Sorabji a margin of initiative which he had never enjoyed before. He was free to introduce the same system as had held good at the Chartered Bank with such modifications as he thought necessary. In matters of policy and business and in the absence of a manager the Board had requested Sir (then Mr.) Lallubhai Samaldas to keep an eye on things. But the entire management and administrative side was, as it were by tacit agreement, assigned to Sorabji. Once again, as had happened at the Chartered Bank, Sorabji was able directly to cultivate relations with merchants and familiarise himself with their business and its problems. In short he was given a field in which he could test his ideas, gather experience, make his own appraisals

and assess them at their true worth in genuine self-criticism. A manager-less Bank, therefore, enabled him to conclude in all sincerity and without vanity that he had in him those capabilities that promised well for the future.

It was shortly after this quite justified self-congratulatory period that Stringfellow was appointed manager on a salary of Rs. 5,000 per month, a figure which in those days vividly emphasised the gulf that lay between the higher rungs of the hierarchy manned by Europeans and the lower rungs to which Indians were confined. It says a great deal that even a Bank sponsored by Indians considered it self-evident that the manager and accountant should be Europeans. The latter post was filled by a certain Mr. Stewart, and so far as Sorabji was concerned there was no trace of a distant cloud that could conceivably change his fortunes in one way or another. Stringfellow was not slow in assessing Sorabji at his proper worth and did not hesitate to say so. Moreover, the Directors had placed on record their appreciation of Sorabji's work without which the foundations of the Bank could not have been laid as quickly and competently as they were. Sorabji's expectation seemed to be justified when his superiors entrusted him with more work and Stringfellow inducted him as an interpreter in discussions with the Bank's clients most of whom could not speak English. This was the sort of work which appealed to Sorabji's sense of involvement. In the result he obtained a first-hand account of the Bank's policies and the responses to them by the clients. Being almost always in attendance on the manager his prestige among the clients rose, and this apparently was the immediate cause of the jealousies that were aroused against him. The immediate source of this resentment was the English Accountant who probably found it intolerable that an Indian junior should be privy to negotiations and activities from which he was excluded. He was reported as saying that it was time to "put him (Sorabji) in his place" and without compunction proceeded to do so.

Sorabji had nothing in mind beyond doing what was asked of him and it seemingly never occurred to him that any factor other than that of efficiency was relevant in estimating a person's quality. Suddenly, Sorabji was instructed to refer all cheques and vouchers to the British Accountant who would clear them. This was intended to drive home the fact that although Sorabji had the designation of Sub-accountant he was in no way to consider himself as superior

to the Head Clerk. Sorabji received the message calmly, persuading himself to accept it in the interests of discipline, and particularly because he was answerable to the Accountant whose direct junior he was. But Sorabji had not reckoned with the intensity of the racial sense of superiority that then prevailed. What must have been to him a humiliation was transformed into another shock when a European, Alexander Gray, was appointed Assistant Accountant and authorized to pass cheques and vouchers and to whom Sorabji was asked to submit the vouchers that came to him. That this should have been so blatantly done was an affront which Sorabji could not stomach, especially after all he had done when the Bank was founded. He complained to Stringfellow and the Directors to no effect, which was not surprising at a time when European superiority and dominance was recognised as a fact of life and, therefore, unchallengeable.

Now it was that Sorabji fully imbibed the truth that a fair deal for Indians in banking was out of the question until even Indian-sponsored banks were managed by Indians themselves. In this way did the "huge joke" of which Stringfellow was to speak later begin to germinate in Sorabji's mind. His experience had convinced him of something which no one of his generation took seriously or considered important. However, such evidence as there is suggests that for some time Sorabji kept his discovery and conviction to himself. He was busy with the Institute's examinations which were supervised by Stringfellow, a kindly enough man whose attitudes were shaped by the system his countrymen had established in India and from which he could not and had no desire to escape. In such a climate of opinion, both European and Indian, it was near revolutionary to think of, leave aside plan for, a Swadeshi bank in which every department was manned by Indians. But what Sorabji had in mind was nothing less than a challenge of the system as then structured, and the destruction of the assumptions on which it was founded. Why, he asked himself, should not Indians, with their undoubted intellect and long tradition of banking, establish banks of their own not only as self-vindication but in the national interest? He pondered this deeply and long, nurturing his idea in the isolation of his own thoughts.

This was to be one of the most difficult periods in his life, one in which even a man of his character could not altogether keep doubts at bay and in whom there was a conflict between, on the

one hand, the seemingly reckless thing he wanted to do and, on the other, the innumerable problems to which immediate solutions were not available. He received sympathetic encouragement from his wife, Sakerbai, whom he married shortly before his relations with the Bank of India began to reach a climax. A charming and courageous woman, belonging to the same stratum of society as that of her husband, Sakerbai was a wife in the great Oriental tradition of partner and helpmate, bound to her husband by temperament, ideas and outlook. In times of stress Sorabji was to find that her intuitive faculties were an asset with which nothing could compare. It must be assumed that at this time, when his mind was greatly troubled and his ambition, though thwarted, had been elevated into the ideal of a Swadeshi bank, Sorabji consulted Sakerbai in great detail. As has been shown Sorabji's thoughts were running in a direction that did not allow for much useful discussion with anyone; and in this dilemma he turned to Sakerbai for the warmth, encouragement and counsel of which he was in so much need. In all that he accomplished subsequently it is clear that her presence and her receptivity to his ideas, however bold, were a constant source of strength, supporting him through many crises.

He must have watched in silence when a party of Ahmedabad merchants approached Stringfellow with the proposal that a branch under an Indian manager should be opened in their city. He must have heard, with bitter amusement, Stringfellow's stereotyped answer that in his opinion and that of his British fellow workers no Indian was competent to manage such a branch. Wherever Sorabji turned, opinion, sentiment, conviction, atmosphere and convention were uniformly hostile to everything he had come to stand for. It was, as he saw it, a one sided battle but that it should be a battle and an inevitable one was a determination to which he was fully committed. His striving for himself had been broadened from narrow ambition to a project or a campaign. It was with these feelings and thoughts that he applied for the post of manager at the Merchants' Bank where a vacancy had occurred. He was by now impressively equipped with experience and testimonials and, despite the rebuffs he had suffered, he could not abandon the hope, however faint, that here at last was an opportunity to vindicate what he conceived as the honour of Indians and their country. He had already been told to grow more whiskers before he joined the Bank of India, and, when he presented himself before the

Chairman of the Merchants Bank at his office in the Fort, his case was brushed aside on the grounds that he was only twenty-six. Clearly such whiskers as he had failed to impress the chairman. Nor did Sorabji's twelve years' experience in two leading banks and the certificate he held from an Institute recognised by the English banking authorities.

He must have been near complete despair at this point and he is reported to have spent sleepless nights wrestling with the problem of how to carry on the battle from which now nothing could deflect him. Some mention has already been made of Sorabji's remarkable gift for friendship for which he had many opportunities in the Bank of India. Kalianji Vardhman Jetsey had become a close friend after their initial acquaintance at the Bank. To him Sorabji poured out his ideas, no doubt illustrating his thesis with the chilling experiences he had undergone; and in him he found an expert and sympathetic and also an exciting coincidence of ideas. Discrimination against Indians, the nation's dependence on Indian banks for national progress, and the competence of Indians which nothing could induce the foreigners to recognise—these were the principal themes which he repeatedly discussed with Jetsey together with his conclusion that, as a self-respecting Indian, he had no alternative but to challenge so invidious a situation. He stressed that all that was needed was sufficient capital, in the neighbourhood of Rs. 10 to Rs. 20 lakhs. In the first positive note Sorabji had heard in many years Jetsey agreed to support him in finding the necessary capital. That Jetsey should endorse his ideas and further volunteer to help was an unexpected filip to Sorabji's spirits, and especially so because Jetsey was a leading cotton merchant with many connections including a relative who was one of the Directors of the Bank. He was reinforced in his favourable opinion of Sorabji's proposals when he himself discovered that the Bank of India's response to his proposals for credit was unsatisfactory. Many detailed discussions must have followed between him and Sorabji, weighing various alternatives and planning strategy.

Sorabji was very conscious of the complexity of the project he had undertaken and of the consequences of failure for himself and his family. There were two points which he now placed before the small but influential circle of sympathisers whose friendship he had cultivated in the Bank of India. One was that the discrimination he had suffered was significant only in that it was simultaneously

an unacceptable slur on Indians and India. The other was to translate the agreement which the first point evoked into active participation. It was accepted that a high-powered directorate was an essential selling point and a necessary psychological factor; and a beginning was made by visiting the more prominent Indians who were clients of the Bank. The reaction of such men as Sir Lallubhai Samaldas, Sir Purshotamdas Thakurdas, Sir Pheroze Sethna, Sir Manmohandas Ramji (all Misters at the time) and Fazalbhoy Chinoy to a plan of the magnitude Sorabji placed before them was predictable. Bewilderment, scepticism, and astonishment probably mingled with admiration for a young man of twenty-eight capable of conceiving a project on so large a scale.

They refused to be associated with the scheme on the grounds that the proposed bank would never be able to survive competition from the Bank of India and other banks, that the experience of Indian banks so far had been most unhappy, and that it was foolhardy to think the project had the slightest chance of succeeding. Unexpressed, but very much in the minds of these estimable gentlemen, was the thought that so young a man as Sorabji could not be capable of the objectivity, prudence and judgement necessary in the management of a bank. This was once again the conventional wisdom of the day with which Sorabji had had an earlier confrontation. Racial prejudice apart, no one questioned the usual equation between age and maturity or that between youthfulness and immaturity. So Sorabji suffered another setback but emerged from it bitter yet determined, scarred yet undeflated. "Banking by Indians for Indians" became for him a driving obsession and also one of the main pillars of the creed to which he remained faithful for the rest of his life. The Swadeshi concept was one to which dutiful obeisance was generally made but there was a shying away from the proposal to apply it to the world of banking. Promoting a project with implications that surpass those of commerce alone and in a climate heavily impregnated with prejudice is something which no ordinary person can easily cope with. In Sorabji's case he had other imponderables to face while undergoing the strain of working from early in the morning to late at night, sometimes till midnight and 2 a.m. Friends and even relatives taunted him about what they regarded as the fantasy of an unbalanced person, the main refrain being that Sorabji's project could not even take off without a European manager, that no one would be stupid enough

to buy his shares, and that no businessman would dream of depositing his money in a so-called bank that lacked and would continue to lack any credibility. Some of Hirjibhoy's friends who lived in the vicinity were in the habit of visiting the Pochkhanawala home in the evening and enjoyed themselves by asking, with heavy sarcasm, how many shares Sorabji had sold, when were they to see the wonderful bank and would Sorabji lend them money. This was hardly an atmosphere in which clear thinking and planning was possible.

On other occasions there were lectures to the effect that founding and running a bank was not an enterprise to be lightly undertaken especially without the expertise in which the British had a monopoly. Sorabji could have easily dealt with these misgivings but preferred to remain silent, realising that rational argument on a basis of shared knowledge was impossible and would only further antagonise his family. Outwardly, Sorabji responded only by laughing away objections and criticism, exposing as little as possible of his inner and deeply rooted convictions. It was against this background that the short, forthright interview with Stringfellow took place and Sorabji's adventurous concepts acquired the label of a "huge joke". When he reached home after this interview and the family learned that he had given up his job at the Bank of India, the uproar that resulted was incomparably more intense than any he had faced in the past. It is possible to suspect that, steadfast though he was in his beliefs, even Sorabji felt twinges of conscience, and spasms of doubt.

Every conceivable danger in the course he had chosen was forcefully impressed on him; and every consideration of security and prudence was paraded before him. His brothers and sisters joined their mother in the general castigation that followed, the stress being more on the foolishness of throwing away a safe job that brought in Rs. 250 per month rather than on the folly of starting a venture that called for a great deal of capital which in turn could not be attracted without creating confidence which Sorabji had no means of doing. Where, they asked, would he find directors? Had not some eminent people already turned him down? Similar scenes had been enacted in earlier years but Sorabji could not have been unaware that much of what the family held against his project was founded on fact. He was not a man to whom causing his family acute distress came easily. But for all that, he discerned that none

The Capsuled Swadeshi

THERE ARE moments in the history of an institution or in a person's career when, liberated from the stresses of those moments, one is free to look back and recognise a landmark where history had the choice of going one way or the other and with no apparent reason selected one. Such a moment occurred on the day when Sorabji defied his family with sorrow but determination for the last time. Two excerpts from old directories read as follows: "The origin of the Central Bank of India was the outcome of the ambition of Mr. S. N. Pochkhanawala to establish an institution entirely under Indian control with himself as manager. His project secured the invaluable support of the late Sir Pherozeshah M. Mehta under whose chairmanship the Central Bank of India was founded, being registered in Bombay on 21 December 1911. Operations were commenced early in the next year".

"This banking institution was commenced at Bombay in December 1911 with an authorised capital of Rs. 50,00,000 divided into 1,00,000 shares of Rs. 50 while its subscribed capital amounted to Rs. 20,00,000 one half of which was paid up. The Bank very quickly secured the confidence of the public owing to the sound financial position of its directors and the business-like manner in which its officials conducted its affairs".

Here we have the bones of a story in which the entire gamut of human feeling and endeavour invested it with colour and drama. Behind the laconic directory sentences there lay a saga of enterprise laced by both tragedy and comedy, and infused with the indomitable spirit of one dominant figure. Rolling the years back one finds this figure, a young man in his twenties, applying himself energetically with Kalianji to the problem of establishing the new Bank. It happened that some old premises in the Gresham Building, formerly occupied by the Eastern Bank, had fallen vacant. These were obtained on a rental of Rs. 600 per month through the good offices of S. Vicaji, Cashier of the Eastern Bank, and of Kalianji himself who provided the necessary earnest money.

The platitude that big and prosperous institutions spring from modest beginnings gains a new dimension of meaning when one

notes that Sorabji and Kalianji bought two tables and two chairs. Sorabji occupied one of these the day immediately after he resigned from the Bank of India. It should be noted that Sir David Sassoon greatly regretted parting with a young man in whom he apparently detected some unusual characteristics and there is a hint in the records of that time that he was one of the few who did not consider Sorabji's venture a "huge joke". It was odd and yet not so odd in the context of the day that none of the Bank of India directors thought it feasible to intervene with the European management on behalf of Sorabji. But for Sorabji's forward looking mind all this was history submerged amidst the many demands of the moment. The first essential as Sorabji and Kalianji saw it was to appoint an influential and veteran Cashier, and when they consulted Vicaji about this they discovered to their delight that he himself was prepared to join them on a salary of Rs. 500 per month.

At this distance in time we can afford a smile at the report that when Vicaji informed his family all its members rose up against him, denouncing him for surrendering security and prospects for a job for which there was nothing to be said. Vicaji however stood firm, and there were now three in the team which had to consider the matter of finding the right kind of directors. The heavyweights of Bombay had dismissed Sorabji with superior disdain and it was with cautious appraisal that the trio decided to approach commercial men "less known in and less familiar with Joint Stock enterprises". These included Messrs Manchershaw F. Khan, M. J. Varadhman, Ardeshir B. Dubash, Jamshedji H. Chothia, Radhakishan Lakmichand, H. Dawood and H. Elias who agreed to serve as directors. Kalianji provided for all the preliminary expenses and was also appointed a Director. At a time when confidence in a bank and related psychological factors were far more pertinent than they were later the selection of a Chairman with an outstanding reputation and personality was of the greatest importance. The trio met often to exchange ideas and proposals and for many months Sorabji worked far into the night. The Memorandum and Articles of Association were drawn up and all manner of arrangements associated with the setting up of a new bank were completed, with Sorabji drawing generously from the experience he had gathered during the early days of the Bank of India. Although this feverish activity almost fully occupied his mind he could not but be aware that, family apart, the entire milieu was unpropitious. While the trio were

turning over the question of a Chairman and of attracting support, the Bank of Burma failed, creating panic and much gloom. Heavy losses were suffered in Bombay both in capital and deposits, and Sorabji must surely have been much shaken. Had the disaster occurred a little earlier before Sorabji met Stringfellow with his ultimatum, one wonders whether he would have persisted in his venture. But such speculation is incomplete without giving due credit to Sorabji's pertinacity or to the allowance he had made in his own mind for the enormous difficulties and obstacles which almost certainly lay ahead. One such difficulty became immediately apparent. Three or four people turned down the offer of the Chairmanship, the absurd temerity of the new Bank's young sponsor was a talking point in Bombay, and the trio became the target of jeers and ridicule. Yet they remained outwardly imperturbable if inwardly they were troubled by hesitation and second thoughts. There was no question of withdrawing at this stage for the venture had been launched and the only way open to them was to go ahead as planned. Sorabji was returning home late nearly every night because it was only some time after dinner that the multanis were accessible and hopefully open to persuasion in the matter of buying a few shares. The strain of all this must have been harrowing even for so young a man as Sorabji, but characteristically he and his two friends sat down to a session of examining why the Bank of Burma had failed. On the basis of such information as they had and of their analysis, they decided that a major cause of the disaster was a failure to introduce what could be described as "open" banking. By this they meant a confident and constant disclosure of what the Bank was doing, a sort of rapport built up between the Bank and its depositors and sustained by the public confidence that nothing it should know was withheld.

A close relationship between Bank and clients was not possible in the case of the Bank of Burma situated far away and with the people of Bombay having no voice in its working and management. In this way the trio attuned their minds and stoked up the fires of their ambition. They began to gather promises of subscriptions and as the list grew their confidence and ebullience refused to be curbed. As is usually the case the initial stages of collecting subscriptions are the most difficult but when this obstacle was overcome the subscriptions generated their own momentum. Supported by the persuasive trio, this momentum was sufficient to break through the

reluctance of people to stake their capital. Considering the unfavourable climate and the youthfulness of the new Bank's sponsors, not to mention built-in prejudices, it is surprising that subscriptions were gathered with relative ease. This can perhaps be ascribed partly to Sorabji's personality and more than partly to an emotional response to the message of Swadeshi which was gathering strength at that time. Bolstered by their success the trio arranged to register the Bank on 21 December 1911. What Sorabji articulated and acted upon had been, for some time, part of the Indian political climate; and it was as a natural outcome of this state of mind and feeling that the trio began to toy with the idea of approaching the great patriot, Sir Pherozeshah Mehta. He and Lady Mehta were abroad but shortly after their return Vicaji, who knew Lady Mehta fairly well, explained the situation to her and asked for her support. In the result Sir Pherozeshah Mehta agreed to meet Vicaji and Sorabji. In due course they presented themselves before a man whom they saw as an awe-inspiring figure.

Recalling the many frustrating incivilities the two young men had suffered they were probably rather nervous and on the defensive. Yet, true to his breeding, Sir Pherozeshah soon put them at their ease and listened patiently to their proposal. He had, he said, been asked to be the Chairman of the Credit Bank of India but had refused because some of the Articles were unacceptable. Sorabji immediately seized on this to assure Sir Pherozeshah that there would be no difficulty about changing the Articles of Association if there was anything to which he objected. Sir Pherozeshah scrutinised the list of Directors none of whom he knew and promised to think over their proposal and inform them in due course. If they had been unable to extract a positive answer from the statesman and patriot they had at least not been turned down; and so the two young men were justifiably elated though the suspense of waiting for a conclusive word must have pressed heavily on their nerves. Finally they heard from him that he was agreeable, provided the Articles reading in part "the business of the company shall be carried on and managed by the Board of Directors with the assistance of an Officer to be styled Secretary and Manager" was amended to place the entire responsibility for management on the Board of Directors.

At a meeting of Directors on 28 December 1911 the relevant Article was amended and a formal invitation was sent to Sir

Pherozechah Mehta. That Sorabji and his associates were fortunate in having obtained Sir Pherozechah Mehta's active participation in the Bank can hardly be doubted. Noted for his integrity, sterling character and staunch nationalism no one else could have better suited the interests of the Bank or could have more aptly symbolised Sorabji's aspiration of a bank run by Indians for Indians. This coup Sorabji might possibly have seen as the first fruit of having founded the Bank on what was regarded as an auspicious day. Additionally, if it is supposed as it is reasonable to do, that Sorabji recounted at least a part of what had happened to him at the Chartered Bank and the Bank of India, Sir Pherozechah Mehta could not have been better chosen as one capable of understanding young Sorabji's motivations. Sir Pherozechah first took the Chair at the Directors' meeting on 24 January 1912, and such changes in the Articles as Sir Pherozechah had asked for were duly made at the statutory meeting on 19 June 1912. Sir Pherozechah's status was such that the volatile climate of opinion in Bombay began to swing in favour of Sorabji and his Bank and offset some of the consequences of the Bank of Burma's failure. This was a European bank of several years standing and in every sense it was an inopportune thing to have happened when the Central was not even in its infancy.

When some of those who had promised support withdrew from their commitment Sorabji had had his first taste of the sort of crisis which the future was to bring him from time to time. Family papers surviving from those days record him as saying that there was no reason for panic because the Central's dealings were straightforward and its books were clear. His philosophy seemed to be that given honesty, efficiency and an "open" association of the Bank with its supporters there was little to fear. Yet even Hirjibhoy was not convinced and was fearful of the consequences of failure, pointing out that the family could turn to no one in the event of demands and pressure from the public. One of Sorabji's friends had placed Rs. 1,000 in fixed deposit and relying on his ties with Sorabji insisted on withdrawing it before the due date. Sorabji's reaction tends to confirm that even at this early stage the main lineaments of his banking persona had begun to emerge. His friend was prepared to forego the interest but Sorabji refused as a matter of principle. Such scrupulousness, Sir Pherozechah Mehta's standing, and the diplomacy with which Sorabji treated his constituents laid the

foundations of a reputation that enabled the Central to resist the prejudice or unfavourable circumstances it encountered in its career.

On 15 March within a period of three months the share list was closed and the capital of Rs. 20 lakhs was fully subscribed. On its opening day a fairly large number of merchants visited the Central and more than seventy current accounts totalling a lakh and a half of rupees were opened within a week. The minutes of the first meeting of Directors on 25 November 1911 record the appointment of Sorabji as Manager on a salary of Rs. 800, of Vicaji as Chief Cashier, and of A. S. Balsekar, a colleague of Sorabji's from the Bank of India, as Chief Accountant. The context in which the Central was conceived and established highlighted the special features of the new Bank, and today provide the background against which the full measure of Sorabji's achievement can be assessed. The concept of an Indian bank organised on European "principles" and managed by Indians had been mooted almost exactly a hundred years ago, almost indeed at the time of Sorabji's birth. The more progressive Europeans and newspapers of the day conceded that a bank of this nature would open up "a new economic era for this country", that the absence of such a bank was to be lamented, and that there were no agencies for gathering the sums "small individually but very great in the aggregate" which constitute the country's unemployed wealth. It was appreciated that the lack of systematised banking and, therefore, of the saving habit, had deprived industry and trade of the investments they needed. The Government had been asked to sponsor agricultural banks but to no effect. Meanwhile it was noted that it would be a "hopeful day" for India when a genuinely Indian Bank was launched, but the obstructions which Sorabji faced approximately twenty-five years after this comment had already been defined. One of the most serious obstacles, the comment ran, was the deeply entrenched notion that "native gentlemen" would be unable to conduct a bank according to western principles, and that "natives will not trust natives". How correct an assessment this was Sorabji was soon to realise and to try and defeat. That an overwhelming majority of Europeans was firmly persuaded of Indian incapacity was very clear, and derived partly from sincere conviction and partly from a fear of competition and consequent injury to European interests. Prejudice apart, this contempt for indigenous banking was not entirely unjustified. Those who had had dealings with it including

banks which appeared one day only to arrive at an inglorious end on another, had good reason to be more than sceptical about Indian banking institutions whose credit was at a very low ebb and operated in an atmosphere of gloom, suspicion and distrust. Where many, both Indian and European, erred was in reaching the wrong conclusion from this fact. And this conclusion—that Indian incapacity was unchallengeable—generated the atmosphere and conditions in which indigenous ventures were bound to fail. When this handicap combined with other factors such as incompetent management, lack of courage and judgement, and insufficient application and expertise, a context was created in which Indian banking could not even hope to take off. It was the victim of a self-defeating attitude, and Indians themselves were conditioned by these circumstances to reject modern techniques and to accept as God-ordained the proposition that no great institution could be managed other than by Europeans. One result of this, a part of the multiplier effect, was the absence of any desire or facilities for specialised study in western techniques. Consequences, both practical and mental, flowed from a belief that was deeply ingrained. How was this to be countered?

Only a remarkable coincidence of circumstances could bring together a mind such as Sorabji's that refused to be conditioned, that questioned most assumptions, and was capable of vigorous rethinking, with the necessary determination, friends and opportunities without which no major project can be launched. Sorabji was the catalyst that brought about this fruitful combination of factors, both personal and natural. There is a significant conclusion to be drawn from the fact that Sorabji was born only a year after the Swadeshi movement began to gain momentum in 1880, and that the greater part of his early life paralleled the development of Swadeshi between 1880 and 1900. The supposition that Sorabji would have been unable to launch his venture if Swadeshi had not created a propitious climate is one that can be accepted only with some hesitation. Twelve years' experience in two leading banks had persuaded him that, whatever the cost, the Indian ability to form and manage an Indian bank for Indians had to be clearly demonstrated. By the time the Central was formed, Sorabji had himself become a sort of capsuled Swadeshi. Moreover, the main stress in Swadeshi was political, a part of the movement for independence, and expressed itself primarily through the boycott of foreign goods.

It had the purpose of promoting Indian industries as an answer to foreign exploitation through trade, industry and finance. Nevertheless, the greater part of Swadeshi publicity and energy was devoted to such symbolic acts as burning foreign cloth publicly and spinning yarn. In short, Swadeshi's primary consequence was psychological, stimulating a number of industries such as match and soap factories and thus helping to enshrine the idea rather than confirm its validity by actual demonstration.

The Tata Iron and Steel Company, founded in 1907, had its entire capital subscribed by Indians within three months which illustrates the kind of spirit that was abroad. But in the case of the Central its business considerations sprang exclusively from Sorabji's desire to establish what few thought was possible and dismissed as a "huge joke". The political motive was incidental. Sorabji was not essentially a political animal and believed that the most effective way of striving for independence was to qualify for it. In his view, consciously formulated national regeneration and financial autonomy were inseparable. It is in this that he distinguished himself most markedly from his contemporaries and attracted the support of so famed a patriot as Sir Pherozeshah Mehta. Politics devoted solely to acquiring "political emancipation" was, to Sorabji, an empty concept. That is obvious enough today but was not in Sorabji's time, and no assessment of what the Central implied is conceivable without reference to the heavily entrenched preconceptions with which Sorabji had to contend. Subtle and ruthless economic exploitation by foreigners was either not recognised as such or supinely accepted since it was supposedly beyond remedy. Sorabji stood out in understanding this with clarity and deciding to act on it by challenging and disproving the premise that Europeans had an exclusive monopoly of managerial talent. Unfortunately understanding this did not magically dissolve the obstacles in Sorabji's path. The history of Indian joint stock companies is, therefore, a story of many vicissitudes suffered by those whose motive force was an idea which was to be translated from a dream into a reality. From these tribulations Sorabji extracted a conclusion which, once again, though obvious today was only dimly perceived in his day: that the growth of indigenous banking depended largely on the active support of the people whose sympathy, co-operation and confidence was essential, particularly at the stage where Indian banking were struggling to establish itself.

Fluctuations in this confidence and support were far more volatile than can be imagined today. For quite some time after Indian joint stock companies were formed they were overshadowed by their foreign rivals, and it was while Sorabji was going through this experience that his analytical mind enabled him to diagnose ills and devise remedies. The support which Sorabji managed to mobilise to start the Central was barely sufficient, and it was soon evident that a general lack of faith in indigenous banking institutions would not be easily put right. This was not entirely owing to prejudice. Indian depositors had suffered grievously from trusting Indian banks that were inherently disqualified to claim such trust. This was not a uniquely Indian phenomenon. Banking systems in most places have not been spared the humiliation associated with early and uncertain growth, involving runs and closures. In the United States there were as many as 6,623 failures between 1921 and 1930, but these closures were due in the main to incompetence and incapacity which could be explained in terms of business deficiencies. In India lack of confidence sprang not only from a suspicion of incompetence but from racial prejudice laced by implications that were ultimately political. Moreover, the cards were heavily stacked against the Indian banks by the political and economic advantages enjoyed by the foreign banks, a situation which no bank in the United States had to face in its infancy. A preference for foreign banks was, therefore, not wholly irrational, though as N. R. Sircar pointed out in his minute of dissent to the Indian Central Banking Enquiry Committee Report, such preference was "tantamount to placing a handicap on the national and offering a bounty to the foreign enterprises".

The inadequacies of Indian banks were of various kinds, which Sorabji was able to recognise and remove over the years. One was inexperience, a failure to grasp the intricacies of modern banking. Sorabji conceded this. What he refused to concede was that this could not be overcome or that this defect was inherent in the Indian mind or character. In the crisis of 1913-1914 a great many banks that had mushroomed collapsed because they lacked experienced bankers. A study of this dismal chapter in Indian banking produced the comment that "it was a case of an army going into battle without any trained officers and without any orders from the General Staff". Moreover, as Sorabji's own case had shown, opportunities for making good this defect were extremely scanty.

Additionally, it had to be acknowledged, in the absence of well-defined and recognised standards and an appropriate ethic, managers and directors of Indian banks were often not examples of integrity. There was no such thing as an Indian banking milieu. It was a field so uncharted that it tended to attract the venturesome and the reckless. These were speculators and not pioneers, giving priority to personal interests rather than to those of depositors and shareholders. Dishonest transactions and wild speculation flourished, and vast sums were advanced on securities that had nothing to recommend them. In the absence of sufficient reserves, large dividends were declared and there was, transgressing the limits of legitimate banking, a preference for ordinary trading. Such indifference to standards fostered a factious spirit, and personal prejudice and rivalries contaminated relations among Directors and between them and the management. Factions generated contention, making impossible an objective assessment of issues and ruling out impartial judgement and independent decisions. It was in these unpromising circumstances and with such deficiencies that a large number of Indian banks were formed, it would almost seem, on an ad hoc basis, only to founder shortly afterwards. They usually had a ridiculously low paid up capital and a quite unacceptable disparity between deposits and capital.

Unsatisfactory cash positions and investments, without the requisite liquidity deprived depositors of a sense of security. In order to attract deposits these banks offered high rates of interest and were obliged in turn to make advances at high rates even against adequate securities; and as a result only promoters of hazardous enterprises tended to approach them for advances. A slightly more than average loss exposed them, with their abnormally low capitals to a situation that was extremely precarious, setting off waves of panic among the public. Factionalism in the directorate or a clash of personalities are not uncommon even today in conditions of relative stability, but when they were habitual, when the motivations of banking were not fully understood, and management lacked expertise, the results were disastrous. There were too many mushroom banks, there were no provisions regarding minimum capital and the percentage of paid up capital in relation to deposits, and the incorporation of unstable banks was much too easy. As Sorabji pointed out at a later date "I am not unaware of the rapid emergence at the present day of numberless banks throughout the length

and breadth of the country: but I tell you candidly that to my mind such feverish haste in the multiplication of banks does not in itself connote quality". When the Central was established in 1911 Sorabji was very much alive to the inherent difficulties of launching a new enterprise. But he must be supposed to have been equally aware of the major reasons for the discreditable record of Indian banks in his day.

The Modern Sector

SORABJI WANTED to build up a banking system in which enterprise and expertise would have full scope and fair reward. During his life he faced many challenges but he converted most of them into opportunities. By the time Sorabji was born in 1881, an outline of the design and role of the modern sector of Indian banking and its problems had emerged. More than 40 banks (starting from the earliest Bank of Hindustan, floated in India under European auspices in or around the year 1770), had come and gone: but the three Presidency Banks* had emerged unscathed through the financial crisis of 1832–33 and 1857 and from the terrible times and major upheavals of 1863 to 1866. Even the Bank of Bombay had survived, despite what were officially described as ‘the unsafe character of its business’, ‘the abuse of power by the weak and unprincipled Secretaries’, ‘the negligence and incapacity of the Presidents and Directors’, ‘the absence of sound legal advice and assistance’ and ‘the spirit of wild speculation that prevailed in the Bombay of those days’.

As Sorabji grew from childhood into adolescence, the nineteenth century was nearing its end. The process of adapting the banking system, structure and organisation, to the needs of the 20th century had already begun. By then almost every question of importance to the banks had been discussed and many questions had been debated, but none were settled. The debates were largely concerned with adapting banking solutions of the past era to the new set of conditions emerging at the turn of the century. The issues that were hotly debated in the banking world were surprisingly similar to those faced by the modern banking system even today. The beginning of many of our modern ideas can be traced to those days. They, therefore, determined the shape of the banking world to come and provided a background environment in which Sorabji was nurtured from adolescence into youth and maturity. Nineteenth century India was greatly deficient in banking capital. Yet in

* Bank of Bengal (started 1806), Bank of Madras (started 1843), Bank of Bombay (originally started 1840, reconstituted after liquidation in 1868). They were later amalgamated into the Imperial Bank of India in 1920.

comparison with the amount of British capital attracted to Indian banking, public deposits and money circulation were extremely low—less than 80 per cent of the capital. A partial explanation of this slow growth lies in peculiar commercial and social circumstances. The European community kept only their current salaries in banks here and transferred their surplus savings and investments to their own country. The local population preferred to invest in landed property. Their superior knowledge of localities enabled them to place their funds more advantageously outside the banking system. Whatever may be the reasons for the slow growth of banking, the consequences were mischievous, both in the direct loss of working capital and in its indirect influence in preventing the formation of a spirit of enterprise.

Banking profits were high and satisfactory. Reserves were strengthened. On an average the rate of return on capital employed worked out to over 11 per cent. But these profits were not the consequences of deposits: they owed their existence to a high rate of interest, principally induced by a certain degree of risk and difficulty in obtaining securities of an unquestionable character. This was particularly so since the cash ratio was always high and varied from 38 per cent to 87 per cent of deposits during the last 40 years of the nineteenth century. Banks in those days fell into several classes. The first basis of classification was between the Banks of Deposits and Discounts and the Banks of Exchange and Remittance. The only Banks strictly of deposit were the Savings' Banks which received the deposits of their customers, but did not trade with them. They made no profits. Several Government Agencies having the character of Saving Banks existed in the first half of the nineteenth century. They were later abolished and their business was transferred to the Bank of Bengal. The three Presidency Banks were both the Banks of Deposits and of Discount. They gave temporary advances to trade and business and discounted their bills. From these operations they made their greatest profits and their long connection with Governments gave them a certain prestige. Although a number of private banks did considerable business in deposits and discounts, they were principally Banks of Exchange and Remittance, purchasing bills, drawing against them and transmitting money.

Banks in the mofussil areas combined the character of Deposits and Discounts, Exchange and Remittance. In their day, they

enjoyed high respectability and confidence. It is necessary to emphasise this because the commercial and banking morality of Indian banks was called in question, often unjustly, in the face of the discreditable failure, for one reason or another, of the Union Bank (1848), the Benaras Bank (1849), the North-Western Bank of India (1859) and the London and Eastern Banking Corporation (1857). Mofussil banks were originally started to help the army and Government personnel. They did not have the capital to make advances for agriculture and trade. With the failure of many banks, they tried to fill the gaps but their capital was inadequate and they could not meet the entire needs of the mercantile community. This gave the Presidency Banks an opportunity to enter the mofussil areas and take up exchange and remittance business. Thus a network of Banks and Branches was emerging by the turn of the century. Remittances were possible to most parts of the country. Advances were given to all those engaged in raising indigo, sugar, silk, cotton, rice and other staple commodities—in brief to the trade, the agriculturist (and even to the speculator). It was hoped that by means of these banks and branches the high and usurious rates of interest charged by the shroffs and money lenders would be broken.

In former years, before these banks went into the interior, the shroffs had their agents in every important city. They made remittances by means of hundis. This was the only currency that was not legal tender and yet had a larger circulation than the coins or bank notes of many banks. Remittance by bullion was costly. The Government was not always in a position to cash the bills. Hence the hundis were most extensively taken and proved a convenient mode of remitting funds. Even in 1900 the circulation of these hundis—the most perfect part of the Indian commercial system—was very great. Although millions were invested in them, the loss by bad debts, arising out of dishonour of the instruments at maturity, was the insignificant fraction of one per cent. Even after 80 years the problem is the same today—whether the network of the commercial banking system can learn something of the simplicity and economy of the indigenous banking system, can compare with their bad debts and recovery performance, and can replace them.

By the time Sorabji entered the Chartered Bank in 1898 he was hardly aware of these currents and cross-currents of Indian banking, but it was on this scene that he entered. He could not have

read the banking literature current at that time, such as Sir James Stewart's *Sketch of the Commercial Resources and Monetary and Mercantile System of British India*, or Dr. Hamilton's *Hindustan*, Northcote Cooke's *Banking in India* or Brunyate's *An Account of the Presidency Banks* or even Symes Scutt's *The History of the Bank of Bengal*. Yet Sorabji was a fast learner in the school of life, living and banking. Few people in those days were able both to master the past and to sense changing currents as swiftly as Sorabji. Let us look at the banking scene that must have faced him when he entered the Chartered Bank and how he started planning for the future of banking in India.

Among the Government restraints on banks the most important was that relating to the right of issuing notes. The Presidency Banks were directly controlled by the Government, with powers to appoint directors and dispose of their shares and with the right and obligation to intervene directly in their managements. The scope of their business was also restricted by their charters granted and revised by the Government from time to time. The Government alone had the authority to grant the right to issue and manage notes, to deprive any bank of its note management powers and to refuse to recognise the notes of private banks other than the Chartered Presidency Banks. The Presidency Banks themselves welcomed these restraints on other banks and supported and enforced them. The Union Bank is an example. It had a capital of one crore of rupees. Though its note issue was not recognised by the Government, it competed not unsuccessfully with the Bank of Bengal in other respects. The Bank of Bengal refused to receive the notes of the Union Bank except as short credits and by 1834 the Bank of Bengal refused to receive any notes other than those of its own issue. There was a protest from 59 leading firms of bankers as also from the Union Bank: "Such aggressive action is injurious to our credit", they said, but the Bank of Bengal held its ground and the protests were ignored. Eventually, however, the Government restraints recoiled on them also, and the Presidency Banks were deprived of their note issue and note management powers. For sixty years the Bank of Bengal laboured under the supervision of the Government to create paper currency and to familiarise it among the people. But when the apple was ripe the Government plucked it and placated the Bank of Bengal and the other two presidency Banks with some compensatory advantages or privileges such as the free

use of Government balances, the management of Treasury work and of the Public Debt. They gave interest free balances and commission income to the Banks. But bit by bit, by the end of the nineteenth century, most of these privileges were withdrawn by the Government. The Presidency Banks were fast becoming commercial banks, but the control of the Government was extensive since they handled Government business and the Government wanted to be sure that the Banks were always solvent.

The restrictions on the business the Presidency Banks transacted remained throughout the nineteenth century, except for a brief period of 15 years, between the taking away of note management and the Government grant of discretion to the Presidency Banks in the conduct of their business. Although powers of control remained unchanged in the hands of the Government the old statutory limitations on the Banks were very greatly relaxed in 1862.

But by 1886 the near failure of the Bank of Bombay forced the Government to reimpose almost all the important limitations of the earlier periods. The Government was convinced that without its support and restraints the Bank of Bombay could not have been reconstructed and restarted. The case for the statutory restraints became stronger in the light of the experience of the Union Bank earlier in the century. It was formed as a commercial bank, to be managed by commercial men to provide commerce with financial facilities which the Bank of Bengal could not do owing to restrictions imposed upon it by its charter. It had many restrictions similar to those in the Bank of Bengal Charter, but they were subtly evaded. It eventually lost money in exchange transactions and also all its capital. It was later recorded by Sir C. Jackson, President of the Commission of Inquiry analysing the causes of the failure of the Bank of Bombay, that those times were exceptional. At that time Bombay was generating wealth far beyond the requirements of bona fide trade. Endless schemes and joint stock companies were started to offer avenues for these funds. Most of them gave too much credit and encouraged speculation. Further, at a time when credit was inflated to the most dangerous extent, and when every sound principle of finance was 'deranged' the Bank of Bombay doubled its capital. It had another million sterling to invest at a time when Bombay was wild with speculation and companies were started for every imaginable purpose. Government restraints on banking had, therefore, a rationale.

There were discussions between the Government and the banks as well as between the Government and the Secretary of State on the institution of the Branch system. The beginnings of the Branch system go back to 1861. The offer of Government business to the Bank of Bengal induced it to open branches at several important centres. By the turn of the century, the Presidency banks had 31 branches: and there were nine other joint stock or exchange Banks with hardly 10 branches elsewhere. As the Bank of Bengal was planning to expand its branch network in 1861, the Government felt that an existing bank should be selected for the interior. Accordingly, the Agra and United Service Bank offered to take over Government business at Agra, Allahabad, Delhi, Lucknow and Lahore. But since the Secretary of State did not agree to entrust Government business to private banks, the Presidency Banks derived an important advantage. It enabled them to choose their own time and place for opening their branches. But the private banks had other advantages. They were free from the restrictions placed on the Presidency Banks by their charters. They thus gained in priority and set about taking the maximum advantage of this, because they knew they faced competition from a Presidency Bank branch enjoying the use of local treasury balances and the prestige of Government recognition. At that time, the question of competition between branches of different Banks with those of a Presidency Bank was settled in a way of which the best illustration was the case of the dispute between the Banks of Bengal and Bombay. The issue was whether the two should compete with each other. Towards the end of 1867, the failure of the Bank of Bombay was imminent and it was certain that the proposal for an amalgamation of the three Presidency Banks would not go through. The Bank of Bengal decided to withdraw its Bombay business from the Bombay Bank which had previously acted as its agent, and sent its own Agent to Bombay to collect its outstanding dues and assets. The duties of the Agent were restricted within narrow limits. He was permitted to transact all classes of banking business and conduct all operations except receiving deposits, discounting bills and granting loans. The establishment of the Bengal Bank Agency at Bombay gave rise to much controversy. Some regarded the Agency as a permanent institution, the removal of which would be difficult and impolitic. Others regarded it as a temporary event concealing a scheme for a regular Bombay branch eventually. The old Bank of

Bombay which had only a few months more to run did not object. But for the new Bank of Bombay the position was quite different. It suffered in prestige and business from the close neighbourhood of a more powerful bank. The controversy was something more than an interesting episode in the history of banking. The discussion regarding the Bombay Agency and similar attempts made by two banks to encroach on one another's territory in Hyderabad and Behar later, settled one question definitely—that of mutual competition between the Presidency Banks. It was obvious that these Banks, all of which counted the Government among their shareholders, directors, depositors and customers, could not be allowed to use the prestige and capital of the Government to destroy one another. Once this question of mutual competition was settled, the Presidency Banks turned their attention to the Indian joint stock banks and were bent upon destroying them or at least making things more difficult for them. This historical perspective on the controversies was important to Sorabji. He faced these issues from the very beginning of his new Bank and the hostility to Branch banking that started in the 1860s was resolved after more than half a century in the 1920s through Sorabji's instrumentality.

The question of the role of Government directors in banks and of non-official or business directors was also being hotly debated when Sorabji started his banking career. The system of Government directors of banks failed in the case of the Bank of Bombay: and it was condemned by Sir C. Jackson, the President of the Bank of Bombay Inquiry Commission. "But in that case, the system of commercial directors failed still more signally", another member of the Commission said. It was believed at the time that the system of Official Directors had worked well on the whole, in the case of the Bank of Bengal especially. The Official Directors on the Board of that Bank were far removed from local influences and were not carried away like the Official Directors in the case of the Bombay Bank. They had the advantage of intimate relations with the Government. They enabled the Bank to obtain the services of the highest financial advisers of the Government and brought the Government in close touch with commercial feelings and interests. The Government directors represented caution and it was often their support that enabled Secretaries to resist dangerous policies. Mr. Dickson, Secretary and Treasurer of the Bank of Bengal, and the most eminent banker of those days also felt

that the Official Directors were neither timid nor obstructive. They performed with tact the rather delicate duty of keeping the Government informed of the affairs of the Bank. There is not a trace of any friction between the two. He thus concluded that the "constitution of the Board composed partly of Government and more largely of Commercial Directors is eminently satisfactory and desirable." Yet by 1876 the Government decided not to take any part in the management of the Presidency Banks. The power to appoint Official Directors was dropped; and the only power retained was that of calling for information. This was solely for their own protection, and not in the public interest, since large Government balances and Government business were involved. The Government also sold the shares it held to the public. Thus by the time Sorabji was born, the relationship between the Government and banks was that of agent and principal (as regards Government business) and that of debtor and creditor (as regards Government balances). This position helped Sorabji considerably when he started the Central Bank in 1911. If the Presidency Banks enjoyed Government prestige through its business and balances the Central enjoyed commercial and national prestige. p. 50.

A Mission Defined

EQUIPPED with the knowledge, from his own experience and observation, of the deficiencies which were the direct cause of Indian Bank disasters, Sorabji was determined to show through the Central that these obstacles were not inherent in the system and could be overcome. At one General Meeting he was challenged by a group of shareholders, under the instigation of a leader among them, on the Central's failure to yield a satisfactory dividend when banks with relatively modest resources declared a higher dividend. Sorabji's unequivocal answer was that the Central was not merely a profit making shop, but an organisation that had a mission to fulfil, part of which was to train up a corps of efficient bankers in the interests of the country's economic development. The point that the Central was not simply another bank in a series and that Sorabji himself was not simply another bank manager had not yet made an impression. Sorabji was involved in the Central's formation, establishment and growth, in a way that transcended even what one would normally expect in the relations between a Bank and its founder. Sorabji's life, his entire existence, became inseparable from the Bank, with the sole qualification that his devotion to his family never flagged. He did not see himself as a manager or organiser or a banker with an eye on profits alone but as an innovator whose efforts cumulatively would bring about a restructuring of the banking system in India. It can be reasonably supposed that he was not so sanguine as to assume that since the Bank had been founded against obstacles which would have defeated anyone with less stamina, all would thereafter be well.

The confidence with which he prepared for the crises and difficulties which he knew lay ahead sprang from his careful diagnosis of why earlier Indian banks had failed. Only Sorabji himself probably had, at this time, grasped the implications of what the Central's failure would mean for the future of Indian banking. The blot that already existed on the painful record of Indian banks would have spread and thickened, thus seemingly justifying the prejudices and hostility that had always weighed against Indian banking. Sorabji alone understood what was at stake. And this was

confirmed in the imperturbable manner in which he responded to the financial crisis of 1913. A subcommittee appointed at the Board meeting of 12 December 1912 reported that the "limit of advances against securities where property is the only substantial security should not exceed 50 per cent of the total paid up capital of the Bank from time to time" and "the committee considers that the progress of the Bank during the few months of the Bank's existence has been very gratifying and they consider that an early increase of the subscribed capital of the Bank will produce still more satisfying results which will bring the Bank into greater prominence and entitle it to further confidence of the public". The 1913 crisis was the most severe ever experienced, and precipitated a series of bank crashes including the Specie Bank of India in Bombay and the People's Bank in the Punjab, two of the leading Indian banks of that time, not to mention a number of smaller banks that were overwhelmed when the giants fell.

Other banks, well established and prosperous, were also shaken by the earthquake of disasters which originated in the Punjab and spread to western India. In the Punjab alone twenty-nine banks were ravaged and sixty-four banks of which eleven were in Bombay were compelled to close their doors. The Central was only two years old, barely surviving on a slender capital of confidence which Sorabji had been able to muster after considerable effort. No one could have been blamed for believing that so fragile a structure as the Central then was could not survive the havoc that affected banks, big and small, sound and unsound. The run that ensued was fired by panic and all available cash and arrangements with bankers were soon exhausted. Offers of reliable securities and hundies against loans were rejected by the banks. One depositor agreed to advance Rs. 5 lakhs against securities and it was arranged to send these securities to the depositor's office with Vicaji, the Cashier. Such was the state of mind in those days that the depositor demanded further securities to cover his deposit. A diary kept at the time brings home the tension and drama into which the main participants were plunged. "Every day even if it was late in the night Sorabji would make sure that there were adequate funds for the next day's payment. He approached a reputed businessman who agreed to make funds available against shares and securities. These were sent to his pedhi with Vicaji. Shortly afterwards Sorabji was informed on the phone by Vicaji that the businessman was

refusing to advance funds and proposed to retain the securities against his deposit in the bank. This phone call came at 11 p.m. and placed Sorabji in a dilemma". This diary entry implies very much more than it says, particularly as regards the anxiety that seized every member of the family. Sorabji, however, was not one to hesitate long. He immediately left for the businessman's office. When there was no word from him at 2 a.m. Hirjibhoy hurriedly got dressed, fearing that Sorabji had failed to obtain funds and had committed suicide. Hirjibhoy's intention was to check at the police station. This was at 2.30 a.m. At 3.15 Sorabji returned to say that he had been able to make the necessary financial arrangements. Meanwhile, Hirjibhoy anxiously in search of his brother rang up and was told that Sorabji had returned. "Ultimately", as the diary says "all went to bed at 4 in the morning".

The diary also discloses that among Sorabji's motivations was a particular one that related to his brother who had done so much at great personal sacrifice to set him on his feet. Sorabji, it seems, felt that any failure by the Central would be nothing less than a letting down of his brother. Psychologically this determination to make good in the eyes of his brother and prove that his scepticism and fears were unfounded was doubtless a source of strength, during a crisis that was rapidly developing. Meanwhile Sir Pherozechah Mehta and the then Cawasjee Jehangir were in Matheran and in discussing the crisis Sir Pherozechah asked his companion whether he could help in any way. Cawasjee Jehangir agreed to consider this and Sorabji was summoned to the hill station with a complete list of the securities the Bank was in a position to offer. By one of those conjunctions which fate ordains Sakarbai was expecting her second child, and the circumstances were hardly of a kind to comfort either Sorabji or his wife. Yet, armed with the necessary information, Sorabji left for Matheran, no doubt troubled by the thought of having to leave his wife at such a time; and with Sakerbai, on her part, greatly perturbed by the thought that Sir Pherozechah might advise Sorabji to close the bank. This fear was rooted in her intuitive understanding of what the Central meant to her husband, an empathy engendered by love, and also now by a sense of partnership with him in the enterprise he was so desperately nursing.

Great though his regard for his brother was, Sorabji realised that Hirjibhoy was capable of persuading him to stop persisting in what was considered a hopeless enterprise. Sakerbai's concern was

further reinforced by the fear that should the Matheran discussions prove unfruitful Sorabji would be unable to accept the blow and commit suicide. This was one more indication of the tremendous strain on the members of the family. Sakerbai arranged without Sorabji's knowledge for one of his friends to travel on the same train on his way to Matheran. Sorabji was acute enough to sense something of this kind and discovering what had been arranged, forbade his friend from accompanying him. After two days of discussion which Sakerbai was to describe as "like two years" the trio returned to Bombay. Cawasjee Jehangir had agreed to borrow on his own account against his securities, to enable him to advance funds to the Central to tide over its sudden difficulties. It says much for the atmosphere at the time that the Bank of India refused to advance the money required when its European manager discovered its purpose. It appears that the manager strongly advised Cawasjee Jehangir against lending money to the Central as in his opinion he would certainly lose it; and when this failed to dissuade Cawasjee Jehangir the Bank of India refused his application on technical grounds. Meanwhile it is evident that at Matheran and Bombay Sir Pherozechah made it clear that he was as determined as Sorabji was severally and collectively to do everything possible, to save the Bank.

When Cawasjee Jehangir's remarkably generous offer came to nothing as a result of the Bank of India's prejudice, Sir Pherozechah handed over the title deeds of his own personal properties in Bombay to Sorabji to pledge them and raise money. This was done through Lady Mehta to whom her husband remarked that he had the fullest confidence in Sorabji and the day when the Bank had to close would never come. The run on the Central became the more concentrated when the news spread that the Specie Bank was on the point of liquidation because it was widely known that the Central held a large number of Specie shares which had an uncalled liability attached to them. Some of these shares though in the Central's possession as security against advances to customers, were in the Bank's own name, giving rise to the apprehension that the Central would not be able to meet the uncalled liability and run into serious trouble. Deposits declined from 88 lakhs to 41 in less than twelve days. Sir Pherozechah's offer of his title deeds induced the other Directors to offer such personal resources as they could. Immediately the news spread that the Central's Directors

who surely knew the worst were prepared to stake their own possessions in the Bank's survival and future. The immediate psychological effect was to ease the strain on the Bank. The Directors' properties, including Sir Pherozechah's title deeds could, at the most, have helped to raise only a part of the many lakhs that were needed to meet the increasing demand. Their offers were a gesture and it was seen as such by the public and probably by Sir Pherozechah himself. There was a rapid decline in pressure and without availing itself of its Directors' generosity the Bank was able to meet its obligations.

Two factors can perhaps be cited for the Bank's success where so many failed. One was Sir Pherozechah's and other directors' public expression of confidence in Sorabji. The other was—what had been common knowledge for some time—the soundness of the Central's general policy of consistently avoiding any business that even remotely resembled speculation. As a felicitous sequel to these unnerving events Sorabji found himself the proud father of a daughter. "Let as many daughters be born", he said, "as God wishes but let my Bank be safe and that will satisfy me like having a son". The Central's success in weathering the storm was indeed a matter for self-congratulation and provided sceptics with ample reason to revise their estimate of what they had always regarded as a foolish and pointless venture. Considering the severity of the travails it had undergone it was a miracle that it escaped only with a few bruises, even after making allowance for the calm leadership, quick decisions, and prudent management the infant Bank had enjoyed since its inception. Many must have only then fully digested the sagacity of the then Lord Hasting's advice that despite repeated failures of new enterprises he was convinced that the right course was not to surrender to despair but to sustain and renew confidence in the final triumph of Swadeshi. A laconic reference to what happened is contained in the Minutes of the Board of Directors: "The Manager reported that to meet the unexpected run on the Bank owing to the failures of the Credit Bank and the People's Bank, he had arranged for Rs. 6,75,000 from the Bank of Bombay against Municipal and Port Trust Bonds".

The volatility of the depositors' temperament persisted and investors were only too prepared to listen to any rumour or story which escalated initial doubt into panic within a few hours and brought even substantial institutions crashing down. This is

something with which most banking systems have had to contend in the early years before they settled down with the prescribed procedure and safeguards of institutionalised solidity. India was no exception as has been explained, but it had the galling disadvantage of seeing the foreign banks ride the storm with ease while the indigenous banks were, with certain exceptions, drowned. This was due, as Sorabji perceived, not particularly to superior management or skilful policies, but the ample resources they commanded in the countries of their origin. This point made a deep impression on his mind and explained his own policy of maintaining a far greater liquid position than was considered necessary by others; and he persisted in this despite some disadvantages to the Bank.

Another reference in the Bank's Minutes to the crisis runs as follows: "The Manager was asked to prepare loan statements giving full details of all securities from which the auditors may be able to get the necessary information as to repayment of loans. The Manager was asked to inform the auditors that we issued notices to most of our customers calling upon them to pay off the amounts due by them as early as possible in view of the many demands of the depositors owing to the financial crisis. With regard to most of those who had deposited sufficient securities to cover their debts we exercised our discretion to let them continue the advances in view of the present financial situation and did not think it right to exercise untimely pressure particularly as the Bank was able to meet its engagements. The result has so far justified the action taken. . . ." We do not expect any melodrama in the Minutes of a Bank but the calm assurance of this entry reflects something of the confidence that springs from well conceived policies.

Hardly had the repercussions of the 1913 crisis died away when the first world war broke out, with consequences that shook the world's economic structure and brought on a severe monetary crisis. Arm chair economists with their pet theories were confounded, and traditional attitudes towards national and international problems were shattered. In this state of flux, with unprecedented situations emerging nearly every day, political uncertainty had its effect on the financial situation. Once again public confidence in the newly established banks began to decline sharply and the Central among others was under severe strain. Its deposits diminished to 30 lakhs in 1914 but a policy of cautious conservatism allied to sound business methods and the concentrated zeal of Sorabji began to

yield results. The Central's resources were meagre and the management had ensured that assets were sufficiently liquid to meet any sudden demands made on it, and the ground it had lost in the preceding two years was gradually regained. This precaution was to enable it to weather many a storm that challenged it in the future.

At this point note must be taken of a sad event. As the Minutes of the time record it: "The Manager reported the sad and untimely death of Mr. S. N. Vicaji, the Chief Cashier, who since the start of the Bank worked hard and conscientiously for the interest of the Bank and was a very useful and helping hand to the Manager". This, one supposes, must have been a particularly hard blow to Sorabji personally, the loss of a companion and associate who had been so closely involved in both the motivations and the arrangements that laid the foundation of the Bank. Yet another even greater loss occurred after the Bank shifted to its new quarters in Alice Buildings. On 10 November 1915 the Minutes recorded: "That this meeting of the Directors of the Central Bank of India desire to record their profound grief at the death of the Honourable Sir Pherozeshah Merwanji Mehta, K.C.I.E., the Chairman of the Bank from its foundation and their sense of heavy loss that the Company has suffered by the passing away of this great Indian statesman whose connection lent much weight and distinction to the Bank and whose services to it have been inestimable, particularly during the severe monetary disturbances through which the Bank with other institutions had to pass. Sir Pherozeshah's relations with each member of the Board, Manager and each member of the staff with whom he came in contact were very cordial and to each of them he had so endeared himself by his winning manners and kind consideration that his death is a personal loss to them all".

This was a tribute, both adequate and inadequate, to one who, matured by experience in the way of the world, responded to the pioneering spirit in Sorabji, sensing in him an amalgam of ideals and ability and determination. For Sorabji there could not have been a Chairman more suited to his temperament and aspirations and from whom he could expect so much encouragement and sympathy, as he clearly perceived during the 1913 crisis. From 1916 onwards the Central's story is one of steady progress despite the runs that were provoked by rumour or malice.

The Bank had taken root and a recognition of this was implicit in the Government's decision to place it on the approved list of

Banks entitled to receive Municipal deposits in the Presidency. In compliance with this, Bombay Municipality's Standing Committee deposited a few lakhs with the Central, only to be taken aback by a report from one of its members that the Central had made generous advances against pearls and was liable to lose heavily on the transaction. It is worth noting that at the first intimation of the Central's having won general recognition and had come to stay and gained the confidence of the Government there followed an attempt by interested parties to undermine this confidence. There was no foundation whatever in the pearl canard and as was to happen often in the future, Sorabji lost no time in refuting it flatly and in the strongest terms. One of his principles was never to tolerate for a moment the slightest aspersion either on the Bank's reputation or on any transaction in which it was involved. In this case Sorabji's reaction was so emphatic on behalf of the Bank that the member of the Standing Committee was obliged to apologise and as a mark of sincere confidence in the Bank deposited a considerable sum in fixed deposit.

Sorabji was aware that unless scandalous rumours about the Bank were not promptly refuted they would fester into increasingly uglier forms and vitiate an atmosphere that was always exposed to such contamination. That in every instance he was able to do so convincingly progressively strengthened the Bank's standing. The prejudice against anything genuinely Indian was still at large and such stability and reputation as the Central acquired needed to be sedulously protected. However, there were also rather more complicated forms of prejudice working against the Central. Initially the prejudice was racial, founded on the proposition and established by repetition, that Indians were incapable of managing a bank. Later it sprang from competitive jealousy on the part of the foreign banks whose attitude so far had been one of superior contempt for so insignificant a stripling as the Central. When they realised that they had, in the Central, a clear demonstration of how silly their pretensions were they combined to humiliate it in the eyes of its countrymen. The Central had already entered the Bombay Clearing House and decided, as was natural, to apply for entry into the Calcutta Clearing House.

The qualifications that applied in the one were as relevant as in the case of the other. Yet the Calcutta Clearing Banks refused to admit the Central and for good measure levied a special charge on

the collection of local cheques on the Central Bank lodged by their clients. This would have the effect, it was hoped, of restricting the currency of the Central's cheques and thus affect its business. This was nothing less than open discrimination but of a kind that called for tact and forceful protest. It was also a challenge that was in a sense after Sorabji's heart, not that he welcomed this sort of thing. It stirred all his qualities into effective battle. The rapid increase of business in the Calcutta branch of the Central, established in 1916, brought great pressure on the Exchange Banks which were obliged to cash a flood of the Central's cheques across the counter. This, no doubt, was pointed out by Sorabji as also the patent illogicality of a ban that had nothing rational to justify it. The point was brought home to the Secretary and Treasurer of the Bank of Bengal, Sir Norcot Warren, who thereupon used his good offices to persuade the Calcutta banks to lift the ban and stop collecting commission on local cheques.

Thus another "first" was achieved by the Central as the first bank under Indian management to penetrate the barriers of the Bankers' Clearing House in Calcutta. Yet this was not the end of the Central's difficulties on this front. In the way of legitimate banking business the Central started discounting bills at its Calcutta branch to which the Bank of Bengal objected and formally registered a vigorous protest. Always prepared to answer protests or criticisms and invariably equipped with the facts to do so effectively, Sorabji asked to meet the Secretary and Treasurer of the Bank of Bengal. The request for an appointment was refused but Sorabji resourcefully made the most of the fact that both the banks had the same solicitors in Messrs. Morgan & Company. The manager of this company, McNair, was persuaded to phone the Treasurer of the Bank of Bengal to arrange an appointment with him for Sorabji. It says something about the banking ethos of those days that the request was again refused. Only after further efforts by McNair did the Bank of Bengal relent and agree to consider Sorabji's case. In substance this was that the Central had no intention of entering into unhealthy competition, a fact that had been attested to by the Bank's record, that there was no real conflict between the two banks, that there was no question of undercutting rates in discounting bills, and that the Central was prepared to co-operate with the Bank of Bengal. Such was Sorabji's personality, persuasive-ness and capacity for marshalling his arguments that Sir Norcot

Warren was converted and they parted as friends and there was thereafter no cause for complaint on either side. Here again was evidence of certain personal qualities other than those of managerial talent which qualified him for the role of what we would call a trouble-shooter. Most obstacles and problems, properly so called, are an offshoot of expansion and outside the limits of routine, and it was in this sort of extra-curricular field that Sorabji's leadership and innovatory spirit were most needed and were in fact applied.

It was at this stage when the Central was receiving some recognition, however grudgingly given, and it had still a great deal to accomplish, that Sorabji probably summed up for himself the lessons to which his experience had led or which had been confirmed by the tribulations through which the Central emerged scarred but undefeated. External prejudice, bias or hostility apart and beyond the normal difficulties associated with launching a new venture in a sceptical environment, were a number of internal structural deficiencies from which all Indian banks suffered. These as defined in Sorabji's mind were (a) locking of short term deposits in long term advances; (b) inadequate expertise on the part of the directors and officers of banks; (c) associating trading with banking; (d) attracting deposits at unremunerative rates; (e) paying dividends out of capital; (f) an unjustified disparity between authorised and paid-up capital; and (g) a deplorable lack of co-operation among the joint stock banks and the hostile jealousy of the Exchange and Presidency Banks.

If Sorabji was a manager, innovator and trouble-shooter he was also constantly a diagnostician, matching solutions with recognised defects and propagating the ideas to which this gave birth for the benefit of Indian banking as a whole. Furthermore, as Sorabji saw it, the existence of the Central marked only one modest step forward. It had also to become a living institution, a source of inspiration for all Indian banks. Immersed though he was in the Central's affairs, he never saw the Central as something outside the context of Indian banks and their obligation to the country. As he had occasion to express it: "The Central Bank of India's progress and success is really the progress and success of Indian banking—you may as well say of 'national banking'. The old prejudice against Indian banking is practically dead and the Central Bank has played a very important part in bringing about this end. The Central Bank is not the property of a few individuals and it has never been

conducted for the benefit of a few persons. It is the property of the nation and is our country's asset. Its success is the success of Indian banking and we are only entrusted to steer it into safe waters. I and the staff of Central Bank always keep that end in view and we all strive to keep up and increase the prestige and good name of Indian banking". These were the words not of a manager or pioneer alone but of the leader of a movement of which the Central was the hard core.

Runs and Alarums

DESPITE the recognition which the Central had achieved, or because of this, those in the grip of envy and prejudice continued to be active. They remained obsessively concerned with proving their point that an Indian managed banking institution suffered from inherent defects that would bring it to an ignominious end. This was perhaps reinforced by the spectacle of an Indian bank which throughout its short career had successfully confounded these theories. Small wonder, therefore, that any opportunity to start rumours that would reflect on the Central's credit was avidly seized and exploited by those whose enmity amounted almost to a mania. In May 1918 as a result of an irresponsible speculation in cotton the Bombay money market was severely affected, and the unsettled state of the public mind was taken advantage of by mischief makers who had been watching the Central's development with increasing anger. The public had as yet not been able to shed its gullibility and still tended to listen willingly to anything that was disparaging rather than to attend to indisputable evidence of solidity and progress. The report was circulated that the Bank had made large advances on pearls and cotton and was liable to heavy losses amounting to half a crore of rupees. There was not the slightest foundation for this but, as is the case with rumours of this kind, it spread widely and rapidly, as was no doubt intended. It was Sorabji's policy not to allow any length of time to elapse between rumour and refutation, and he promptly explained that not a pie had been advanced against pearls and that as far as cotton was concerned and other commodities the money lent totalled only 9 lakhs of rupees supported by ample securities and was fully covered by a margin of over 30 per cent. There is invariably a time gap between refutation and the confidence which it is its purpose to restore; and so it was in this case.

For about a week after Sorabji's clarification the Bank was subjected to substantial withdrawals but thereafter the panic subsided and normality was regained. This showed that the Central had still to deal with an extremely volatile public, that prompt refutations were essential, and that Sorabji was well equipped to provide them. Furthermore, he had, ironically, despite the pressure on his nerves,

good reason to be thankful for such ill-founded rumours because they could be easily exposed as false. Each run enabled the Central to emerge from the ordeal with a greatly increased reservoir of confidence and respect. Far from weakening, the Central became stronger than ever, an outcome its opponents had not expected. To impartial observers it was soon evident that the runs were being engineered by interested parties and this impelled them publicly to endorse the Central's record and express their appreciation of what it had done and was doing. Among them was Sir William Meyer, the Finance Minister, who caustically remarked that he "regarded the attempts made to discredit the institution with the contempt they deserved". Yet it was not in the nature of purposeful scandal-mongers to be easily subdued, and in December of the same year, another campaign was launched claiming that the Central was in difficulties because of advances against piece-goods and cotton. This had been timed to give the report some plausibility against the background of a great slump in prices in several markets, bringing dangerously near the possibility of a run. Again Sorabji reacted energetically in a press communication which in a closely argued analysis confirmed that the decline in prices would not affect the Central as all its advances had been well secured. A public whose apprehensions were so easy to arouse was also responsive to assurances that were supported by reasoning and by facts and figures put forward by so authoritative a personality as Sorabji. But the pernicious opposition the Central's success had managed to attract probably calculated that a sustained campaign of denigration would gradually destroy the confidence the Central had managed to gather over the years.

Towards the end of 1920 some cases of defalcation in the Bank of Bombay received a great deal of publicity, and this unhappily coincided with the dismissal of an officer in the Central because he had violated a rule of conduct which prohibited employees from engaging in illegal speculation. It was put about that together with the Bank of Bombay the Central had suffered from serious defalcations and fraud; and to this was added the further canard that the Central had recklessly advanced large sums against sugar, the crippling consequences of which would soon overtake it. Once more Sorabji was obliged patiently to explain the circumstances in which the officer's services had been terminated and to state categorically that the Central had not made any advances against sugar.

But two years later the Bank's enemies were again active. A well-known Rangoon firm, Messrs Jamal Bros., had failed, and it was alleged that the Central was involved through having had loan transactions with the Rangoon establishment and other merchants who were now in difficulties. The remarkable thing about the fiction created around and about the Central was that it had not even the remotest resemblance to the truth and that this could be immediately demonstrated. In the Rangoon case it was shown that the Central had nothing whatever to do with it and that no transactions had taken place. Similarly when a leading bank in China had to close its doors, causing temporary repercussions among the foreign banks in India, the Central Bank was illogically dragged into the affair by the insinuation that it had also been shaken badly by the failure in China. All that the Central's authorities had to do was to reveal and publicise the Bank's true position after which the rumour was effectively killed.

In 1923-24 the exchange crisis occurred and the controversy over the 1/45 and 1/65 ratio erupted, the British Government's intention being to devalue sterling, to repatriate huge sterling balances accumulated in favour of India and also to confer an invidious advantage on British exports to India. This was an extremely live issue at the time and the Central emerged with a reputation which was not at all to the liking of the foreign bank monopolists. It was perhaps no coincidence that shortly afterwards the Central, including its Calcutta branch, was the target of one of the most serious runs. In Calcutta the permanent agent was absent on leave, and his deputy learned, no doubt from some anxious inquiries, that the failure of a sugar merchant in Bombay whose name was similar to that of one of the Bank's directors had aroused considerable misgivings as regards the Bank itself and that a run was impending. The next morning huge crowds gathered at the Bank's premises, the withdrawals started, lakhs following lakhs until by three o'clock in the afternoon a crore of rupees had been paid and the crowd was still thickening. Notices were issued to assure the people that the Bank would remain open until midnight or later if the depositors so wished. A special statement drafted by Sorabji was published in the *Amrita Bazaar Patrika* and this, together with the payment to the last nervous depositor, turned the tide and the majority of those who had so frenziedly withdrawn their money returned to pay it back.

In Bombay and Calcutta crores of rupees were paid over the counter overnight, members of the staff working without respite for two days, only to have the deposits returned in a torrent as soon as the Bank's ability to pay had registered. That the Calcutta branch was able, without any direct assistance from the head office to cope with a crisis of such dimensions was indeed a triumph of which the Central could be legitimately proud. At one point the branch was paying out at the rate of 50 lakhs a day and there could not have been a more impressive demonstration of the institution's resources if Sorabji had arranged the run himself. This was a vindication of his theme that though Indian talent, resources and staff were more than adequate for the routine conduct of a bank, these needed to be reinforced by appropriate measures against any emergency to which an Indian bank was particularly liable, and that by so doing a bank could transform a crisis into an asset. Such evidence of foresight and planning and the organised ability to react calmly to a sudden crisis impelled Sir Basil Blackett, a few days later, to compliment the Central: "It was a great tribute to the strength and soundness of the institution that this well organised storm has been checked in so triumphant a manner" and he "hoped that those who are organising the malicious attacks would feel that it is a waste of their time because ~~they are useless.~~" Sir Basil's seemingly deliberate use of the phrases "well organised storm" and "malicious attacks" were presumably not lost either on those who were responsible for them or on the general public which gradually came to see the Central as both the victim and hero of a deliberate campaign.

Sorabji, pioneer though he was in many respects, was also an innovator in some unexpected directions. His use of the press to clarify the Bank's position or its policies was an early example of lively public relations; as was also his belief that a statement by a Bank in print carried a weight and involved a commitment that had considerable psychological impact. But it was indicative of the times and of the strong feeling which Sorabji and the Central had aroused that the Bank was still not left in peace. In August 1925 a combination of circumstances occurred which the Central's detractors obviously found irresistible. There were some disgruntled customers, aggrieved by the Central's refusal to advance loans against unacceptable securities, and they were only too happy to ally themselves with the now almost professional detractors of the

Bank. Also, two merchants in wool and sugar were reported on the point of crashing and by innuendo the Central was linked with this affair. The run that ensued was intense but the Central's resources, available for such contingencies, were more than ample to meet all demands. In less than six hours 1½ crores of rupees were paid and on the following day half a crore of rupees was withdrawn. The Central's status was such that it received the fullest cooperation of the Imperial Bank and the Currency office in issuing new currency notes of lower denominations against notes of higher value long after their normal office hours. The Calcutta and Ahmedabad offices had to pay out 8 lakhs and 15 lakhs of rupees respectively before good sense prevailed and the runs were cut short. By now, exclusive of the minor runs that took place later, the Central had acquired the reputation of a Bank which had suffered the greatest number of runs and derived the greatest advantage from them.

The failure of the Currimbhoy Mills caused some consternation among the business community and inevitably the Central was associated with the Mills and reported to be on the verge of suffering heavy losses. Three crores of rupees were paid out in two days with all the confident technique which the Bank had now developed into an established pattern of crisis control, and the run was stopped, again with a yield of many psychological dividends for the Bank. Increasingly, the Bank's enemies were being isolated, and authoritative and responsible citizens who were quite aware of what had been going on expressed their indignation at the tactics used to damage the Central's reputation. Among these were the Finance Secretary to the Government of India, Sir H. F. Howard, Sir William Meyer, Sir Basil Blackett, Sir George Schuster, Sir Bhupendranath Mitra, Sir Malcolm Hailey and Sir Leslie Wilson who divided their comments between congratulating the Bank on its ability to protect its interests and severely chastising its frustrated detractors. One disability from which the Central and other banks suffered at the time, was that there was no provision against any dissatisfied customer attempting to undermine the Bank with accusations that were often libellous. Credit is both an essential and sensitive commodity, susceptible to any malicious aspersion, public confidence being as much a part of credit-worthiness as the credit itself. It had, therefore, to be carefully nursed and protected, as Sorabji saw early on. But it was by the same token liable to attack by anyone

who thought he had a grievance, legitimate or otherwise, and to the fluctuations in public sentiment which the mischief maker was free to exploit. Not surprisingly the Central was involved in many law suits which were time consuming and expensive, but Sorabji never lost sight of the fact that success in financial terms was not enough in the conditions then prevailing, and that this had to be buttressed constantly by a public awareness of the soundness of the institution. The slightest suggestion of a bank's unreliability or alleged predicament, skilfully planted, was often sufficient to sway the Indian public, a weakness which Sorabji was to guard against throughout his life. The situation was admirably summed up by a managing director of the Central's Lahore Branch: "A rather paradoxical feature of our Indian attitude towards banks is that while we are very slow to trust we are very quick to distrust. There are, unfortunately, some persons in every province who, for want of something to do, go about fomenting this tendency to easy suspicion. I need hardly tell you that the future of banking in India must remain an idle dream if our people do not learn to place a reasonable amount of confidence in institutions which are conducted by businessmen of established character on sound principles and in the light of the day, as our Bank is conducted."

Healthy competition and legitimate rivalry was one thing, and deliberate obstruction and worse is quite another. But Sorabji was prepared for both or either at any time. On the debit side was the severe wear and tear on the nerves of Sorabji and his associates, the attention and energy deflected from constructive expansion or even consolidation to fighting off the Bank's enemies, and the fact that despite the precautions Sorabji had taken, the Bank was often more than hard pressed and sometimes narrowly escaped crippling damage. On the credit side must be numbered the public exhibition of how foresight paid dividends, the experience the Bank gained in protecting itself against the many imponderables that threaten a bank, and the support from responsible quarters which was steadily gained. In sum, the Bank apart, Sorabji himself emerged from these stresses with a stature that was nationwide, and it was not long before his services and advice were sought in a national context. His success in founding a bank against all odds, though in itself worthy of esteem was only one factor in the acquisition of the status he now enjoyed. Another was the distinction he earned through his ability to steer the Central through trials that had been

deliberately stage-managed against him. This latter, with its runs, was the very stuff of drama, demanding qualities that went far beyond those of an able manager. It was this that brought him into the public eye and, combined with his proven expertise, to the eye of those concerned with the financial health of India. In Sorabji's view there was no contradiction between serving the Central and the interests of the nation. Nor did he see it necessarily as time wasted on official committees that could have been concentrated on the Central, for the latter was in fact an instrument in support of the economic and banking structure to which he was brought nearer by official and non-official requests for his guidance. His role in the Central Banking Enquiry Report and the Ceylon Banking Commission is described and analysed elsewhere in this book, and represents the peak of his public activities. In other directions he stinted neither in time nor effort to give of his best.

In 1921 he was a member of a Government of India Committee with a directive to report on how public confidence could be restored in 3½ per cent and other non-terminable Government securities. These had been affected by the then high rates of interest and those who had invested in them were beginning to lose heavily. Sorabji's detailed knowledge of the investment market and of holders of Government securities made him an exceptional authority in this field of which the Committee took the fullest advantage. A request from Kashmir State in 1930 found Sorabji busy in the complications of setting up a State Bank after visiting the State and studying its conditions at first hand. His report was appreciatively received by the Durbar and the State Government. This was followed by a request from the Government of the United Provinces to preside over a Committee whose task it was to explore ways of organising industrial finance. So soon was this after his strenuous and fruitful labours in Ceylon, that even Sorabji hesitated to accept the task, though it was the sort of assignment that was after his own heart. He was on the point of excusing himself when his fellow directors, by now as imbued as Sorabji was with a spirit of public service, persuaded him to take more time off from the Central to enable him to apply his mind to larger national issues. He agreed and in the event his report was a blue-print for the development of industrial finance on scientific lines.

Clearly, after the initial trials which the Central faced had been overcome, Sorabji's fertile mind was active in the larger field of

public service, showing a catholicity of interests in the area of economic development. One subject that attracted his attention was agricultural indebtedness, an affliction on which public men and the Government had spent much anxious thought. Sorabji, ever one to match thought with action, prepared a scheme for a land mortgage bank for the Bombay Presidency under which agricultural indebtedness was to be stabilised into mortgage debentures of the bank at a cheap rate of interest and gradually liquidated over a period of time. A Committee to survey the possibilities of this was set up by the Government of Bombay and the Sorabji plan was adopted as the basis of its recommendation. By this time the scepticism which surrounded his every initiative was dissipated and Sorabji had acquired the status of an established personality known for his acumen and enterprise. Mercantile bodies and municipalities were keen to place on record their appreciation of his services. The Merchants' Association in Cawnpore, in an address said, "Of Sir Sorabji it can be said that but for him Indian banking would not have made even the small stride it has done today", and Cawnpore's Municipality referred to him, as others were subsequently to do as "the father of Indian banking" and to the Tata Bank amalgamation as a bold step that had "saved the country from what could otherwise have been an unparalleled and unforeseen financial catastrophe." The Lucknow Municipality similarly described him as "the pioneer of sound banking movement among Indians throughout the country" and added "the history of the Bank reads like a fairy tale." As far away as Rangoon, the Indian, Burmese and Chinese mercantile community joined in the tributes: "It would be no exaggeration if we say that Indian banking which had received a death blow during the financial debacle of 1913 has had its resurrection in the Central Bank of India." The address of the Indian mercantile community in Bombay said: "One way in which you have deserved well of the country is in having redeemed the fair name and reputation of the Indian banker after the debacle of 1913 and subsequent years. In your person was exemplified again the truth of the famous dictum of Harley Whithers that it is not good laws but good bankers that produce sound banking. Your dividends, gratifying to your shareholders, have never been earned by an adventurous policy of indiscriminate and hazardous investments. You have been more particular about liquidity of investment than about the margin of profits." On the part of the Government

of India official opinion was as follows in the words of Sir Basil Blackett, the Finance Member: "I am grateful for this opportunity of showing my interest and the interest of the Government of India in the development of banking in India and of paying a tribute to the splendid pioneer work which is being done by the Central Bank. Among the services the Central Bank has rendered India not the least pregnant with results for the future has been its absorption of the Tata Industrial Bank." Another Finance Member, Sir George Schuster, commented: "I need only testify my admiration for the unique position which it (the Central) has achieved in the world of banking." Endorsing this, the Honourable Sir Bhupendranath Mitra, the Chairman of the Indian Central Banking Enquiry Committee said: "For the position that has now been attained in the banking world of India by this essentially Indian institution, India is indebted to the eminent men who have successfully filled the role of your Chairman, and also in a great measure to the indomitable zeal, the remarkable ability and the unflinching courage of your managing director S. N. Pochkhanawala".

Collectively these public expressions of esteem were at long last a vindication of all that Sorabji had stood for and fought for and the tributes which the Bank attracted were indistinguishable from those which Sorabji had earned on his own account. Approximately twenty-five years after Sorabji had launched his "huge joke", a period of much turbulence, it had come to magnificent fruition, consolidated into a prestigious institution acclaimed not only for itself but for what it unmistakably foreshadowed. But this story, human though it was essentially, was also one of facts and figures and statistics, recording the actuality of what had been achieved. In 1911 the Central had an authorised capital of 50 lakhs of rupees in 100,000 shares of Rs. 50 each. The public had taken up forty thousand of these shares by 15 March 1912 when the share list was closed and the sum of Rs. 25 per share was called up. From its earliest days the Central under Sorabji's buoyant leadership had a proclivity to expand; and in the result the subscribed capital was increased from 20 lakhs of rupees to 30 lakhs of rupees in the latter half of 1912, the new issue of 20,000 shares of Rs. 25 paid up being taken up at Rs. 30 per share, a premium on the issue which represented a profit of Rs. 1 lakh that was credited to the Reserve Fund. As the momentum of the Bank's activities accelerated the subscribed capital was further increased in 1917 to Rs. 50 lakhs,

but this was found insufficient and two years later it was raised to Rs. 1 crore, the primary motive being to protect the interests of the depositors. The proliferation of branches in various parts of the country also called for a higher volume of capital the failure to provide for which had been, as Sorabji had seen, one of the principal causes of the failure of Indian banks. There had been a tendency to open branches without relating such expansion to a corresponding support of adequate capital, and this was a danger against which Sorabji insisted on arranging necessary safeguards to enable the Bank to meet every kind of contingency. The Bank's subscribed and paid-up capital was again much boosted by the amalgamation with the Tata Bank to Rs. 3,36,26,400 and Rs. 1,68,13,200 respectively; and consistent with its policy the uncalled liability of the shares was converted into a Reserve Liability to be activated only in the event of the Bank's being wound up. This decision taken at an extraordinary general meeting on 15 August 1931 was wholly intended to increase the confidence of the depositors and shareholders and give them the strongest possible sense of security. It was, furthermore, a recognition of the principle that, other things being equal, the Bank's progress or survival rested finally on the confidence it could secure from its constituents. By the end of its first year the Bank was able to obtain deposits of 88 lakhs of rupees, a record for an Indian bank and an index to its prosperity and to the public regard it enjoyed. As we have seen, the crisis of 1913 and the repercussions of the World War caused the deposits to fall rapidly to the alarming figure of Rs. 30 lakhs in 1914, but from 1916 onwards, except for the short period between 1926 and 1930 when the runs were being organised, there was a steady upward trend. When the War in 1918 ended, deposits amounted to a little short of Rs. 5 crores, burgeoning to Rs. 9½ crores at the end of 1915 and going well past Rs. 11 crores in December 1920, in effect the total more than doubling itself in two years. At the age of ten years in 1921 the Bank could boast of the figure of Rs. 13.38 crores. In the five years between 1917-1922 deposits multiplied nearly fourfold from Rs. 3.57 crores at the beginning of 1918 to Rs. 13.22 crores at the end of 1922. Rs. 15.21 crores was reached at the end of 1931, twenty years after the Central was founded. On 30 June 1935 Rs. 25.58 crores was achieved despite an economic recession. The dry bones of these figures are only the bankers' evidence of sustained progress in circumstances that could

not have been more adverse; and they invited the speculation of how much more spectacular its achievement might have been had its path not been obstructed by prejudice and hostility. While consolidating, the Central was always prepared to offer its services wherever they were thought to be required in any part of the country, the primary motive being not simply one of greater profits but of expanding into those areas where cheap and reliable banking facilities were needed. At the same time it would be idle to suggest that Sorabji was in any way a starry-eyed idealist with no concern for profits. Only a successful bank could serve these areas and a successful bank is by definition one that has made profits by the legitimate and efficient pursuit of banking. Thus, in Sorabji's view and as the Central illustrated, there was no conflict between the pursuit of profits and service to the community and the nation. The one made possible the other, and this identification was the principle by which the expansion and the opening of more branches was governed. Sorabji was no sentimental, flabby do-gooder but a pioneer with his feet firmly on the ground, a man whose very business-like instincts, feeding not on greed but on idealistic service, ultimately brought in the profits also.

Little wonder that the compliments the Bank and Sorabji attracted were crowned in 1934 by a Knighthood conferred on him in appreciation of his services to the nation. This was neither sought nor desired nor even dimly expected, and was a handsome confirmation of the inspiring role Sorabji had played in the development of indigenous banking. Bearing in mind the leaden atmosphere of prejudice that had dominated the banking scene two decades earlier, the honour Sorabji won for himself was indeed a breakthrough for the Swadeshi movement in banking which he personified. India, in short, had been honoured and the salute to Indian banking which the Knighthood implied was all the more gratifying for the tribulations and pitfalls it encountered on the way to unqualified recognition. In reinforcement of this was the fact that no European or Indian, the head of the Imperial Bank apart, had been honoured in this way.

A Turning Point

THOUGH Sorabji's view of the Central's role placed it as a sort of catalyst among Indian banks, he never lost sight of the fact that this responsibility could be discharged only if it fulfilled its purpose of supplying credit to stimulate economic activity. This was the principal factor that shaped Sorabji's lending policy, keeping open a liberal mind to proposals that could be supported by bankable security. Concerns that were basically sound but needed an infusion of life-giving credit invariably received it. In this the Central's record is an impressive one, investing financial arrangements with an acumen and boldness that never exceeded the bounds of legitimate banking.

The Tata Oil Mills, for example, had been burdened since its inception by an over-ambitious programme and was consequently languishing, its directors seriously considering the alternative of liquidation. On a train journey from Navsari to Bombay it happened that one of Sorabji's travelling companions was Sir (then Mr) Naoroji Saklatwala. A discussion took place on the straits to which the Tata Oil Mills had been reduced and the probability of its closure. From what is known of Sorabji's inquiring mind one can safely assume that he received a thorough report on the affairs of the Mills and that, having diagnosed its sickness, he was quick to suggest a solution. He was above all anxious, as Sir Naoroji Saklatwala himself was, that instead of exposing shareholders to grievous loss and again seemingly confirming a supposed Indian incapacity to manage large industrial units, the company should be reconstructed by writing down the capital and initially embarking on a more modest programme. Sir Naoroji responded to this proposal, encouraged no doubt by the vigour with which Sorabji put it forward, and asked Sorabji to prepare a reconstruction scheme. This was done, it was applied, the shareholders consented and the Company, on the verge of a humiliating collapse, was resuscitated.

Wherever opportunity offered itself, Sorabji was not content to wait for problems, his or those of others, to come to him but made himself available in analysing them and weighing up the feasibility of various solutions. When the finances of the Tata Iron and Steel Co. Ltd. were seriously depleted to the point where it was unable

to pay interest on its debentures a situation was created where the debenture holders were entitled to demand a take-over of the Company's management by their trustees. Large advances from the banks had been obtained by the Company and it was under pressure for repayment. By this time Sorabji's ability as a consultant-cum-banker to whom difficulties were something to be overcome had become known. R. D. Tata got in touch with Sorabji and asked for his assessment of a dilemma in which the Bank of Bombay had refused to grant further loans. The Central also had advanced a large sum, but as Sorabji made clear, to ask for repayment, bearing in mind what was involved, would be a negative move, and all his instincts were in favour of a positive solution. He advised R. D. Tata that in the interests of the Company all the directors should mobilise their private resources to facilitate payment of interest on debentures; and that if this were done the Central would be prepared to leave the existing credits and even advance further loans. This was a characteristic Sorabji formula, calling for a display of confidence and for sacrifice, on the part of the directors themselves. This would then justify the Central's taking part in a constructive operation of revival, and in doing so the Central would be associated in an enterprise that had national implications. Later he was to formulate in his own words the considerations he had in mind when he responded to R. D. Tata's appeal. "The most prominent industry", he said "that requires immediate attention from Government is our iron industry. I look upon it as a national industry which deserves the full support of the Government and the public and, in my opinion, it should not, in the interest of the country be allowed to die, or go in foreign hands under any circumstances. Its failure or success will have an important bearing on industrial enterprises of the country". No member of the Tata Iron & Steel Company could have summed it up more succinctly.

Thereafter the Central was in the full flow of its role as a source of credit for major industries, and by way of underwriting, it helped in the following floatations:

1923-6½ per cent Bombay Steam Navigation Company's debentures	Rs. 21 lakhs
1926-8 per cent Tata Hydro debentures with R. Tilden Smith of London, Central's share being 85 per cent	Rs. 100 lakhs
1932-6 per cent Andhra debentures	Rs. 100 lakhs
1935-Swadeshi Mills' preference shares	Rs. 15 lakhs

Further, there were liberal subscriptions to Government Loans, Central and Provincial, and co-operation in the floatations of such public bodies as Municipalities and Port Trusts, not to speak of such progressive States as Hyderabad and Mysore. In 1923 the Central's subscription to loans floated by the Government and corporate bodies totalled Rs. 26,71,40,000. Though big banks are inevitably the outcome of having been small, one of Sorabji's tenets from which he never deviated was that only major banks with corresponding resources and the confidence this evokes could discharge the role which properly belonged to it in national development. A small bank was a kind of self-negation. A proliferation of banks, each struggling to survive and striving for its share of business could not be equipped to serve the country in the only way that justified their existence. He was aware of the movement towards amalgamation and consolidation that had occurred in England where hundreds of banks had coalesced into what came to be known as the Big Five. This was a trend which Sorabji regarded as not only inevitable but desirable, equating it as he did with fruitful growth. This was the conviction from which he obtained the drive to exploit every opportunity to expand the scope of the Central's activities through amalgamations and alliances.

In the result, in 1923, the Central was admirably equipped to cope with two developments that have since come to be recognised as landmarks in the history of Indian banking: the takeover by the Central Bank of control of the Union Bank of India, and the amalgamation of the Tata Industrial Bank with the Central Bank. The Union Bank was launched in 1918 with a comfortable subscribed capital of Rs. 4 crores under the sponsorship of a group of enthusiastic Marwaris and with the advantage of a highly influential Board of Directors. This latter included such prominent figures of the day as Sir Hukumchand Sarupchand and Sir Hormusji Cawasji Dinshaw whose weight was considerable in banking and commercial circles as well as in other spheres. Thus the Bank was well placed to take off, having the further advantage, as was then the unshakable conviction, of a European management. However, this did not happen. Possibly this was the first major demonstration of the obvious truth, yet so reluctantly recognised, that Europeans were as liable as anyone else to be guilty of mismanagement and inefficiency. Bad debts mounted rapidly and there was a sharp decline in the Bank's deposits. Its predicament was made all the worse

by some illconsidered investments particularly in regard to the premises it had bought for its office. The situation was critical enough to make closure a near certainty. This was, of course, known to Sorabji who realised as no one else could have done that the Bank's failure would have unfortunate repercussions for Indian Banking as a whole. Such progress as had been achieved in the past decade or two would be lost and would be so much more difficult to retrieve. Moreover, another financial crisis would have consequences that would be far-reaching. Sorabji did not wait for the crisis to develop, but approached the Union Bank with detailed proposals to take over its management. An arrangement whereby one bank assumed control of another had never been mooted in India and Sorabji had no precedent to guide him. It was an idea that sprang from his fertile mind, having regard to the best interests of the two institutions and of banking in general. The Union Bank authorities were receptive and grasped at a proposal that would free them from an impossible situation and yet preserve its identity. Some of the Bank's shareholders, concerned over what had happened, were in favour of an amalgamation but this extreme measure was not considered necessary. Sorabji thoroughly restructured the Union Bank, reduced the uncalled capital of the Bank which had for so long been an oppressive burden, recovered as large a portion of the bad debts as possible, and streamlined the entire management.

It is worth noting that the initiative was entirely Sorabji's on the basis of a diagnosis he had already made, and that the operation, in line with his policy, not only reactivated an ailing bank but added substantially to the Central's reputation. But unprecedented though this exercise was an infinitely greater demand on Sorabji's talent and courage was taking shape. This was the amalgamation of the Tata Industrial Bank, one of the highest points in the Central's history and a climacteric event in the story of Indian banking. Registered in December 1917 with an authorised capital of Rs. 12 crores its policy was to stimulate national industrial enterprises with a programme of financial aid. Many such enterprises had languished for want of industrial finance and it was thought that this was a need which the Tata Bank could help to fulfil. It had a subscribed capital of Rs. 7.59 crores and numbered among its directors such personages as R. D. Tata, Sir Sasson David, Sir R. N. Mookerji, Sir Ibrahim Rahimtoola and F. E. Dinshaw. Oddly, despite the

precedent set by Sorabji and the by now fairly widely-held belief, at least in theory, that Indian banking expertise, potential and actual was comparable to that of the Europeans, the Tata Bank's management was wholly European.

It failed, however, to receive the response it expected from the public, it was affected by the failure of the Alliance Bank of Simla, it suffered exchange losses and it was above all plagued by a clique of shareholders who constantly harassed the Directors. At every annual shareholders' meeting the Directors were mercilessly heckled and there were disorderly scenes, until on 1 May 1923 a climax was reached in conditions of near chaos. A policy re-emphasis on ordinary banking business as distinct from the industrial side of its business was announced but did nothing to arrest the tide of what had the appearance of and possibly was an organised attempt to undermine the Bank. Its ill luck was compounded by a run on its Calcutta branch and the Bank's credit was grievously damaged. A curious if also significant feature of the crisis was that the Bank's position as shown in its balance sheet of 31 March 1923 was not only not alarming but indeed was quite sound with the subscribed and paid-up capital at Rs. 7.51 crores and Rs. 2.27 crores respectively, and deposits amounting to Rs. 5.96 crores apart from a substantial reserve. An inference from this was that the Bank was the victim of malicious stories that were propagated against it. Yet, given the climate of those days and the message Sorabji had drawn from it, the ability to counter ill-intentioned attacks and suitably to advertise the Bank's assets and build up a psychology in its favour was, as Sorabji had learned, an essential part of bank management. One of Sorabji's innovations when the Central was in trouble was to appoint a public relations officer, a post and a function which no one in the banking world had ever thought of. The extent to which a bank's fortunes depended on non-rational factors was a hard lesson which Sorabji had imbibed. Lack of confidence, however unjustified, had a habit of feeding on itself and escalating into a major threat which in turn necessarily affected management and created conditions where calm and objective decisions became impossible. In the Tata Bank's case there was the further complicating factor of a lack of clarity in the Government's fiscal policy and in the degree to which it would extend discriminating protection to key industries. It was a class of business that was inherently uncertain, and in the result the Tata Bank's

industrial investments rapidly depreciated together with the land and buildings the Bank had acquired during the boom of 1918.

The Bank's failure or inability to make any gesture on its own behalf and the combination of other factors caused a rapid decline in the Bank's deposits, from 6 crores of rupees at the end of March to a little over 2 crores of rupees in the beginning of August. The collapse of the Alliance Bank of Simla after nearly half a century's existence led to a further depletion of deposits, and as withdrawals accelerated the probability of liquidation became the gossip of the day. It was a situation in which rumours not entirely well founded earlier produced the very factors that ultimately rendered them justified. As was to be expected Sorabji had been watching this deplorable scene with many misgivings, moved by the fact that the Tata Bank's capital was predominantly Indian, that a collapse would involve a terrible loss of Indian capital, and that the banking structure would be seriously weakened. Here again he was motivated by the knowledge that there were in the Tata Bank situation the makings of a widespread economic disaster already precipitated by the Alliance Bank's closure. He also saw that the situation had deteriorated to a point where something more than the normal methods of resuscitation were called for, and that those hostile to the Tata Bank were gathering their forces to press home their attack.

As has already been seen and as it was to be repeatedly shown in future, Sorabji's analysis was swift and summary, and if anything were to be done there was no time to be lost. The pressure on him was as great as the pressure was on the directors of the Tata Bank; and the situation was such that an application of his policy of absorptions and treaties could not be more apt. Within three weeks he drew up a comprehensive scheme for amalgamation, taking over the assets and liabilities of the Tata Bank and absorbing its large number of branches. A further factor in his resolve to save the situation was that he knew that the critics of indigenous banking were watching the crisis with keen anticipation. Again, in terms of scale and the implications of the scheme what Sorabji proposed to do was unprecedented. Little wonder that those who had his ear, and particularly Hirjibhoy for whom he had the utmost respect, advised strongly against a move that would burden him with heavy and complicated responsibilities. Additionally this was a time of some stress on the domestic and personal front, Sakerbai being seriously ill and the Improvement Trust having acquired his land and

bungalow. Indeed there was much to be said for Hirjibhoy's point of view. The Central's resources were relatively insignificant compared to those of the Bank it was intending to absorb. Whereas the Central's subscribed capital was one crore of rupees with half of this paid up, the Tata Bank's subscribed and paid up capital were 7.51 crores and 2.27 crores respectively. On the face of it the proposal of an amalgamation aroused incredulous hilarity, and once again scepticism was expressed at Sorabji's expense. Inevitable disaster was predicted and Sorabji's capacity for judgment was questioned. A great deal of this, though not irrational, nevertheless sprang from a desire that the Central should run into difficulties. In the manner of all those who foresee disaster Sorabji's critics wanted their forecast to come true. As for Sorabji's motives they were compounded of a number of elements; firstly, to avoid a calamity that would hit Indian banking hard; secondly, the lure of adventure and challenge; and thirdly, the conviction that this was an opportunity of a kind he had been waiting for, to enable the Central not only to avoid disaster for another institution but to gain enormously in prestige, material resources and reputation.

For the Tata Bank authorities Sorabji's scheme would enable them to escape the stigma of a failure and to retire without being unduly embarrassed. Nevertheless when Sorabji unfolded his plans to Sir Dorab Tata and his associates he had to mobilise all his persuasive powers to prove that his was the only possible solution. The probability was that much of the opposition was due to the European management which found it painful to stomach a scheme which negated in every way the myth of European superiority. Also the spectacle of a still far from developed Indian bank sponsoring a scheme of such magnitude was something the Tata Bank management doubtless found intolerable. In the event the European manager resigned, and the way was opened for the amalgamation to the great advantage of both shareholders and the Central. The auditors were called in to ensure the utmost impartiality and a settlement was achieved to the satisfaction of the interests of both Banks in August 1923. This was a turning point in the history of the Central in that, whereas the sceptics persisted in their campaign of derogation, other voices began to be heard in respectful recognition of the Central's achievement.

The affair also illustrates a point which should not be overlooked; that while Sorabji's partiality for seemingly hazardous venture was

highly developed and he could not be accused of timidity this aspect of his temperament was always firmly controlled by calculations that were centred on the Central in particular and the banking industry in general.

The Central which had earlier been situated at Maneckji Patel building near the Parsi Ajiary on Hornby Road had shifted to the Taj Building as it was then known in which the booksellers Taraporevala were situated. Now, as a result of the merger, the Central shifted again, this time to the premises of the Tata Industrial Bank. The Central had become the largest Joint Stock Bank in the country both in capital structure and resources. The three Presidency Banks, the Bank of Bengal, the Bank of Bombay and the Bank of Madras had been constituted by special charter. A revealing sidelight to this momentous affair was the consistency with which Sorabji pursued his policies. Both the Union Bank and the Tata Bank were staffed at the higher levels by Europeans, the latter having a European manager who resigned during the negotiations and a number of senior European assistants, and the former having Oliphant as manager and an Englishman as accountant. Sorabji lost no time in getting rid of the Europeans and Indianising the entire management. This faith in Indian ability was cardinal to his beliefs and he would brook no exceptions. Often during crises of this kind Sorabji was assailed by personal problems at home and, barring Sakerbai, by a family that did not spare him the criticism it thought was due. Yet such coincidences of disheartening circumstances on all fronts which would have caused most people to take the easy way out only reinforced his determination to do what he conceived to be the right thing in defence both of his beliefs and the interests of the Central. Now at long last Sorabji began to be recognised as a banking wizard whose wizardry was not confined solely to business success but brought within its scope the entire range of Indian banking and its future.

The tributes which he received, though fully recognising his skills, were in the main an acknowledgement of his advocacy of Indian banking against all the odds that had been ranged against him. Two directors of the Tata Bank, N. B. Saklatwala and F. E. Dinshaw, in supporting the amalgamation commented "The scheme, if adopted, will result in the creation of a very powerful Indian banking institution under the able management of S. N. Pochkhanawala and will thus be a great step forward in the history of Indian

banking". The Managing Governors of the Imperial Bank of India whose opinions were not lightly given and carried weight placed on record their view that "the amalgamation was a good solution of the situation and was also in the financial interests of the country". In the opinion of the *Capital*: "The intended bank merger at Bombay is news of the first importance, for if it materialises—and there is every reason to believe that it will—a new epoch will be inaugurated in the financial history of India by S. N. Pochkhanawala, the capable Managing Director of the Central Bank of India who is the inspiration of this ambitious combination. The united resources of the Central, Tata Industrial and the Union Bank concentrated in a master hand will provide the financiers of Bombay with a weapon for which they have been hungering since the Indian banking debacle of 1913 when the Specie Bank went down ingloriously. The amalgamation is necessary both in the shareholders' interests and also in the interests of the country which requires powerful indigenous banks for its economic development".

A few days later the same journal went on: "The decision of the Tata and Central Banks to unite forces is the biggest banking event in India since the inauguration of the Imperial Bank in January 1921. The Central Bank of India has shown enterprise as well as a sporting spirit in acquiring the Tata bank and re-ensuring the credit of Indian banking. It is grand as an achievement and grander still as a beginning because it marks a rare combination of fortune and business prestige wholly Indian in character. The strength of the two Banks together would make it one of the most prosperous banking institutions in India. The Central Bank will contribute the fruits of high public credit and the Tata Bank the ingredient of large paid-up capital with a strong reserve liability".

The running theme in these comments which were a personal tribute to Sorabji was the advantage the amalgamation brought to Indian banking as a whole, and this must have been a source of much wanted solace and gratification for him. The reference to the Central's sporting spirit had the implication that Sorabji's policy of expansion was untouched by anything resembling aggressive tactics, manipulation, and confrontation, invariably making the fullest allowance for the other party's interests. The solidity and recognition that had eluded him for the Central were now his. The Central's subscribed capital increased from one crore of rupees to Rs. 3.36 crores and its paid up capital from 50 lakhs of rupees to one

crore 68 lakhs of rupees. The Central had now a prominent place on the banking map of India, and the doctrines which Sorabji had drawn from experience and had shaped and reshaped in his mind were beginning to be heard with respect. Sir Basil Blackett's feelings were echoed by many others: "Among the services which the Central Bank of India has rendered to India, possibly not the least pregnant with results for the future has been its absorption of the Tata Industrial Bank. If this amalgamation can be made, by careful and sound banking, to secure the building up of a single bank stronger than the two banks could have been individually and in separation, an important step will have been taken in the banking sphere to enable banking to keep pace with the industrial progress of India". This was as astute an analysis of what had happened as any, appreciating the fact that the service rendered was to the country and that it was "pregnant with results for the future" which was precisely the role Sorabji had envisaged for the Central since its inception.

If the decision to amalgamate called for courage and determination the reorganisation that followed made many demands on Sorabji's ingenuity. He soon had the opportunity once again to bring these qualities to bear on a problem that emerged after the amalgamation. It was discovered that owing to a flaw in the lease deeds of the Tata Bank's properties in Calcutta a clause was being invoked to the effect that if the Bank went into liquidation the lease would *ipso facto* be terminated and the property would revert to the owner. The amalgamation, it was argued, was the equivalent of liquidation, a point that was never legally settled because Sorabji was able to induce the parties concerned to agree to revise the lease, thus saving the 20 lakhs of rupees that the Tata Bank had already spent on the property. Here was a further example of how opposition apparently melted before Sorabji's approach. What was the magic of his contact with people, what were his often undefinable qualities that infected them with his enthusiasm and persuaded them to fall in with his wishes, and what was the explanation for the impact of his personality which attracted support and identification? Thus was accomplished the most memorable amalgamation ever undertaken in India, but the Tata Bank was not easy to digest, especially as regards administration and operational efficiency. It marked a point where Sorabji could and perhaps did look back and remind himself, for he had his introspective moments,

that approximately twelve years ago the enterprise which was now the largest joint stock bank in India had started as a "huge joke". Privately, for Sorabji was not one given to self-advertisement, one must suppose that he had a chuckle or two over this memory. When in later years he said "Prepare for the opportunities that will come. Most of us do meet with opportunities in our lives, but the tragedy is that they find us wanting", he must surely have had the Tata amalgamation in mind, an event which found him alert and responsive and not waiting or wanting.

Expansion and Consolidation

THE IMPULSE towards growth and the means to achieve it were now inherent in the Central's structure. Within Bombay itself there was an increasing demand for the Bank's services in various parts of the city. It was in response to requests from members of the commercial community as well as on its own initiative that the Central opened branches in such key centres as Mandvi, Zaveri Bazaar, Share Bazaar, Abdul Rehman Street, Sandhurst Road, Kalbadevi and Bhuleshwar. In Calcutta also four important branches were established in such quarters as Bara Bazaar, New Market, Sham Bazaar and Bhawanipore. Elsewhere in the country the Central's earliest venue was Karachi where a branch was opened in August 1913. Three years later the Calcutta branch was set up and the considerations that brought this about were defined by the then Chairman, A. J. Bilimoria: "It seemed to the directors that the increasing economic contiguity between the two great provinces of the Empire, namely, Bengal and Bombay, may be accelerated by banking facilities specially suited to Indian requirements which are of so much importance to the preservation and development of economic solidarity among the different parts of a country". On the policy of steady expansion he added: "We do not come here to carry away the surplus money of the Province to be utilised in concerns elsewhere. We come here to invest moneys and to give our share in developing further the trade and industry of this great Province". Yet the Central's appearance on the Calcutta scene was not universally welcomed, particularly by the foreign banks which had enjoyed a near monopoly of banking activities and resented the advent of what they considered an intruder. Their opposition in connection with the Clearing House and collection charges was a reflection of their attitude, and their position in Bengal was even more dominant than that of the non-indigenous banks in western India.

The emergence of joint stock banking in the province had been spasmodic and uncertain. There was a large network of loan offices in the mofussil which were however virtually immobilised as a result of having invested and, in effect, frozen their funds in the security of agricultural land. The few indigenous commercial banks that

existed in Calcutta and some district towns were obliged to restrict their operations within very definite limits because of insufficient resources. The failure of a leading indigenous bank, the Bengal National Bank, had been a serious setback for Bengalee banking, and previous to this the position of the more than a dozen foreign exchange banks and the Bengal Bank, subsequently merged with the Imperial Bank of India, was unchallenged. This was a time when the Bengalees were less business and commercially oriented than they are now and circumstances denied indigenous initiative the encouragement it needed. The Central Bank, in such a context, with its resources and reputation already well secured, provided a much needed fillip to Bengal's Swadeshi banking and also became a source of encouragement for those interested in banking, either by way of enterprise or training. Under an Advisory Board it soon established itself and extended its activities to Dacca. As in western India, so in Calcutta, it was prepared to respond to any demands on its services by public institutions. Among these was the Calcutta Corporation which under its new constitution had most of its seats captured by the Congress, with the result that the foreign banks boycotted its appeal for debenture loans. This was the kind of situation for which the Central, ever conscious of its nation building role, was tailor made. It supported the Corporation to the fullest satisfaction of both the parties.

Although the towns had the benefit of some banking facilities the mofussil was neglected, and the Central immediately appreciated that there was an immense scope for development, and shaped its policy accordingly. Wherever possible the existing indigenous banks in the mofussil were appointed as agents to serve, among other things, the interests of the province's internal trade for which a greatly enlarged system of banking was required. Credit facilities to finance trade between the mofussil and Calcutta and among the different parts of the province were difficult to come by and there was no regular bill market in the absence of an organised network of banking services in the mofussil. Again, it was seen that such service was an essential part of any programme of growth by the banks themselves, the one complementing the other. Thus it became a cardinal item of the Central's policy to foster trade and industry at a time when the need for this was only dimly perceived.

Such stimulation of business ventures and the provision of sustained support wherever necessary was established practice abroad,

but for the reasons given was not available in Bengal. In the result, indigenous industry, trade and commerce not only suffered but had little hope of growth. The Central's outlook from the earliest days of its inauguration in Bengal included the belief that co-operation with other indigenous banking institutions in the province was essential since its own interests were bound up with the fortunes of the Bengal banking system. It turned its attention therefore, to the possibility of helping loan companies which constituted an important part of the province's economic fabric and in which a good deal of capital was locked up. They were, however, moribund and in need of the stimulus the Central could offer with judicious regard to the limits beyond which it could not legitimately go. Another aspect of its policy to which deep consideration was given involved acting as a sort of clearing house for the smaller banks, invigorating them under arrangements that would also enable them to act as feeders for the Central itself.

The next logical step by way of expansion was for the Central to establish its presence in the Punjab, and this it did in June 1918 in Lahore, Sorabji himself explaining the background to this initiative: "Very large industries are bound to rise in India in the next few years but the small honest Indian traders and business people will always continue to play a vitally important part in the economy of our national life, and to strengthen and support them is therefore a duty which true patriotism as well as self-interest impose upon us. The Punjab is the land *par excellence* of the sturdy peasant proprietor and the enterprising small trader and businessman. And a bank which keeps its interest in the forefront of its objective has surely a wide and beneficent scope in this province. I should like to add that we do not come here in a spirit of rivalry to the existing banks, English or Indian. There is room for all, and I can assure you that nothing will be wanting on our part to promote mutual relations of the most cordial goodwill with other banks in this city". Wholly typical of the Sorabji approach was the realistic declaration of a merger of motives that brings together self-interest and service to the small trader. A further point of interest is that Sorabji was alive to local susceptibilities and though never disingenuous he was a diplomatist, avoiding confrontation and seeking cooperation. Never in such places as Karachi or Calcutta or Lahore had the mercantile community been addressed in these terms which brought the Bank so much nearer to life at the

humblest level. Collectively the speeches by Sorabji and his associates on the occasions when new branches were opened add up to what would today be understood as a public relations exercise of the utmost sophistication.

The perception that a bank had not only to be established and run but had to be "sold" was central to Sorabji's philosophy of banking and he never tired of explaining what the Bank could do, especially for the small entrepreneur or farmer, and the justifiable benefits that would also accrue to the Bank in a sort of nationwide partnership. The individual was never lost sight of in the sometimes abstract calculations of policy. Efforts were never to cease to "convert a dissatisfied customer into a satisfied one". As Sorabji expressed it "It is not gold we crave; it is the trust and goodwill of the clients that we value most." The seeds of this can perhaps be found in his own willingness as a person and as a banker to help those in trouble. It was in line with this policy that, with the small trader in mind between 1932 and 1934 twenty-four pay offices were opened in the Punjab, advances being made against wheat, grain and cotton. Additionally, Investment Agents and Guarantee Brokers were appointed to the immense benefit of traders dealing in agricultural produce. Within seven years the Central in Lahore was housed in an impressive building and acquired a reputation for courteous and straightforward dealings. In deposits and investments it made rapid strides, and one of its "firsts" in the Punjab was a Safe Deposit Vault. After 1933 more pay and sub-pay offices were opened (including stations financed through godown keepers) and the Bank began playing a leading role in the financing of agricultural produce.

The Punjab and U.P. were the granaries of India and the Central was not slow to appreciate that the financing of crop movements including wheat and oil seeds production would be an important part of its functions. Godowns were built and hired to facilitate the financing of such operations; and in the result the middle merchants and traders who had so far been under the oppressive control of wealthy trader bankers charging usurious rates of interest in addition to the usual commission were greatly relieved. Not only did such direct financing of the middle merchants and traders help to consolidate agricultural financing in general but it established the Central as an institution highly popular at a level of the populace that had never had these services in the past. Since

marketing finance released funds for second crop production and increased the velocity of credit, agricultural production as a whole began to prosper. The true measure of how innovative this policy was can be gathered from the fact that Indian banks were yet tradition-bound and confined their activities to financing the wealthier traders particularly in the bigger towns and cities. The rural sector with no facilities for financing crop movements or even production languished for lack of credit. The *aratdars* were handicapped as they were obliged to hold crops for long periods pending sale, and similarly the agriculturist suffered if he held on to his produce for too long. The advent of the Central in this situation was a boon that was as unexpected as it was welcome. The Central's operations expanded and it is worth noting that considering the extent of these operations there were few cases of fraud or failure, the small traders cautiously avoiding over-trading a practice to which bigger merchants were prone. Thus was initiated what could be called a judicious mixture of banking-cum-development banking as distinguished from purely commercial banking as was the general practice among British banks before the second world war. This mixed banking was suited to Indian conditions and was a forerunner of the system as it is today after nationalisation in the interests of a balanced development of the nation's economy.

As a result of the Tata Bank amalgamation twelve branches fell under the Central's jurisdiction of which three were at places where the Central was already represented. The Tata Bank's branch in London was closed and subsequently several of the Tata branches in India were also wound up because, on grounds of service and profitability, they were inadequate or not structured to suit the Central. Interestingly, even the branches of the Tata Bank were mostly managed by Europeans whose services were gradually dispensed with and replaced by those of qualified Indians. All this was in the spirit of what Sorabji described as "a Swadeshi concern with the object of developing the resources of the country by encouraging thrift and the banking habit amongst the people." Over the years financiers, bankers and industrialists were burdened by the necessity of approaching foreign banks for finance, having had the discouraging experience of Indian banks that indulged in speculation and whose business outlook was inefficient and conservative. As Sir Malcolm Hailey expressed it: "One of the outstanding difficulties of Indian finance is not so much the lack of money, coined or

uncoined, but its very wide dispersal in the hands of those who will neither use it themselves nor allow others to use it for them." Indian banking and those whom it served have gone a long way since these words were spoken in 1925, but the barrier of which Sir Malcolm spoke was a real one, though at this distance in time it is not easy to visualise how formidable it was. That it was necessary to overcome it and thus bring latent resources into active play within the economy was quickly grasped by Sorabji, and was one of the compulsions behind the drive to expand by opening strategically placed branches.

By 1935 there were thirteen in U.P. and several of the major Indian States invited the Central Bank to extend its activities to their areas and help in their economic development. Among these was Nawanagar State where the Central helped in the development of Bedi port and in the increased trade to which it led. The choice of the Central was that of Maharajah Jam Saheb himself who regarded it as the most "reliable and enterprising" among Indian managed banks and wanted it to open a branch in his State. This was done in 1928, to the great satisfaction of the people of the State. In Hyderabad there were eight branches by 1935 and these, while serving the interests of trade, also had the opportunity of co-operating with the Nizam's Government, subscribing approximately 130 lakhs of rupees when the Government floated their 4 crore rupees loan, the Central's contribution totalling 32.5 per cent. Later, when another loan was floated the Central's subscription was 67 lakhs of rupees out of 144 lakhs of rupees or over 46 per cent. One of the tasks with which the Finance Department of the Nizam's Government had been grappling not too successfully was the gradual expulsion of British Government rupees to be replaced by Osmani Shahi rupees in the frontier districts where the B.G. rupee was in wide circulation. This was not a particularly remunerative assignment for the Central but it directed five branches to co-operate with the Government in bringing about the removal of the foreign currency. This was the kind of service for which the Central had begun to be known, not to mention the Central's part in the building up of the city of Hyderabad by taking over the responsibility of house-building advances, an undertaking to which much of the beauty and personality of the city can be attributed.

In South India Central branches were opened in Cochin State not only to promote trade but also to develop Cochin harbour into

a major port. The Central also acted as bankers for the State. South India's banking scene in particular was cluttered with a number of small banks most of which eventually came to a sad end in the manner of the Travancore National Bank, and the field was open for the Central with its resources as the largest joint stock Bank with a capacity to expand that was continually active. Rapid progress was achieved under the overall management of B. T. Thakur, an able banker and an author of a standard work on banking. Subsequently he became the first General Manager of the United Commercial Bank with G. D. Birla as Chairman. He was well known to Sorabji and was regarded as one of his most trusted associates. Prior to this the Central's branch in Madras, a legacy from the Tata Bank, had had to close down owing to a fraud that cost it 40 lakhs of rupees.

With such multiplicity of branches situated in areas that varied greatly in the services they required and where custom and temperament demanded close attention to local conditions Sorabji had now to evolve appropriate machinery by which to manage these branches without undue interference from headquarters but with the required degree of control. The Tata Bank had already shown how some of its branches suffered from the lack of a well-defined policy of expansion and management. It was normal practice to organise a Branches Inspection Department and to appoint a team of highly qualified itinerant internal auditors to tour the branches in their areas and submit reports to the head office. What was much less a routine and, indeed, an innovation was the system of Local Boards consisting of prominent local merchants and public leaders, not simply to ensure local co-operation but to build up a fund of intelligence on the standing and credit of borrowing customers, and thus minimising the dangers implicit in making advances and safeguard the Bank's interest. These Boards were authorised to sanction loans and advances within certain limits which were generally approved by the Central Board of Directors subject to the overall position of the customers at different branches of the Bank and other banking institutions.

From this arrangement the Boards derived a sense of responsibility and also an opportunity to achieve a system of decentralisation which clearly defined the jurisdiction of both the head office and its branches. Furthermore, the Central's system of branch inspection was more than usually thorough; internal auditing was

extensive and facilitated day to day and accurate operational efficiency, and instant detection of errors or fraud. Such safeguards were unique at the time they were introduced and illustrated Sorabji's policy of scrupulous supervision without in any way discouraging local responsibility. On the contrary there was a psychological advantage in the staff knowing that the head office was aware of what they were doing, that they cared, and that they were appreciative of good work, and recognition would be granted where it was due. The entire audit staff at Bombay and at the headquarters of the group offices were directly responsible to the Managing Director, reporting to him from time to time. One result of this was to keep the staff on its toes and despite intelligent decentralisation created a feeling of "belonging" and of unity of administration. As an illustration of what these policies implied the case of the Rangoon branch may be cited. This branch was taken over as a result of the amalgamation in 1923, and under the aegis of the Tata management had been highly respected more especially as an exchange bank. Yet it lacked the popular appeal and the sense of involvement which developed rapidly under the Central's management, becoming an important unit of the local money market. Between the take-over and 1930 Burma was an extremely prosperous province, attracting generous investments from India as advances to merchants and bankers and in the discount of bills. This was no small stimulus to the growth of trade and agriculture, and as the Central established itself and the role of the Chettyar bankers in relation to the depositing public diminished, the Central was able to acquire, as deposits, the greater part of the merchants' surplus funds and the community's savings. Its share in the financing of the province's trade proportionately increased, as did also its share of the coastal trade as a result of a depression in the rice trade and a fall in the foreign export trade of the province. There was a parallel growth of the branch and of the coastal trade which was in line with the policy of mobilising local capital to finance, not enterprises elsewhere, but the province's own enterprise and trade. As in other branches so in Rangoon the Central was more than receptive to loans raised by the Government, and as a dealer in all kinds of Government securities it promoted confidence in them by the investing public.

Such bodies as the Rangoon Municipal Corporation and the Rangoon Port Trust had the benefit of heavy subscriptions by the

Central to the loans raised by them, introducing these securities in the Bombay and Calcutta markets. In this way it contributed towards the development of the port and city and simultaneously promoted Rangoon securities among the larger investing public in India, enlarging the scope of their marketability where, in the past, it had been extremely limited. This enabled the local bodies raising funds to acquire them at competitive rates of interest in capital markets in Rangoon and India with a margin of confidence they had never had before. An offshoot of this, but one to which close attention was given was the fostering of the habit of banking and thrift, and to this end, with those flights of the imagination typical of the Central's management, small Saving Safes were distributed among thousands of homes in Rangoon, thus literally bringing home the message and presence of the Central to the people of Burma. An innovation once established and seen as common practice ceases to be an innovation; and its success deprives it of its initial meaningfulness. The Central's initiatives must be placed in the context of those times when such techniques of bringing the people and banking in touch with each other were unknown. The Saving Safes scheme can be properly seen in perspective against the background of a Burmese populace somewhat inclined to extravagance. Thrift was far from being a national characteristic. Cash certificates on the model of the Post Office certificates were also made available as a scheme of life assurance. One principle to which the Central's headquarters and all its branches strictly adhered and was particularly applicable to the Rangoon office was that of responding positively to all comers, big or small, from the biggest industrialist to the smallest trader irrespective of whether the matter involved ten rupees or several lakhs of rupees. In this way it widened and intensified the area of its presence and became known among other things for its remittance facilities at modest rates and the efficient collection of bills. Again, as a corollary to all this, there was the rapid training up of a new generation of young bankers for whom the prospects of a new career suddenly brightened. Such expansion and enterprise in fields either hitherto not related to banking or into which Indian banks had not penetrated raised the ire of the foreign banks from which the Central encountered a great deal of unhealthy competition.

Almost the sole object of the non-indigenous banks was to finance the country's foreign trade and later to infiltrate the area

of internal trade as well, a field to which the Indian banks could legitimately lay exclusive claim. Much high feeling was generated and unproductive rivalry ensued of a kind which Sorabji deplored but for which he was as always prepared. Not until the Reserve Bank was formed was a framework created within which the banking fraternity realised that healthy competition is the most productive form of business. Meanwhile, the feathers of the foreign exchange banks were more than slightly ruffled by the bold incursion of the Central into extensive foreign exchange operations, the first Indian bank to do so. The Imperial Bank of India was clearly biased in favour of the foreign exchange banks which were in the main British, and these were enabled to establish a monopoly in this field at the cost of the Indian banks. The British had behind them many years of experience and any competition which an Indian bank ventured to offer needed the support of a considerable body of technical knowledge including arbitrage and operations in sterling, guilders and rupees, the dollar not being an international currency at the time. It was the Central's grasp of the necessary techniques as well as its innovative spirit that enabled it to do something from which Indian banks had so far shied away.

Another field which the Central was the first Indian bank to approach was bullion operations. It introduced tola gold bars minted in its own name as also mint refined silver bars of two to ten kilos each which developed into a thriving business. The Central Banking Enquiry Committee's report is commented on elsewhere in this book but it is not inappropriate to mention here that the Central's activities, taken as a whole, at head-quarters and especially through its many branches were a vindication of Sorabji's evidence as submitted to the Committee. His memorandum was an indictment of the foreign banking fraternity as much for what it failed to do as for what it did: it was a powerful case against the foreign monopolists and their anti-Indian stance to which the foreign vested interests naturally did not take kindly. An attempt was made to sabotage Sorabji's memorandum but failed owing to the intervention of an admirer of Sorabji's who had close relations with the Chairman of the Committee and its other members. After the hearings were almost closed Sorabji's evidence was reconsidered at Poona in April/May 1930. Not only was this evidence accepted as sound but it was endorsed as a convincing justification of the interests of Indian banks in general and vindicated *inter alia* the

proposition that foreign banks should restrict their activities to port towns and be barred from accepting Indian deposits. One can justifiably suppose that Sorabji proffered his evidence with a vigour that partly reflected his personality but was also all the more effective from deriving from his own and the Central's experience. It was not theory but specific events and achievements and obstacles encountered and overcome that he was able to bring to the attention of the Committee. Small wonder that the Chairman of the Committee, Sir Bhupendranath Mitra, a Member of the Viceroy's Council, was so impressed that he readily agreed to inaugurate the Central's branch in Calcutta, a felicitous arrangement that added greatly to the Central's lustre and enabled Sir Bhupendranath publicly to demonstrate his admiration and regard for the then only forward-looking Indian banking institution.

Similarly, Sorabji's report on the constitution of the Reserve Bank of India as the country's central banking institution with the right to issue currency which was at the time still the prerogative of the Finance Department of the Government of India, has been described as "the hallmark of the special knowledge which Sorabji possessed on banking" in India, on the special needs of the country, and on the true import of the functioning of the central banking institution for economic development. In all these reports and memorandums the running theme which Sorabji stressed was that banking could not be a slavish imitation of the British model, that it must adapt to national and local conditions, and that its shape must be governed by indigenous needs. An identical point had been stressed by the McMillan Committee appointed by the British Government in 1929, arguing that the then prevailing banking practices suited only an export oriented economy and ignored the requirements of a developing economy, a provision for which the German system of mixed banking had made allowance. This was yet another instance not only of Sorabji's refusal to accept the *status quo* or established practices unquestionably but of the advances he had already independently made consistently with progressive trends in international banking.

Serving the Depositors

NO ACCOUNT of Sorabji and the Central Bank is possible without taking into account his philosophy of banking, the germination of which probably began on his project being described as a "huge joke". Sorabji was in no sense a philosophical man but his motivations added up to a philosophy on which he had many occasions to expound in later life. Furthermore, no account of this philosophy is possible without a picture of Sorabji as a man, insofar as he could be distinguished from his role as a banker. His dream of transforming Indian banking into a stimulant for the nation's economy had been almost completely realised. An illustration of this was his conduct of the Bank in Bengal with the object, among others, of developing the tea industry which had been for so long a monopoly of British interests. But he was also preoccupied with the more general problem of acquiring a greater cohesion for Indian Banking by fostering relations between the people of the various provinces and the banking institutions that had been established to promote such relations. He desired above all that they should see the banks not as something imposed or as the products of alien enterprise but as institutions that belonged to the people and owed their existence and prosperity to their co-operation. This was his contribution to the evolution of Federalism in banking and it was this that impelled him to prepare a blue-print for Federated Banks in the Punjab and Bengal under which banking units in these provinces would function under independent Boards and with their own management and capital structure.

Sorabji saw this as harmonising the interests of Unit banking with those of the Branch banking system whose operations are largely controlled by headquarters within the framework of Local Boards and a certain degree of autonomy. The scheme for the Punjab was almost complete by the end of 1936 and he visited Calcutta in May/June 1937 with an identical purpose in mind. This was a concept which Sorabji had been considering as far back as 1928 with the active interest of Sir Jehangir Coyajee who was then the Minto Professor of Economics at Calcutta University. This idea of a Federated Bank in Bengal was all the more unusual in a

situation where there were as many as seven hundred small loan offices, especially in East Bengal. It was a reflection of Sorabji's belief that unless this rather chaotic situation was sorted out, and co-ordination and consolidation achieved with strong local roots no progress would be possible. His illness and death intervened before this scheme came to fruition. Some conclusions can be drawn from this as regards two facets of his character. One was that his mind, when free from the immediate demands of the moment, ranged far ahead into the future. In his personal life this was exemplified in his foresight in acquiring land at Worli, then practically a deserted jungle, where he subsequently built his bungalow. The other trait even more remarkable in one who was the founder of the Central and could be excused for a reluctance to delegate authority, was his interest and belief in decentralisation.

Beyond this he was fortunate or skilled enough to be able to arrange for Directors and Chairmen who in varying degrees were able to respond to if not to conceive of the ideas that impelled him forward. Sir Pherozeshah Mehta contributed the magic of stature and reputation and the tremendous accretion of strength in the earliest days without which the survival of the Central would have been problematic. A. J. Bilimoria's was a steady hand that directed the Bank for six crucial years. For the next decade and a half the Bank had the benefit of Sir Phiroze Sethna's incomparable skill and guidance. Yet, as the innumerable tributes to him testify, both in attention to detail and in the larger responsibility of shaping policy, Sorabji's was the moving spirit and the driving force. If there is throughout his career a repeated stress on service this was not the humble and often hypocritical posture of one avid to catch the public eye. His was a more sturdy calculation. It was necessary to serve, since to be able to serve was also to succeed, and success only multiplied the opportunities of serving. Tributes are often marred by an inescapable touch of the formal and appropriate compliment. But of this there was no trace in the warm references to Sorabji which the press and public figures showered on him during his life and for long afterwards. In the words of *The Times of India* "there is no single person in India to whom Indian indigenous banking owes a greater debt of gratitude than to Mr. Pochkhanawala; he has done more than any other to familiarise many Indians, formerly indifferent or ignorant, with the practice of modern banking, and if, in the future, powerful banks grow up within

India, they will owe their success very largely to the pioneer work of Mr. Pochkhanawala, a living testimony to the infinite value of grit, self-confidence and perseverance." This grit can be traced to his sense of service which in turn can be traced to his earliest days when it was a homely and personal willingness to help.

Shortly after he joined the Chartered Bank on a pittance, a recently married young boy related to Sorabji lost heavily in the share market, and after being turned down by a severe father-in-law, he turned to Sorabji for help. Sorabji had neither the resources nor an obligation to help, though the boy's state of mind was close to suicidal. Yet he provided a large sum of money without any fuss. When Sorabji's brother was in the same straits for the same reason, Sorabji borrowed money on his own responsibility and repaid it with interest over a number of years. In all such cases Sorabji was moved apparently by the knowledge that although the victims of misfortune had usually only themselves to blame, their families had necessarily to suffer with them. His own experience had taught him what a family could mean and the sufferings it could be exposed to in such situations. Few things revealed him in a truer light than the decision he made to place his first bonus at the Central Bank, a sum of Rs. 5,000 in fixed deposit in his mother's name to enable her to repay her other son's debts. Next to his sense of service was the finality with which he demolished the myth of the Indian being temperamentally unable to establish and run a bank. There was both a personal and public level to this motive. The first was implicit in his beginnings in banking while the second sustained him to the end—but not of the movement he had initiated.

When Sir Pherozeshah Mehta insisted on a change in the Articles of Association to vest decisive managerial powers in the Directors and relegate the Manager to the status of an assistant to the Board, Sorabji did not hesitate to accept the arrangement. Partly, this was due to his anxiety to set the Bank going with Sir Pheroze-shah as Chairman. Partly it is possible that he was confident of his ability to "sell" his ideas and methods to the Directors. But in the main it was due to his lack of egotism which was a reflection of his larger enthusiasm for the cause of reviving Swadeshi banking and winning for it its proper role in the country's economy. This dedication to Indian Banking was a passion almost amounting to an obsession which he served with zeal and devotion. There was prejudice. There were the predictable difficulties associated with any

new enterprise. There were the less predictable yet no less formidable obstacles deliberately placed in his path. There were the problems of devising techniques and shaping policies for which, in the case of a pioneering venture, there were no precedents. Additionally, there was the task of encouraging the banking habit among the people as well as revitalising the entire Indian banking system. Collectively this was the programme he had assigned himself, starting from the unpropitious context of the 1913 crisis, not to speak of the vast supplies of energy he had already expended on simply starting the Central. These were not the normal duties of a manager, but he was not interested in or deterred by status or titles since the project he had defined for himself was also the source of his inspiration. The records of those times speak of his "indomitable zeal, remarkable ability and unflinching courage". In twenty-five years he was not only to create a bank and establish it but simultaneously to create the field in which it could successfully operate. Again it is not easy, viewing the situation as it then was from the vantage point of the present when the banking habit is taken for granted, to assess the extent to which Sorabji had to assault the psychological barriers that challenged him. Yet he was able to show by example the advantages that could accrue to the people from a banking service that took their interests into account.

One must assume that being human and anxious to confound his critics he was often tempted to take short cuts to success for himself and the Central alone, there being no lack of opportunities for quick money through transactions that were either dangerous or shady or both. But one of the paradoxes of his character was an almost uncanny ability to reconcile extreme caution with a rate of expansion which many regarded as reckless. This recklessness was only apparent, for the rationale of what he did was not immediately clear even to those who were close to him and had his interests at heart. The Central was not unique in being a Joint Stock bank with headquarters in Bombay. There were seven of them in 1911, the Bank of Bombay, the Bank of India, the Allahabad Bank, the Alliance Bank of Simla, the Indian Specie Bank, the Credit Bank of India, and the Merchants' Bank. The Bank of Bombay was reincarnated as the Imperial Bank, the last three under Indian management collapsed in 1913 as did the Alliance Bank of Simla in 1923. In 1935 the Bank of India and the Allahabad Bank were the only survivors and tended to look down on the Central as a

presumptuous newcomer, which, like a castle in the air, would soon disappear. When it did not do so it proved something more than its capacity to survive or to surpass its rivals. It confirmed the validity of all that Sorabji had believed in for Swadeshi banking. Success invariably releases a trend towards reducing the successful institution to an agent of those financiers and industrialists who see it as an instrument for the fulfilment of their own designs. Thus the preservation of its independence was a concern that increased with the parallel growth of the Central. Excessively bold as many of Sorabji's steps forward appeared to be, they were invariably preceded by a period of consolidation. Sorabji himself summed it up as "conservative yet progressive" a formulation that is simple but difficult to implement amidst the complexities of banking in a fluid situation.

Yet another aspect to which the Central paid heed was the obligation, imposed as much by self-interest as by its sense of mission, to fill those gaps which banks, Indian or foreign, had failed to bridge. As example of this, seemingly trivial but highly charged with implications in those days, was the easy accessibility of the Bank Manager to anyone wishing to see him. Today, with the ramifications of banking and its institutionalisation, it is not always possible or desirable for a bank manager to be approachable. But early on it was appreciated at the Central that the personal touch which narrowed the gulf between Bank and clients was essential for a growth policy. Bank managers were awe-inspiring figures in Sorabji's days and by convention as well as by the sort of business they conducted, were aloof from the man in the street which included the modest trader and small businessman whose interests did not figure in the calculations of the banks and the financial magnates of the day. It was a part of the Central's role to cultivate a market, and here it was that it marked up another "first" to its credit. A scheme was launched in 1917 to enable people of limited means to subscribe to War Loans in easy monthly instalments, a public service that was instantly recognised as such. But the goodwill it generated was also sound business. An index to how this promoted the Bank's interests as well as those of the general good is to be found in the number of city accounts the Bank held in relation to Bombay's population at the time. Sixty-nine thousand accounts against a population of 11,61,000 yielded a ratio in 1935 of one account for every seventeen citizens. From such diffusion of

the banking habit and comparable services at every level were the Bank's dividends derived and not from spectacular deals or hazardous investments. Thus we arrive at the further paradox of a pioneer being both adventurous and not being adventurous.

Adventurousness can be defined in one context as the boldness of the speculator, one with a keen eye on quick profits. It can also be attributed to one who, having the means to go forward unhesitatingly, does so, and seeing his objective clearly creates the means to achieve it. There was always in Sorabji's mind a relationship between means and ends, the latter being courageously reached for after the former had been fully mastered. This was adventure in the true spirit of the pioneer, and a quality which Sorabji had in abundance. In formal terms Sorabji explained it as follows: "The policy of the Bank has all along been to avoid devoting itself to any particular or exclusive line of business, and its chief aim has been to accommodate all kinds of business and all classes of businessmen. It has been the considered opinion of the Central Bank that a bank stands for nothing if it restricts itself to earning profits for its shareholders only and does not do its duty to the public and trade. From the very beginning, it has been the policy of the Central Bank to render good service to its clients, and as a national institution, it has always safeguarded their interests with scrupulous zeal. The Central Bank has always believed in a policy, conciliatory though firm, conservative but always open to well-weighed changes. We have never for a moment overlooked the fact that we owe a solemn duty in a greater degree to the Bank's depositors than to its shareholders, and we have always before us the fact that we are acting as trustees of public moneys that are deposited with us and that we are directly responsible for the right use and safe investment of these funds. It is principally this policy that has enabled the Central Bank to attain its present (1924) position of strength and solidarity and has earned the confidence of the Indian public to such a great extent." Equally relevant were the words of Sir Pherozeshah Mehta, the Central's first Chairman, whose calculations and thoughts in 1911 bear witness to a number of things: "Before progressive settled calm is established, training and experience must be acquired, and that would not come for nothing. We must pass through many falls and stumble over many obstacles before we acquire the necessary training and experience for the successful conduct of commercial and other undertakings." These

words were prophetic. But they also provide a clue to the reasons why so shrewd a man of his reputation lent his name to a young man of thirty. Sorabji agreed to a change in the Articles of Association in favour of the Directors in whom was vested the final voice in management. But how did Sir Pherozeshah Mehta view the situation? He had never met Sorabji before and what he knew of his background must have been casually and quickly obtained. The circumstances in which Sorabji proposed to launch a Swadeshi bank held little promise of success and such precedents as there were discouraging. Circumstantial evidence suggests that Sir Pherozeshah, in the manner of his kind, discerned in Sorabji not only determination and intelligence but a potential that could, given the opportunity, be brought to the surface. Yet prudence, and an interest in gauging the young man's reaction, prompted him to insist on a change in the Articles of Association. Sorabji's response must have confirmed Sir Pherozeshah in the decision he had tentatively taken; and he, one supposes, was impressed by Sorabji's independence of testimonials and recommendations at a time when these were freely given and had been devalued, and by his dependence on himself which was his only recommendation. He recognised in him those qualities which subsequently were together described by Sorabji himself as "conservative but always open to well-weighed changes", the latter three words being a happily chosen phrase encapsulating the greater part of his philosophy.

This attitude could not co-exist with a sense of dignity in the least palatable connotation of that phrase. Sorabji, though responsible for so much, could not see himself as a personage or the solemn head of an institution. This trait had the advantage of making him very willing to turn his hand to anything that would serve a larger purpose or would add to his own experience. We have seen how he eagerly busied himself with all manner of responsibilities when the Bank of India was started without a general manager and the greater part of the mechanics of setting up office fell on his youthful shoulders. Much the same happened in 1916, though this time he was already Managing Director of the Bank he had founded, when he arrived in Calcutta for the opening of the branch in that city. At the last moment the Chief Cashier and his staff failed to turn up and there was some confusion. Immediately adjustments had to be made. Quite unruffled Sorabji took on most of this work, sorted out complaints and had everything firmly

under control before the inauguration. In identical spirit is the subject of a story that is still remembered by the old hands of the Central and is part of the lore which the Bank accumulated over the years during Sorabji's regime. One day, it is said, he was walking up the corridor when he heard a clerk reprimanding a peon for his failure to bring a particular ledger. Quickly taking in the situation, Sorabji went to the appropriate shelf and brought the ledger and placed it on the clerk's table, to the surprise and consternation of clerk and peon. Such things made a deep impression on all those who experienced them or heard about them, and it became swiftly evident that Sorabji was a man more than prepared, figuratively speaking, to roll up his sleeves and himself do whatever was required to get things moving. In this one episode there was an implied rebuke for the peon for his laziness, for the clerk for his shouting, and for both for their collective failure to get on with their work and for wasting the Bank's time. He also demonstrated in the most vivid way that no task was too menial or trivial to be beneath the notice of anyone, whatever his status. If an impression emerges from his conduct of the Bank of a zealous fanatic impatient of other people's weaknesses it would indeed be a misleading picture of one who was above all thoroughly human. Men with a vision are inclined sometimes to overlook the predicament of the individual human being, a cog in the gigantic wheel but nevertheless one with feelings, aspirations and problems. In his drive for expansion, success and service through the Bank, Sorabji might easily have fallen a victim to this larger obsession with neither mind nor time to spare for his associates, big or small. Yet he never failed to keep the human factor in view. One day he was incensed by a serious error committed by a minor clerk and in the anger of the moment told him that he deserved to be summarily dismissed. Next day the shattered clerk, fearing the worst and wanting to avoid the ignominy of being thrown out, failed to turn up. Meanwhile Sorabji began to realise that though the clerk was not too bright he had a wife and children and that his error, however serious, was a relatively minor relapse which could not be weighed against the tragic consequences of a dismissal. Sorabji sent for one of the clerk's friends and asked him to advise the clerk not to be a fool and to return to his work after a suitable apology.

There were other instances where Sorabji had to achieve a nice balance between the Bank's interests which he could never forfeit

and the humane considerations which he could not altogether reject. An old and trusted employee had committed a theft, the sort of thing which troubled Sorabji deeply on a variety of grounds: first, that an employee should betray his trust, second, that this obliquely reflected on his management of human relations, and third, that this confronted him with the problem of what action should be taken. He returned home that evening in intense dejection but with the decision that dismissal was unavoidable in the interests of the Bank's reputation. Yet, as Sakerbai relates in her diary, he could not shake off his fears about what would happen to the erring employee's family. What, he asked, coming down to fundamentals, would they eat? Three or four days later the employee's wife came to see him in tears, explaining that the family consisted of four children and that there was a widowed sister-in-law and her children as well as an aged and jobless brother-in-law to be supported. It was a not untypical situation and something of a dilemma for a man like Sorabji who was himself not unfamiliar with such tribulations. Yet even at this level he devised a formula which satisfied all the various interests and at the same time maintained the standards which he had set for the Bank. He could not, he said, re-employ someone who had committed a theft and so his decision stood. But he would find a job for the brother-in-law and after some time he would also find something for the supplicant's husband. Thus he combined a fulfilment of his obligations to the Bank with a satisfaction of the demands that had been made on his capacity for human feeling.

As S. C. Mazumdar who joined the Central when it was housed in the Taj Building in 1921 expressed it, "It is not an exaggeration to state that the supreme loyalty Sir Sorabji spontaneously obtained from every member of the staff from a peon to a manager was entirely due to his soft and sweet dealings with every member of the staff which now consisted of thousands from all communities and all the States". The staff began to appreciate that even in the worst cases of negligence and inefficiency Sorabji could be expected to be just and not harsh; and morale was sustained by the knowledge that one who presided over the Bank's affairs also kept a keen and benevolent eye on the personal welfare of members of the staff. He had the faculty of emotionally sharing his triumphs and difficulties with his associates down to the humblest level, making possible an identification and sense of loyalty rarely found in a large

organisation. Many were the occasions when individual members of the staff went to Sorabji with their private difficulties and seldom did they leave him without an assurance of institutional or personal help. It seems in fact that Sorabji's counsel was available to anyone who asked for it, usually on affairs that had only an indirect connection with the Bank. Whenever he visited the Bank's branches he made it a point to meet every member of the staff without exception and listen to their grievances if any. If any transfers were asked for and could be arranged without injury to the Bank's affairs they were granted. If a staff member and his wife had marital troubles he helped to sort them out. If relations between partners of a firm with which the Bank had dealings were strained he helped to ease them; and as this became widely known even strangers approached him for sympathy and help. Yet Sorabji was not an earnest do-gooder, moved by sentiment. His was a robust and down-to-earth nature whose principle was that if help was needed it should be given wherever possible without embroidery or elevating the act into idealism.

If there is abundant evidence of his unobtrusive benevolence he could never be imposed upon or be persuaded to subordinate the Bank's standards to the convenience of the moment. When he, for example, agreed to take on an old and infirm man his comment was "let the old man have some food in his old age". Today the cold formality of rules and regulations would prevent what would be regarded as an "irregularity". But for Sorabji efficiency sprang not from rules but willing co-operation willingly given. It was not a matter of technique or science but of human relations. The old man could contribute as much as he could to the Bank's work and what the Bank paid him it could easily afford. Another asset which endeared him to all who came to know him was his sense of fair play, his total lack of false dignity, and his appreciation of frankness and humour. On one of his visits to the Calcutta branch he, as was his practice, met members of the staff and among these was a clerk with whom he chatted for a while and then asked what his qualifications were. To this the clerk answered "M.P." This puzzled Sorabji but he did not press for an explanation though his curiosity was aroused. After he finished going round the office he returned to the Agent's room and asked him what qualification M.P. stood for, and the Agent was as baffled as Sorabji. Finally the clerk was summoned to explain.

His reply was that the mystifying initials stood for Middle Pluck. The clerk was partly being mischievous, partly conveying a sense of his own middling efficacy, and partly exhibiting a species of high spirits which could be mistaken for impertinence. The Agent was furious and wanted to sack him on the spot, but Sorabji saw the affair in a different light. He appreciated the clerk's puckish humour and the frankness of his explanation and awarded him a special increment of Rs. 5. Soon he was seen as a "character", an accessible one to whom appeals could be submitted in the confidence that whether favourable or not the verdict would be fair and humane. Of many heads of institutions this has been said but one doubts whether there were many such in Sorabji's time; and in his management of human beings he was as much a pioneer as in more weighty matters. The principles he applied in the running of the Bank by fostering its spirit of service and rooting it in the needs of the people were similar to those that guided him in the treatment of his staff.

Internal Rumblings

WHEN a pioneering venture, as the Central in its early days indisputably was, consolidates its position and takes on, under expansion, a multiplicity of responsibilities it becomes at some stage an institution. The transition from being a venture to being an institution is not always painlessly achieved; and often the pain is in proportion to the progress made. Not surprisingly, considering the tempo of its growth, the Central was bedevilled by "growing pains". It had been assailed, as no other bank had been, by the external threat of motivated "runs". It was now to be threatened by internal dissension of a kind which few institutions can escape and which is, in fact, a predictable experience inseparable from development. To this extent those involved in what has come to be known as the "Masani affair" in the history of the Central were themselves victims of a given situation. Personal acerbities and motivations and irreconcilable temperaments were collectively a factor in intensifying a crisis the makings of which were inherent in the logic of the Central's rapid expansion. It is not always possible to separate this factor from difference over policy or to identify motives at any stage as "personal" or as attributable to a concern for the Central's interests. The one is inextricably bound up with the other, and at this distance in time dogmatic conclusions are not justified. What is feasible is an assessment of the Masani episode against the background of the evidence provided by the Central's history, Sorabji's part in it, his accomplishments, his dreams for the Bank as well as for the Indian banking system, his personality, and his own concept of what his role was in relation to the Central. In short the episode, while describable as only a fleeting phase in Masani's life, cannot be seen in isolation from the context of all that Sorabji did and stood for in founding, nursing, protecting and inspiring a Bank which he never ceased to regard as his baby. Only by relating it to this background can it be properly assessed, with moreover, the fullest justice being done to all those involved in and touched by what Sir Phiroze Sethna described as "this unfortunate matter".

The point of time when the Central matured into an institution is difficult to pin down. It is doubtful that this can be done.

Organisations have a habit of suddenly becoming institutionalised in spirit as well as in structure, and this is a matter about which there can be no precision. However, at least two years before Masani became associated with the Central there was evidence of restiveness at the Board level, particularly on the part of Sir Dinsha Watcha, over what was considered a tendency by Sorabji to keep "the Board in the dark". It can straightway be inferred that Masani himself was not in all senses a central figure in what came to be known as the "Masani affair". The beginnings of a sustained pressure against Sorabji long antedated Masani's appearance on the scene, and whether Masani himself was aware of it or not, his appointment in 1928 as manager was probably not entirely unconnected with the pressure that had already been mounted against Sorabji. This connection need not have been apparent to Masani, though he might have gathered that his induction had a bearing on the desire by some directors allegedly to instil method, regulation and institutionalisation into the Central's affairs. It is unlikely that Sorabji himself was aware of this connection for he was induced to persuade Masani to join the Bank. Clearly this was not the act of a man plagued by suspicions or one given to imagining devious plots against himself. It is the act of one who, though a man of the world and toughened by having to battle against odds, was basically an innocent; was a stranger to intrigue; was incapable of attributing dubious motives to others; and was much too concerned with getting things done to bother about the "politics" that inevitably intrude into the life of an institution. There was in Sorabji, as there was in several other nineteenth century and early twentieth century Parsi pioneers including Jamsetji Tata a dash of the enlightened buccaneer. They would not otherwise have founded or pioneered anything. Furthermore, it is not the lot of the non-pioneer to understand the pioneer, though it is not uncommon for the latter to concede the need for the former.

When Masani was described as Dinsha Watcha's "protégé" it may have meant nothing more than that they were temperamentally alike. Masani had retired from the Bombay Corporation where he had held the post of Municipal Secretary and had acquired the reputation of being an intelligent administrator. Dinshaw Watcha possibly saw in him the means by which to "systematise" the procedures of an institution that was in the process of being consolidated on all fronts. Masani was not a banker and, while tempted

to join a prosperous, prestigious and indigenous institution that had already more than made its mark in the banking world, he had some doubts about his suitability for the post of manager. Sorabji joined the Chairman, Sir Phiroze Sethna, in persuading Masani that his misgivings were misplaced and that in any case his lack of familiarity with banking could be made good by a study tour abroad. Masani was abroad for a year and a half during which he visited British banks, and absorbed something of the techniques of modern banking. In associating himself with this move Sorabji appears to have had two considerations in mind. One was that he was inclined to agree with the Directors who wished to relieve him of the pressure of routine work to enable him to apply his mind to evolving new procedures and plans for future expansion; and the other was that he recognised as fully as Dinsha Watcha did that the purpose of a venture is to become an institution with established and well-defined procedures. The implication that Sorabji was hostile to or impatient with institutionalised methods is refuted by the entire weight of the evidence of what he did and stood for since the Central was founded in 1911.

He had introduced modern methods of banking, had instituted systematised training, had opened departments in banking that called for administration of a high order, had analysed the cause of earlier bank failures and had called for integrity and skill. He had created a Bank that was at the same time a training college, which provided outstanding bank administrators for the country's banking system. He had identified dangers as also the means by which to insure against them. No one else in the field had done so much to inject system into banking and bring about the consolidation which for the first time attracted the depositors' confidence in a Swadeshi organisation. No one had spoken so eloquently against "unsound practices" and in support of "scientific and up-to-date" methods and expertise. No one had argued the advantages of amalgamation so forcefully or had appreciated the importance of respectability for Indian banks whose reputations had been disreputable in the past. "The efficiency of a banking system depends" he said "on its stability, adaptability and initiative". These could not be the achievements and words of someone given, as Dinsha Watcha charged, to a "spirit of speculation". Much of the tragedy of the Masani affair can be traced to the inability of some Central directors including Dinsha Watcha to place Sorabji against the

background which Sorabji himself had created and from which he emerged. This included the circumstances in which the Bank was conceived, maintained against all odds, and finally established. The man who nursed it through difficult years could not be expected to become or remain an administrator, though he willingly recognised (being the first to do so) that meticulous administration was necessary. The drive, initiative, vision, enterprise, improvisation and courage which enabled Sorabji to bring the Central into being could not now be bottled up simply because an institution had taken shape and was being consolidated. The logic of all that he did pointed to consolidation but his spirit would not be stifled within the walls of administrative procedure. Sorabji, in the moments in which he was forced into introspection, saw himself still as the source of inspiration, energy, purpose and drive. The faculties that had helped him in the past and were essential for a pioneer continued to shine brightly within him. To have asked him to suppress them would have been to deny his being and—what is also to the point—would have deprived the Central of the spirited motivations of which at a time of consolidation, it was in the greatest need. There was no necessary conflict between a consolidated institution and the spirit of enterprise which Sorabji continued to embody. There was no trace of egotism in this. Sorabji had cheerfully subordinated himself to the Board in the early days of the Bank, and now he was equally willing to accept Masani as a manager under him. He felt that this had no bearing on his position as the main source of the momentum that brought movement to consolidation and kept stagnation at bay.

Dinsha Watcha seemingly had failed to assess Sorabji against his background. He had also failed to appreciate that Sorabji and consolidation were perfectly reconcilable and that in fact the first was the architect of the second. What then did he mean by the "spirit of speculation" which he deplored in Sorabji? Dinsha Watcha was doubtless genuinely perturbed by what he supposed to be a restive and rebellious spirit within a well-ordered institution. A clue to an explanation can be found in the repeated comment by nearly all his colleagues who have survived that Sorabji was equipped with a "sixth" sense which hardly ever failed him. It was the sense that impelled him to blurt out on the spot, to Stringfellow's discomfiture, that he had decided to leave the Bank of India and start his own bank. It was a faculty that was uniquely his own and cannot be

found in any textbook for bankers. It was not the sort of thing which the experience of an establishment man could either encompass or approve. Yet it is one that is often found in and associated with the personality of innovators and pioneers. In all sincerity Dinsha Watcha could not reconcile himself to a faculty to which he himself was a stranger and which played no part in the curriculum of a banker or in the prescribed responsibilities of a bank. In this Dinsha Watcha was not alone for there has always been a divide between the pioneer and the manager, creating psychological difficulties that often afflict institutions and cause dissension. No one could have revered learning and technical competence and expertise as Sorabji did. But he was a self-made man and it is the particularly rare feature of a successful self-made man that he absorbs expertise and goes beyond it, bringing into play those qualities which are collectively called the "sixth sense".

Sorabji was thus not unduly impressed by degrees, diplomas, academic qualifications and theory and having, so to speak, exhausted them resorted to an intuition tempered by years of experience but which Dinsha Watcha understandably misinterpreted as a "spirit of speculation". In various business transactions the Bank had necessarily to make quick assessments in fields of which it had little specialised knowledge. Dinsha Watcha who was a theoretical economist would launch a process of bureaucratic, though thorough, inquiry involving the filling of many forms and a survey heavily laden with facts and figures. Sorabji was far from decrying this. But personally and wherever possible he preferred his own instinctive and quick judgement. He would look at a factory, it is said, and without delay arrive at a seemingly snap decision which he hardly ever had reason to regret. The faculties at work in such cases were identical to those which enabled Sorabji to sum up people with a rapidity which most administrators might consider reckless. Yet Sorabji could seldom be faulted on the appointments he made to key positions on the staff; and his intuitive understanding stood him in good stead in his dealings with people. Through training and selection the Central was responsible for a great many prominent "names" in banking and industry such as B. T. Thakur who started the United Commercial Bank of India Ltd; Seth Pranal Devkaran Nanji who started the Dena Bank Ltd. (and whose nephew Pravinbhai Gandhi later became its Managing Director), and Husmukhbhai Parekh who became Chairman of ICICI and

whose father Thakurdas Parekh worked with Sorabji in the Central. There was nothing haphazard about a system that gave birth to or helped to shape people of this calibre. At a less exalted level Sorabji was instrumental in elevating a former worker in a military canteen to the post of a sub-agent in Delhi. From Sorabji's point of view there were no decisive reasons for assuming that an ex-military canteen worker would not make a good sub-agent; but often his intuitive justification of an appointment could not be reduced to the written report which a Board could be expected to want for their files. Hence the feeling among some directors, that they were not adequately informed by the managing director.

How could decisions based as much on intuition as on rational calculations be wholly explained? If this was an aberration it was also an aberration on Sorabji's part to roll up his sleeve and unfussily do a clerk's job when a crisis demanded. He was bound neither by status nor rules, regarding the latter as a means and not an end. Under the constant obligation of having to explain what was really inexplicable Sorabji became restive and the complaints against him included the charge that he refused to "change his ways". Here a part of the Board can arguably be faulted for a failure in percipience. In asking Sorabji to jettison "his ways" they were demanding from the founder of the Bank a suppression of those qualities which were at the heart of his being and were responsible for the Bank's existence. In such situations there is a tendency by complainants to seize on matters which would normally have been left to the victim's discretion; and by the victim to see every inquiry into his conduct of affairs as an encroachment or as deliberate provocation. And so it was with Sorabji and those who wanted to remove him from his post. If the so-called alliance between Masani and Dinsha Watcha was only an association of like-minded people, much the same can be said of the likemindedness that eventually grew between Sorabji and the Chairman, Sir Phiroze Sethna. Dinsha Watcha regarded this with the suspicion that is easily generated in such circumstances; and regrettably nearly everyone involved became victims of a situation that had somewhat got out of hand. In an over-heated atmosphere there was inevitably a contradiction in the attitude represented by Dinsha Watcha and his associates. Inquiries were instituted or proposed into matters on which Sorabji had been granted "an absolutely free hand"; and the point seems to have been overlooked that in so authorising Sorabji

the obligation to report to the Board was also left to his discretion. Sorabji's temperament, as has been seen, was a strange and very personal compound of caution and boldness; and while at some point his banker's caution and sense of propriety would impel him to refer to the Board, he was also not one to recoil from the responsibility of exercising the "free hand" he had been given as managing director. It was furthermore in character that the point where a reference to the Board was felt to be obligatory was, in Sorabji's case, more distant than it would have been in the case of anyone else. A man capable of a multiplicity of initiatives to which the Central owed its existence was most unlikely not to use the authority he had. In fact not to have done so would have offended against an arrangement, both formal and informal, that had the consent of both the managing director and the Board. Yet this was a situation which called for a degree of mutual confidence, for a special regard for Sorabji's position, temperament and record, and for a consensus of what should and should not be referred to the Board. None of these was present in the situation that began to develop; and it was easy enough for those who believed Sorabji to be insufficiently institutionalised to persuade themselves that he incarnated the "spirit of speculation" and that although given a "free hand" he had deliberately kept the Board "in the dark". From this conviction it was a short step to the conclusion that he was not indispensable.

It is the fate of men who have dominated an institution as its moving spirit and whose influence is pervasive to be eventually told that they are not indispensable. That this happened in Sorabji's case is not surprising. That no one is indispensable is a commonplace. That someone is dispensable is therefore neither a crime on his part nor a sustainable charge against him. However, it is probable that Sorabji's self confidence and irrepressible personality grated on the nerves of some directors. It was not in his character to assume a low profile or see the need for such restraint. What would in a less contaminated atmosphere have not caused a ripple became inflated into a major irritant. To recapitulate, Sorabji was frowned upon as a "spirit of speculation", as having kept the Board "in the dark", and as having projected himself as "indispensable" when he was not. It was put about that he was guilty of conduct inconsistent with the integrity of a banker. According to a letter addressed to Dinsha Watcha by Phiroze Sethna, dated 14 November 1926, an

incident had occurred in which, as Sorabji saw it, Dinsha Watcha had "referred to him in very disparaging terms in the presence of two of his subordinates" and that he (Dinsha Watcha) had furthermore threatened to "resign and make 'exposures' at the proper time, implying thereby that Sorabji was guilty of having done things which were not straight." This, Phiroze Sethna wrote, "has touched him to the quick". Sethna was not unmindful of the fact that Sorabji was not of the normal run of managing directors; that his ebullience made it so much more difficult to digest him into the orthodoxy of an institution; and that it was necessary to interpret the Board and Sorabji to each other in a spirit of reconciliation. He alone seems to have been relatively untouched by the partisanship into which the Board had relapsed. It was therefore due to him that Dinsha Watcha was pressed into explaining precisely what he had implied by his threatened "exposures". It turned out that the reference was to the opinion he held "as to the methods of the I. M. Chamber to get a 16*d* ratio instead of 18*d*" and which he would "expose" in a dissenting note to the Bank's reply to the Government on the Currency Bill. This explanation, whatever Sorabji or anyone else thought of it, had the merit of confirming that the insinuation that Sorabji had not been "straight" was not sustainable. Indeed, Phiroze Sethna considered it necessary to ask Dinsha Watcha to make amends: "I know you are the last person to wilfully make any insinuations against any other person and you were perhaps unnecessarily carried away at our meeting on Friday last. I told Sorabji that you had assured me this morning that if in the excitement of the moment you used words which were at all capable of the construction he puts upon them no one would be more sorry for it than yourself. May I request that you send an explanation to Sorabji direct and thus end this unfortunate matter." Worth noting is Phiroze Sethna's opinion that Dinsha Watcha had been "unnecessarily carried away", suggestive of an emotional state in which the capacity to view the situation in perspective and objectively is much reduced. But, alas, the end of this affair was not, as Phiroze Sethna hoped, in sight. There is nothing in the 14 November letter to suggest that Sorabji in any way owed an explanation to Dinsha Watcha or that he was responsible for comments that worsened the situation or to which Dinsha Watcha could take exception. All the inflammatory comments were on Dinsha Watcha's side and the thrust of Phiroze Sethna's mediation was in

the direction of pacifying Sorabji who was seen as the aggrieved party.

It is as well that we have Phiroze Sethna's statement on record that Sorabji was "touched to the quick", but this is gratuitous confirmation of something which could have been inferred from a knowledge of Sorabji's character, background and career. Here was the founder of the Central who had gone through an unparalleled series of tribulations to set it on its feet; who had unmistakably demonstrated his dedicated service to the Bank; and who had laboured zealously in the cause of modern banking and of its integrity and efficiency. No more improbable target could have been found for the accusation of a lack of probity. The suggestion, however oblique, that he had done or was capable of doing anything even remotely damaging to the interests of the Central took no account of how strenuously he had worked not only for its success but for its reputation. It also took little account of the fact that for Sorabji the Central was not something outside himself but an integral part of his being; and to suppose that he could violate this was to fly in the face of a psychological truth. Yet the supposition was made, though never proven, and the damage was done. Sorabji, "touched to the quick", began to see every issue in a personal light and his sensitiveness, interpreted by his opponents on the Board as defiance, invited further pressure from them. This apparently took the form of an encroachment by the Board into the area in which Sorabji supposedly had a "free hand". A clear indication of what the situation was like can be obtained from the following passage in Phiroze Sethna's letter to Dinsha Watcha: "Sorabji may have his faults or rather shall I call them weaknesses but with your criticism and mine he now realises that he must put all matters of importance before the Board, but to a man with his responsibilities we must give fairly wide scope. If we pull him up on small counts such as internal management and staff matters where we should rely on his discretion he will lose heart in his work and the Bank will suffer. We cannot deny that if he has done well for himself he has done better for the Bank. We must encourage him as best we can, of course after carefully weighing all big proposals he may bring up. On the other hand he must feel that he enjoys the confidence and also the esteem of every single member of the Board."

Since in the context of Masani affair this is a key passage, revealing in many ways, an analysis of it would be helpful. The

reference to "all matters of importance" which Sorabji was obliged to place before the Board and to the "fairly wide scope" to which he was entitled indicates that this was an area in which specific guidance was not possible even if it were considered desirable. Sorabji therefore enjoyed the discretion he had within the "wide scope" to which he could lay claim as a managing director. His "weaknesses" were those of a man accustomed to lean heavily on his own judgement and to draw liberally from his accumulated experience. This was something the directors could dislike but hardly condemn. Moreover, given his status in the Bank Sorabji held a degree of authority quite apart from the powers conferred on him by the Board. Yet it can be deduced that the Board, under the pressure of those who wished to cut him down to size, had begun to question his internal management and conduct of staff matters which Phiroze Sethna describes as "small counts" properly within the ambit of Sorabji's judgement. The inference is unmistakable that he was being challenged on relatively petty issues to which normally the Board would not be expected to pay any attention; and that in effect a situation was being created where he could not discharge his responsibilities as a manager without attracting the Board's critical scrutiny.

A further clue to the attitude of some members of the Board is contained in Phiroze Sethna's comment that "if he has done well for himself he has done better for the Bank." Obviously an opinion had taken shape that Sorabji was being too generously rewarded by way of salary and commission. This was indeed an odd thing to be exercised about and can only be ascribed to the feelings that were running high at the time. Whether or not Sorabji's emoluments and earnings were an excessive return for his services is a matter largely of subjective opinion and could not fairly be made a grievance against him. Yet this was precisely the use to which it was put. It was evidently considered undesirable that Sorabji had done well for himself, though if the founder, protector and guiding spirit of a bank could not be adequately rewarded with propriety, one is obliged to ask in what circumstances is a reward justified. But if the question of adequate rewards is immaterial the principle implied in Phiroze Sethna's comment is very pertinent. This is that, irrespective of Sorabji's rewards, granted with the Board's approval, his services had resulted in more than ample returns to the Bank itself. The heart of the matter could be reached

only by asking whether the Bank's interests had been furthered or not. But in the preoccupation of attempting to prove their many points Sorabji's critics never had the time or inclination to ask this question. It was left to Phiroze Sethna to ask it. This was particularly appropriate in view of another complaint in connection with the commission which Sorabji had received from Messrs Fatechand Rawaldas as his share of the proceeds from the firm's transaction with the Central. Sorabji was a partner in the firm. Far from suffering, the Central had benefited from the transaction. Sorabji's connection with the firm was openly known, his receipt of the commission was equally openly known and commission on profits was an established practice of the time and was applicable even to branch agents. If this was an incontrovertible "irregularity", it is difficult to understand why Dinsha Watcha or, indeed, Phiroze Sethna failed to press home the charge to the point of removing Sorabji from his post. That it was not by common acceptance an irregularity can be gathered from the decision to let the matter drop, giving rise to the question as to why it was ever raised. Thereupon it was suggested that the management of the Central's branches was faulty, that some of them had been incautiously opened, and that they failed to meet the special needs of the different regions. This is difficult to credit in relation to a banker who had revolutionised branch expansion, had introduced the system of local boards, had given emphasis to regional needs, had provided for periodical branch inspection and extensive internal audit, and had done more than anyone else to create a sense of oneness between the branches and head office. In a Note to the Board Sorabji explained in detail the means by which a high level of supervision was maintained over the branches including the BID or the Branch Inspection Department which had proved its worth since its introduction in 1923. Even a superficial reading of this Note confirms that it is not the product of a man who is a stranger to systematisation. The objects and duties of the Department are defined, the names of the principal officers and their responsibilities are clearly set out, there is an account of their special training under Sorabji's personal supervision, and their tours and methods of inspection are described, allowing for regional variations.

In sum, Sorabji claims that "very few institutions can boast of such a well planned system of organisation to safeguard the Bank's interests" and accompanies this with the proposal that the auditors

could be asked to investigate "the present system of control and suggest any improvements they may deem necessary". This is the posture of a man confident of the arrangements he had made and yet open to any suggestions. The Note ends with the following comments which sum up Sorabji's attitude to these things and captures the essence of a banking philosophy that is completely at variance with the picture his critics have painted of him—as one seeking the spectacular with recklessness and rejecting those prudent restraints which a banker cannot do without: "I hope the above explanation about our system of control under specially trained hands will dispel all doubts and apprehensions from the minds of some of the directors. I wish in this connection to point out what may after all be a platitude, namely, that banking in its essentials is a business of trust. It demands a certain measure of mutual trust both on the part of the Bank and on the part of the customer. This does not mean however that a banker should cast discretion to the winds and go out of the way in his anxiety to expand business. Safety first has always been and should always be the prime consideration for a sound banking institution. . . ."

Throughout 1927 and part of 1928 Sorabji was probably aware that the more he was able to defend his position and his policies the more some directors were able to persuade themselves of Sorabji's dispensability. Phiroze Sethna's appeal that he must be made to feel "he enjoys the confidence and also the esteem of every single member of the Board" had fallen on deaf ears. Sorabji, therefore, decided to go on six months' leave abroad, mainly in London, to study various aspects of modern banking. It is not clear that he saw Masani's induction, in which he played a willing role as reflecting in any way on his own position. However, the situation was so anomalous that no two people, however well intentioned or anxious to avoid personal friction, could altogether escape mutual acerbities. Sorabji saw Masani as wittingly or otherwise a part of the pressure campaign and stung by the insinuations against him reacted sharply; and when to this Masani in turn reacted, even relatively trivial issues became matters of moment in their eyes, all sense of proportion was lost, and some harsh words were spoken. Another difficulty was that the two were temperamentally wide apart. Masani was an intelligent and skilful administrator with literary inclinations, a man given to steadying the boat rather than steering it into unknown waters, leave alone building and launching

it. He was a stranger to those qualities which distinguish the pioneer and was equipped primarily to refine what already existed. Sorabji was the rugged innovator, cautiously yet boldly feeling his way forward, relatively impatient of theory, impelled by zeal, and regarding consolidation as only a preliminary to further expansions. Even the most auspicious of circumstances would have contained the possibility of sincere differences between two such men; and since the circumstances were far from auspicious it would have been a miracle if mutual antipathy had not developed.

By its nature a Board is institutionally inclined and Masani was a kind of administrator not unfamiliar in public life and represented a style which was readily graspable. Sorabji was representative only of himself, and as a pioneer was *sui generis*. He could not be easily pinned down and tending to bewilder he also provoked. It does not seem that he was or wanted to be as articulate as he could have been in his defence and much that could have been explained in his favour was left unsaid. It was, for example, suggested that the success of the Jamnagar branch owed nothing to Sorabji and everything to the "reformists" who disapproved of him. Yet the fact is that the branch flourished as a result of the "monopoly" it was granted by the Jamsaheb as a mark of confidence in Sorabji, who negotiated the agreement at the Taj Mahal Hotel in Bombay. There were sharp words over the Bank's liquid position, Sorabji pointing out to the Board on his return from his tour abroad that when he left the cash position was fifty per cent which was normal for those days, as compared to four per cent during his absence. H. P. Mody is reported to have asked what would have happened in the event of a "run", to which Sorabji crisply replied "liquidation". There was much play over an income tax expert in the Bank who was a brother-in-law of Sorabji and who was dismissed by the Board; the incident being made to carry the suggestion that nepotism was at work. In fact, the brother-in-law was a qualified expert and recognised as such by the first Indian Income Tax Commissioner, Jamshedji Vatcha, and the reason for his dismissal was his refusal to sign the muster roll on the grounds that he was not an ordinary clerk. He was so incensed that he was about to sue the Bank but was persuaded not to by Sorabji who did not wish the Bank to be embroiled in so unsavoury if also trivial an affair. Sorabji settled the matter by paying compensation from his own pocket.

A recital of complaints and charges against Sorabji and a scrutiny of their justification if any would be irrelevant. Most of them did not cause the crisis but were picked out and inflated by a crisis that already existed. One must suppose that by this time Sorabji was a bitter and disillusioned man; it would have been astonishing if he had not been. It was one thing for an inquiry to be held after a misdemeanour or irregularity was reasonably established. It was quite another to hunt for irregularities under the supposition that they were there to be discovered. Most of the "inquiries" before and after Sorabji's departure for Europe were of the latter kind. There are references to Dinsha Watcha and other directors "instituting inquiries" but on their outcome there is a strange silence. During Sorabji's absence there was nothing to prevent the disclosure of anything untoward. Yet no disclosure took place. On the contrary the decisive word on this subject was that of the full and detailed audit which was arranged on the eve of Sorabji's departure and which confirmed that there were no "irregularities". Masani was as worked up as Sorabji, with less though sufficient justification, over a situation which neither had directly created and of which both were in their own fashion unwilling victims. Tempers were lost and many wounding things were said over which it would be pointless to linger. Both were being driven to the point of resignation. It was characteristic of Sorabji that he arrived there first. On 21 December 1928 he resigned from the Bank he had created and had nursed over the years and into the success of which he had poured all that it was in him to give as a man and a banker. He had proved that Stringfellow's "huge joke" was not a laughing matter and this possibly was sufficient compensation for all that he had done. Whether in resigning he was motivated by a calculation of its likely impact on the Board can never be known. Yet the fact is that his demonstration of his willingness to withdraw immediately confronted the Board with the implication of what it was doing and which it had persistently ignored. Sorabji's action forced it to face up to a situation in which Sorabji would no longer be present. Despite its wish that Sorabji should "reform" it had clearly not anticipated such a contretemps. It proposed that Masani should take over but this lacked conviction and Masani himself had ample reason not to accept so onerous a responsibility, thrust on him for the negative reason of a failure of rapport between the Managing Director and the Board and in which he was only indirectly involved.

Faced by the necessity to dispense with someone it had considered dispensable the Board seems to have been somewhat unnerved. Earlier it had been reported as determined to support Masani rather than Sorabji in the event of any difference between them. Suddenly this determination seems to have evaporated under the cold reality of Sorabji's resignation. Oddly, such is the unpredictability of human nature under strain. Masani's antipathy towards Sorabji was increased by the Managing Director's resignation and the prospect of his own elevation to that post. It was under this emotional stress that Masani also submitted his resignation. He was clearly anxious to escape from a tiresome situation that had cost him so much wear and tear and forced him to participate in scenes which he subsequently regretted. But even if he had not been, it is unlikely that the Board would have willingly got rid of Sorabji as it had earlier claimed it was prepared to do. To rationalise this the Board fastened on the explanation that Sorabji was capable of starting a rival organisation which again was rather odd from a Board some members of which had been denigrating Sorabji as a banker. To concede that Sorabji had the ability and determination to start another bank was a compliment that ill accorded with the complaints of inefficiency and worse that had been directed against him. In what degree this was a device by which the Board could shake off its dilemma or was the expression of a genuine fear is a speculation that is unrewarding. More realistic and relevant was F. E. Dinsha's opinion that the Central would collapse if Sorabji left, that if Masani's resignation was not accepted there would be no room for Sorabji and he would almost certainly start a new bank. Magically, the opposition that had been building up against Sorabji dissolved, giving rise to the view that there was little substance in it apart from preconceptions and psychological incompatibilities. The futility of the exercise became forcefully evident when the Board was obliged once and for all to choose. One loose end remained. The Board had persistently spoken of "inquiries" formal or otherwise, and some appear to have been tentatively held though without result. It could not now, as it obviously wished, ignore what had become almost a commitment; and consequently it was put about that an investigation would damage the Central's credit, and on this note the Masani affair ended with the Bank continuing to prosper under a Managing Director the Board could not dare do without.

Arguably Masani and Dinsha Watcha were ill-advised to pursue the matter of an investigation even after Masani's exit from the Bank. The Board obviously did not relish the inference that it was refusing an inquiry for which it believed there was valid ground, whereas in truth its position was that an inquiry for which there was no plausible ground and which ended abortively would be far more damaging to the Bank than one that uncovered "irregularities". It was perhaps strengthened in this view by the Shamsadani affair. Most institutions at one time or another are plagued by shareholders who believe that facts pertaining to their interests are being withheld; and who do not hesitate to say this forcefully at shareholders' meetings. One such determined character was P. D. Shamsadani who after the amalgamation of the Tata Bank with the Central in 1923 brought a suit against the Central and the liquidators of the Tata Bank, challenging the amalgamation. The suit was heard by Justice Pratt and was dismissed with costs in November 1923. An appeal was heard by Sir Charles Fawcett and Justice Shah and was dismissed with costs in 1924. A further appeal to the Privy Council was dismissed with costs in 1929. In 1925 Shamsadani filed a suit in the High Court making various allegations of fraud against the Bank regarding the balance sheets of 31 December 1923, 30 June 1924 and 31 December 1924 and alleging that the dividends were not properly paid out of the profits. Justice Kania dismissed the suit with costs early in 1932. An appeal was heard by Sir John Beaumont and Justice Mirza and was dismissed with costs without the Bank being called upon to reply. Shamsadani applied for leave to appeal to the Privy Council and this was dismissed without the Bank being called upon to reply. An application to the Privy Council for leave to appeal to the Privy Council was turned down. This must have given much satisfaction to the Central's Board and reinforced the point that not all suspicions are well founded.

In 1938, the Chairman, Sir Phiroze Sethna, addressed the shareholders in a circular as follows: "The shareholders of the Bank are aware of the loss and constant harassment and annoyance to which the Bank, its Directors, Auditors and Officers are being subjected by certain individual shareholders acting not in the interests of the Bank but to the prejudice of the Bank and its credit with ulterior motives of their own, and the shareholders, at any rate those who are in Bombay and attend the meeting of the Bank, must be aware

of the disturbances made and scenes created at such meetings. . . . The Board feel it absolutely necessary for the protection of the interests of the Bank and of the shareholders in general that the shareholders should have the power to rid the Bank of such inimical and disturbing elements whenever it is necessary to do so in the interests of the Bank or for the protection of the Bank. . . .” Other appropriate quotations in this section are as follows. Speaking of the dangers by which Indian banks were beset Sorabji said: “The existence of an unhealthy factious spirit among the directors themselves or between the directorate and the management has also militated against the success of the banks in the past. . . . Another evil feature that has contributed to the downfall of certain banks is a factious spirit among the Directors. . . . In such cases personal prejudice and mutual jealousy enter into their deliberations and their decisions are not dispassionate. It also happens that some of the Directors group themselves into a clique and seek to defeat proposals without determining their merits simply because they emanate from the opposite side. This party spirit which tends to distort sound judgment is highly prejudicial to the harmonious working of any institution and is particularly harmful in the case of a bank where impartial discussions and independent decisions are absolutely necessary.”

Commissions and Committees

THE APPOINTMENT of Sorabji as the Chairman of the Ceylon Banking Commission was a tribute to his ability and an expression of confidence in him by the Ceylon Government. Before the choice was made the Ceylon Government went through the records of the Indian Central Banking Enquiry Committee (ICBEC) and also assessed the performance of the Central Bank. In the result it concluded that Sorabji was fully equipped to deal with the problems of credit facilities for agriculture, industry and trade and of creating a sound banking system in Ceylon. Sorabji based his recommendations on the following picture of the Ceylonese economy: "There was a predominance of agricultural production and a dependence on external markets. There were practically no industries in the accepted sense of the term. The Island depended for food and clothing on outside sources. The range of production was limited. There was general dissatisfaction among the local intelligentsia with the existing economic order and an interesting consciousness that the solution lay in widening the scope of national activity to embrace industrial production on a progressive scale."

Sorabji started with great faith in local talent and ability. A good deal of prominence was given in some quarters to the alleged inability of the Ceylonese to manage business, banking and industrial undertakings successfully. A want of punctuality in meeting their obligations was frequently urged as confirming their unfitness. Yet there was nothing inherent in the people which disqualified them from these pursuits. They were only victims of a situation in which most of those activities were monopolized by foreigners. As Sorabji saw it, considerable leeway had to be made up in training, experience, and in credit and financial methods. His report contains a thorough analysis of the activities of the then existing credit agencies, the extent to which they satisfied the credit wants of the country and where they were found wanting. Sorabji was also quick to recognise the courageous policy of the existing commercial banks in lending on mortgages for longer periods. The objectivity with which Sorabji applied his mind to the question of discrimination by the exchange banks in granting credit can be gathered from the

following comment: "It is difficult to adjudicate upon these grievances. Every dissatisfied applicant thinks, rightly or wrongly, that he has not been fairly treated. There are several subtle considerations about character, business efficiency, and capacity to repay, which a bank manager has to take into account before deciding on a credit proposal. The matter becomes more complex because the debtors are reluctant to accuse their creditors openly for fear of victimization, and bankers categorically deny these accusations. However, reading between these divergent statements, it is not difficult to see that, although in some cases dissatisfaction is due to ignorance of principles which govern commercial advances and even though there may be no intentional racial discrimination on the part of the bank management, in practice, it somehow comes into operation. Absence of direct points of contact, the requirement of approach through the shroff, his guarantee, his commission, and the higher rates of interest have created sufficient grounds for genuine complaints and not unjustifiably created the popular impression of discrimination".

How penetrating Sorabji's judgement was is clear from his account of the activities of Chettiars. They moved round the pivot of a high rate of interest. But when this was examined in conjunction with working expenses, inadequate security and the risks involved, much of its force disappeared. Leaving aside the case of petty Chettiars, the business methods of the community were free from malpractices. The greatest drawback in their organisation was the provision of facile credit which was injurious in the long run both to the creditor and the debtor. Sorabji clearly analysed the defects of the then existing credit system, and underlined the need for a national banking institution. A reduction in the Chettiars' operations and the displacement of the Shroffs as guarantors for advances caused a shrinkage in credit. The high price and facile credit of the Chettiars' financial machinery were well known. The then existing banking organisation with its nerve centre thousands of miles away and whose management lacked intimate knowledge of the population was unfit to meet reasonable indigenous demands for credit. There was no branch banking and most of the banks had their business concentrated in Colombo. In the matter of internal finance and inland remittances, the banks were grossly wanting. They were mainly interested in financing foreign trade and there was a danger of interference in their financial operations from

foreign trade rivalry, wherever there was a conflict of interest with internal business. Sorabji, therefore, came to the conclusion that national banking which had proved a boon in every country was also essential for the economic advancement of Ceylon.

Foreign banks and foreign business houses were naturally apprehensive about new banks coming into the field. They believed that the existing banks were sufficient to cope with all demands for credit. This was not denied by Sorabji but his point was that they were temperamentally and constitutionally unsuited to help the country's operations to any great extent. Powerful indigenous banks are always helpful not only to the commercial community, but also to Government when in difficulties. National banking institutions would lower rates of interest. Sorabji recommended a State-aided National Bank for Ceylon, supplemented by local banks in important places and gave detailed blue prints for their constitution, capital, directors, management, powers and control. He conceived a scheme of banking regulation under which banks would be required to observe certain conditions regarding incorporation, commencement of business, publication of financial statements and balance sheets and their audit, and supply of statistics. Both indigenous and foreign banks were required to obtain a licence, and the conditions for this were laid down in the Report. There was to be a Register of Banks in which the name of every such licensee was to be entered. It was recommended that no bank should be allowed to advance against its own shares. Some suggestions were made on the diversification and liquid nature of bank assets. Provision was also made for the investigation by the Government into the affairs of a bank on a complaint by shareholders and depositors. In order that banking enterprises did not suffer from *mala fide* complaints, a procedure was outlined whereby a preliminary inquiry would be held by the Registrar of Joint Stock Companies before, if at all, the case was submitted to a magistrate. Sorabji was quick to note the inadequacies of the legal framework particularly in recoveries and the disposal of suits. He also thought in those days of a simple but clear and effective law of hypothecation—a law which does not exist in India even today. He realised that saving and investment avenues in Ceylon were inadequate and recommended rationalisation of all savings media and the creation of new savings facilities as well as the development of a Government securities market. He analysed the business of agriculture to determine the risks it

involved and to identify the difficulties that made loans to peasants very costly.

His major recommendation was a statutory ceiling on rural interest rates and the creation of conciliatory boards in districts to bring about a reconciliation between debtors and creditors in order to alleviate rural debt burdens. In view of the need for industrial expansion to provide the means for the subsistence of an increasing population, and to mitigate dependence on foreign markets, the question of industrial finance was considered. The financial requirements of major industries were identified for capital purposes and for working expenses. In so far as the first demand was concerned, capital must be mainly provided through the capital market, said Sorabji. Investors should take shares in industrial enterprises. The provision of working capital could be arranged with or facilitated through commercial banks and the State-aided Bank. There would, however, be certain types of industries which, because of their pioneering nature or the scale of their operations, would require financial aid from the State. Such assistance may be given through the agency of the State-aided Bank. This bank can be asked in the first instance to ascertain the commercial possibilities of the project. If it is established that the industry had a fair chance of success the State may decide what aid to give. Instead of making direct advances and taking on the responsibilities of supervision and collecting instalments towards payment of debts, the Government may delegate these functions to the State-aided Bank. The Government may give their guarantee to the bank and on the strength of this security, the bank can supply the necessary capital. He thus emphasised the role of the Government-aided Bank. Though he had pressed for an Industrial Bank in India he concluded that a demand for it in Ceylon was premature because the alternative arrangements proposed by him were likely to be more effective.

Sorabji recommended that the finance for cottage industries should be mainly provided through industrial co-operative banks and urban credit societies. In providing working credit, these banks can supplement their resources from the State-aided Bank. Because of the importance of marketing finance for prices the existing financing methods were examined from this angle and suggestions were made for their betterment. Credit systems for the movement of goods from the field or factory to the seaboard or consuming store and for the distribution of imports to the hinterland were described

and discussed in detail. The creation of warehouses and warehouse warrants to facilitate marketing credit was recommended as also marketing societies to help the farmer to get a fair price for his crops. The societies were to be formed on joint stock principles under the supervision of the Agricultural Department.

Sorabji Pochkhanawala's two Memoranda before the Bombay Provincial Banking Enquiry Committee (BPBEC) and the Indian Central Banking Enquiry Committee (ICBEC) dealt admirably with two aspects of the Indian banking scene that were uppermost in his mind in the 'twenties: and his frank and categorical statements during his oral evidence created a stir. The sharp exchanges he had with some of the members of the Committees representing the Imperial Bank of India and the foreign exchange banks show clearly the courage required to present these points of view and the depth of feeling with which the controversies were carried on.

In his memorandum to the BPBEC, Sorabji described at length the unhealthy competition of the Imperial Bank of India and the foreign exchange banks with indigenous joint stock banks. On the creative side, in his statement before the ICBEC, Sorabji explained how banking interests could be linked by a coordinate system. Sorabji profoundly influenced the thinking and recommendations of both the Committees—so much so that even the minority report of Manu Subedar was an echo of the points emphatically made by Sorabji. Sorabji's concluding statement in his evidence before ICBEC sums up his attitude: "In spite of my ill-health, I have appeared before you to do my duty to the cause of Banking in India, whose interests I have always at heart. In support of the statements in this memorandum submitted to your committee, I had to place before you certain facts and figures about the exchange banks, particularly some of which may be regarded as unpleasant, but I need hardly assure the Committee that I bear no ill will to them. I would have failed in my duty if I had not represented the case of Indian banks, especially those under Indian management." This was the crux. Sorabji was the spokesman of the Indian management of Indian banks: his candour reflected all that he had heard and seen and felt about these matters. He explained to the Committee how the Imperial Bank branches competed with Indian Joint stock banks. Very often the Imperial Bank opened branches simply because joint stock bank branches were there, but later closed them, finding that there was insufficient business for all.

Obviously the Imperial Bank branches could not compete in deposit mobilisation because their deposit rates were lower: but they took away lending business from joint stock banks by lowering their lending rates to very uneconomic levels. Considerable arguments followed: many members of ICBEC insisted that the agriculturists, traders, middlemen and industries would benefit from the lower lending rates of the Imperial Bank, but Sorabji stood his ground. The interest rate benefit was taken by a few traders or middlemen and was not available to the producers or the consumers. On the other hand such competition reduced the profit margins of the joint stock banks. As regards the exchange banks Sorabji pointed out that as the Imperial Bank got interest free funds from the Government, so the exchange banks got cheaper funds both from India and abroad. It was with these cheaper funds that they competed with Indian joint stock banks, undercut them in the lending business, refused them participation in clearing houses, declined to accept their drafts in retirement of import bills, and enticed away Indian investors to place their funds abroad in Government securities. With their low cost funds, prestige and turnover, they could survive, but the profit margins of Indian banks were affected by this competition. Moreover, Indian banks had no branches abroad. It is a measure of Sorabji's insight into fundamentals that he identified the basic problem. Even today the same problem persists as business and profit margins of Indian banks are affected by lower rates and better terms offered by the SBI and foreign banks to business houses. Sorabji was questioned from another angle. Was the progress of Indian banks affected because the public had no confidence in them and placed more money with the Imperial or Exchange banks because they trusted them? Sorabji was very categorical. He marshalled facts and figures to show that public confidence was not lacking: the real problem was that Indian banks suffered because the Imperial and the exchange banks had larger resources, worldwide prestige and better facilities. Sorabji was told by the ICBEC that he was looking at these problems not from the broader point of view of the general public interest but only from the narrow point of view of a joint stock bank's interests. His answer was that the interests of the general public in the long run were with the Indian joint stock banks.

An important contribution to the thinking on the role of foreign banks in India was made by Sorabji during his evidence before the

ICBEC. He was of the opinion that, as a measure of protection to Indian joint stock banks, some restrictions should be placed on the business which exchange banks were allowed to transact. The banking hours of all banks, Indian and foreign should be uniform, foreign banks should be prohibited by the terms of the licence granted to them from raising deposits in India and should bring their resources from their own country. Opportunities for lending or for bill discounting should be equally available to all categories of banks, Indian banks should be allowed to send their officers abroad for training in foreign exchange business and so on. Not all his views were accepted by the ICBEC, but they generated thinking on the constraints under which Indian banks operated in those early days. Sorabji covered a wide range of other issues during his evidence before ICBEC on the positive and creative side of banking. The problems of the business community were discussed: partial deliveries against import bills were not allowed. The Banks had their problems—they were often saddled for long periods with unsaleable stocks. Businessmen had their problems—they did not have the resources to retire the entire amount of the bills to get the consignment released. Although no solution was in sight at that time, Sorabji saw through the maze of interests and defined the problem with force and clarity. Today's bankers have found a solution to this problem—the import bill is fully retired by debit to a domestic cash credit hypothecation account.

Sorabji was a great advocate of Indian industry. He pleaded vehemently before the ICBEC for an Industrial Bank to provide long-term capital for industry. He was also critical of the attitude of several banks in refusing adequate financial accommodation to the textile and jute industries at times when they were in financial difficulties. He was a great advocate of lending on the basis of credit standing and the capability of the parties and, according to him, temporary difficulties should not cloud a banker's mind to long-term prospects. Sorabji also wanted the Reserve Bank of India to be established, particularly with a view to offering refinance and rediscounting facilities to other banks. Moreover, going to the Imperial Bank for rediscounting was regarded as a sign of weakness and the credit standing of the Bank was likely to be affected. Bankers' practices also received Sorabji's attention. Some banks insisted on balance sheets and statements of the financial position, but others did not. As a result, there was unfair competition among

the banks and a lack of financial discipline among customers was encouraged. He wanted all banks to insist on making the balance sheet the basis of lending. Eventually it was the Tandon Committee in the 'seventies that made accounts and projections the essential requirements for bank lending.

Since the 'thirties Sorabji had insisted on an Indian Banks' Association to bring directors and executives of Indian banks together on a common forum to exchange ideas, formulate policies and regulate bankers' behaviour and attitudes on the basis of some norms. The issue arose at that time from the exclusive character of the Exchange Banks' Association which operated as a club of selected bankers. When Sorabji mentioned this, the Exchange Banks' representative on the ICBECE invited him to join the Association since the Central Bank was doing some exchange business even in those days. But Sorabji's contention was broad based. He also knew that the rules of business of the Exchange Banks' Association were restrictive and specially suited for banks which were concerned with India's foreign trade.

He wanted an Indian Banks' Association. Eventually his dream was realised when Homi Mody and Pranlal Devkar Nanjee formed the Indian Banks' Association in 1947. R. W. Buckley's invitation to Sorabji to join the Exchange Banks' Association travelled full circle by the middle 'sixties when the foreign banks wound up their Association and joined the Indian Banks' Association. Even the State Bank of India which kept out of the Association until the mid-seventies joined it. Thus Sorabji's dream of a common forum for bankers was realised. Even the leading co-operative banks are members of the Indian Banks' Association.

Sorabji had an interesting suggestion regarding competition among different classes of banks. He wanted the restrictions on the Imperial Bank of India's foreign exchange business to be removed to enable it to compete with the exchange banks. Such competition, he felt, would make them concentrate on foreign business, thus giving Indian banks some scope for getting more domestic business. Fifty years after Sorabji mooted the idea, Indian banks have got an increasing share both in foreign exchange and domestic business owing to the growth of the economy. His own experiences with managements, Indian as well as foreign, had persuaded Sorabji that Indianisation was essential. He pleaded before ICBECE for a recommendation that top management posts in banks should not be filled

by importing managers but by training Indians. Eventually the Reserve Bank of India took up the matter in the 'sixties and achieved a considerable measure of Indianisation in the banking industry. Another example of Sorabji's foresight concerns the question of audit at bank branches. Today banks are thinking of dispensing with audit at even 1/3rd of the total number of branches. Sorabji was able to inform ICBEAC that the Central Bank was getting all its 160 branches audited in those days.

Sorabji had in his mind many banking ideas which later became reality. When he appeared before the ICBEAC and advocated the setting up of an Industrial Bank for the long-term financing of industry, no one was clear how banks which can give only short-term finance can have bills discounted for a longer term. Sorabji was asked this question by the Chairman of ICBEAC. His answer contained the elementary but essential needs of rediscounting different payment bills, which is so common under the IDBI scheme today. Sorabji said: "From time to time bills may be discounted, and these may be replaced by other bills". The deferred payment scheme does this with a difference: instead of replacing matured bills, bills are drawn in sets, to mature every six months, one after the other. The reaction of the ICBEAC to Sorabji's proposals for an Industrial Bank was conditioned in those days by the failure of the Tata Industrial Bank, and its merger with the Central Bank. It was suggested to him by the Chairman of ICBEAC that the conditions for economic development in the country were not ripe for a specialised Industrial Bank. But Sorabji was convinced that economic development was hampered for want of such a bank. He pointed out in his written evidence that, "It is scarcely possible for India to compete successfully in industrial pursuits with the other countries due to the advantages enjoyed by the latter. For want of sufficient capital, skilled labour, technical knowledge, practical experience and Government support, India suffered in various industries". While the members of ICBEAC tried to probe deeper and identify the reasons for sluggish industrial development on the basis of other factors, Sorabji argued that arrangements for long-term industrial finance were necessary for industrial development. His concept of co-ordination between the various segments of the banking system was very clear. He wanted a Reserve Bank to end the anomaly of the Imperial Bank acting in all the three roles of a commercial bank, a Government bank and a bankers' bank. He

also wanted the Imperial Bank, foreign banks, Indian joint stock banks and the proposed Industrial Bank to be placed on par, functioning directly under the control and supervision of the Reserve Bank. He had the foresight to see that in an agricultural country, prosperity lay in the district *mandi* centres: he, therefore, wanted Indian Joint Stock Banks to remain in the cities but to promote such subsidiaries as district joint stock banks. But he did not want the Imperial Bank, with its prestige derived from Government business and from Government funds to compete with district joint stock banks. On the other hand he wanted to assign appropriate roles to the district banks and to district branches of the Imperial Bank in the rural development of the country by linking the co-operative Banking system, taluka joint stock banks and land mortgage banks with the Imperial Bank of India. Instead of opening branches of city joint stock banks in the districts, efforts should be made, he argued, to open district joint stock banks under the supervision and guidance of city joint stock banks. District joint stock banks should be started with a capital fixed in accordance with the importance of the district and its banking requirements. At least one-fourth of its capital should be subscribed by the parent institution and the balance should be taken up by the district. It should have a Board of Directors of its own, consisting of prominent merchants and *sowcars* of the district, and the parent bank should supply its management and guide it. The district bank should work independently with such control of policy as may be mutually agreed upon between the parent bank and the district bank. The city bank and the district bank being two separate entities would greatly facilitate the discounting and re-discounting business of demand and usance hundis. Besides this advantage, the district joint stock bank would be able to attract deposits and saving bank accounts, the promoters and directors being men on the spot and known to the district. It could satisfy the needs of its merchants through its parent institution and would be in a position to determine the credit of the commercial community of the district. The public would consider such a bank, backed by a large joint stock bank, floated with their own capital, managed by their own men, as their own institution, and would naturally feel inclined to give it preference over others. The parent bank would have in it a suitable medium through which the trade of the district would be financed with safety.

The district joint stock banks and the branches of the Imperial Bank of India in the district should be in touch with co-operative banks and co-operative credit societies in the different talukas of the district, and through them should lend moneys on agricultural products and raw materials. The product from the villages is brought to talukas for disposal. Storing facilities, therefore, should be provided by opening warehouses in such talukas. The co-operative banks could be sufficiently funded to finance their taluka through the help of the district banks, who in turn would have the security of the co-operative banks and their clients. The co-operative credit movement will thus be backed up by greater resources. The district bank would also be able to do business directly in the talukas at the recommendation of the co-operative banks and the co-operative credit societies, and by advancing against goods stored in their warehouses it would find a safe outlet for lending moneys against proper security. The inhabitants of the taluka would be induced to deal with the district joint stock banks. In big talukas the district joint stock banks and/or the Imperial Bank might open branches if the volume of their business warrants such a course. The co-operative banks and the co-operative credit societies would borrow moneys from the district bank or the Imperial Bank against their holding in bills or against securities pledged to them. The district bank could rediscount their Bills with the city bank and the city bank might in its turn rediscount them when necessary with the Reserve Bank. The *sowcars* of the talukas would be forced to reduce their rates of interest in view of the operations of the district bank in their talukas through the co-operative banks and the co-operative societies, and they would also find it in their interest to come closer to the district bank and/or the Imperial Bank and borrow moneys on their guarantees to expand their field of operations in their talukas. The banking interests of the country would thus be linked in financing agriculture and trade. In Sorabji's scheme of co-ordinate banking, indigenous bankers (shroffs in villages and *sowcars* in cities) were also linked with the commercial banking system. He was aware of the economy of operations of the indigenous banker. But his lending rates were higher because his resources were limited. Sorabji's idea was to link him with district, taluka and co-operative banks by offering discounting facilities. In this way his strength would be built up and eventually he would be institutionalised and be of great service to the Indian people.

Even in the 'thirties when few had a clear idea of the role of a bank, Sorabji very clearly spelt out what was expected of a bank, and this has since found its way into the Banking Companies Act of 1949. The criteria he laid down for distinguishing a bank from a non-banking institution have been accepted unconditionally. Compared to the uncertainty that prevailed on this point in the United Kingdom until the 'sixties. India had early on a clearer picture of a bank's role on the basis of Sorabji's ideas. An institution should be called a bank if it opens accounts, pays cheques and borrows and lends money. This definition has stood the test of time.

“Firsts” and Innovations

A BANK is nowadays regarded as a utility whose varied services to the public are taken for granted; and it is accordingly difficult to visualise a situation where it was quite normal for banks, both in India and abroad, to confine their activities solely to banking operations. When the Central was launched it was no exception in this respect. As a newcomer among giants it had initially to establish its credentials as a bank in the efficient discharge of banking transactions. But it was not long before Sorabji realised that, important though such transactions were, a bank's capacity for service to the nation could not be fully stretched by so narrow a concept of its role. Sorabji, without doubt, considered it as a primary obligation to ensure that the Central became a successful business organisation. It has been seen that the milieu in which the Central was launched was not an encouraging one. It had not only to overcome the prejudice against a Swadeshi Bank, but it had, beyond this, to cultivate the field in which the Central and other banks could prosper. In sum, Sorabji's philosophy was to create among the people the Central was to serve a consciousness of their own banking needs, while simultaneously enlarging the Bank's capacity to satisfy these needs. In the early twentieth century in India there was only the vaguest notion of the services a Bank could offer; and the concept of thrift in relation to a bank and the banking habit had no reality for the greater part of the community. On the one hand banks were content to plod the beaten path of business and profits alone, innocent of any obligation to generate among the people an awareness of how a bank could cater to their diverse financial needs. On the other, an uninstructed public opinion did not even dimly appreciate the potential a Swadeshi bank had for the national welfare. It was into these uninspiring circumstances that Sorabji erupted with all the clan of a far-seeing innovator, bringing about a sort of partnership between the Bank and the people, both stimulating each other to a progressively higher level of mutual awareness.

Sorabji understood that a beginning had to be made with fundamentals one of which was to promote the habit of savings

particularly among the less well-to-do to whom a bank was a mysterious institution seemingly far removed from their interests. The savings habit as either an instinctive or rational calculation is now such a common place that the full extent of its novelty in Sorabji's day is not easy to grasp. It was evident only to the eye of the pioneer, and it became one of the most important among the many "firsts" to which the Central can lay claim. Under the Home Savings Scheme introduced in 1921 each depositor was supplied with a small safe in which savings could be accumulated before crediting them to a savings account at 4 per cent interest per annum. The object was to encourage a sustained habit of thrift and to advertise its advantages as widely as possible. The scheme bears evidence of a meticulous attention to detail, as for example the provision whereby a depositor's safe could be opened only after it was brought to the Bank. The depositor also had the alternative of transferring sums of over Rs. 100 to a fixed deposit for 12 months at a higher rate of interest. From the Bank's point of view the scheme was additionally a means by which to mobilise resources that had hitherto not been available, though on the whole the operation was not considered "paying" in view of the time and effort employed in account-keeping. The underlying purpose was to induce the depositor to save a little every day, so that cumulatively among an increasing number of depositors a climate favourable to the larger interests of banking and of the banking habit could be created. In the words of Sorabji himself "as a national institution it is our duty to create in the nation a habit of thrift, and we would be failing in our duty if we looked only to the profitable side of the business in the interests of our shareholders and do not do anything for the progress and advancement of our country and countrymen". Equally relevant was the comment by Sir Bhupendra-nath Mitra: "Not content with attracting deposits from the wealthier people, your bank is also doing a special service to the community by encouraging the habit of thrift among the masses of India, and I am sure that no one will dispute your claim to the title of the 'People's Own Bank', in the purest sense of the term".

Another "first" was the inauguration in 1926 by Sir Leslie Wilson, then Governor of Bombay, of the Safe Deposit Vault, a service for which there was a particular need in a city like Bombay and to which the public responded enthusiastically. It is evident that having established itself the Central, under the stimulus of

Sorabji's innovatory spirit, was increasingly receptive to new ideas that would help to consolidate its reputation as a forward-looking institution. The atmosphere was alive with the restless ferment of expansion into fields hitherto untouched. When, therefore, the question of utilising the Bank's basement was considered it immediately occurred to the Bank's authorities that a deposit vault could be constructed. The project called for careful planning and Sir Phiroze Sethna himself was deputed by his colleagues on the Board to conduct a survey of safe deposit vaults in London and elsewhere and make his recommendations. He found, among other things, that deposit vaults were more in demand on the continent than in England and the experience the French had gained in this field was particularly outstanding. Messrs Fichet were known throughout the world as one of the leading manufacturers of deposit vaults and the Central's directors finally decided to place an order with that firm. A point of interest is that the Bank's directors thought it desirable to explain why an order was placed with a foreign firm. The Central's reputation for being Swadeshi and as an institution alert to any opportunity to further the interests of Indian manufacturers had been firmly established; and it was a reputation that was jealously nurtured. So much so that the directors anticipated every possibility of a charge that the Bank had failed to maintain this reputation or to fulfil the obligations it implied. They accordingly explained that "every single safe" in the Central since its inception had been acquired from Messrs Godrej whose safes were recognised as being as "good as any imported safes". But so far as vaults were concerned they felt that Godrej and other Indian manufacturers lacked the expertise of their foreign competitors at that time; and it was in the interests of the Bank's customers to ensure that the vaults the Central provided were the best available. In the event the vaults were not only the first of their kind in India but were commodious, centrally located, and fire and burglar proof, offering maximum security and convenience to depositors at minimum cost. Again, unless one transports oneself by an exercise of the imagination, to Sorabji's day, the full measure of this particular initiative cannot be appreciated. For example it was necessary to reassure the depositors "to remove any misapprehension" that if the Bank has "dealings with an individual and the latter has rented a locker for depositing his securities or jewellery the Bank has no claim whatsoever on the contents of the locker".

Another area in which the Central broke new ground was that of administering estates on behalf of its clients, an activity managed by the Executor and Trustee Department. Established in 1929 it was organised on the lines of the Trustee Companies in England, and within six years had the responsibility of administering more than sixty estates of an aggregate value of approximately Rs. 60 lakhs. This was among other things an index to the extraordinary accretion of confidence in the Bank among all those who had dealings with it. In 1932 a novel scheme of insurance was launched to serve the two-fold purpose of further bolstering the saving habit and protecting the interests of the dependants of deceased persons. The Depositors' Benefit Insurance Company Limited affiliated to the Bank was formed to undertake this useful work with a degree of autonomy that enabled it to develop its own distinctive individuality. Within a short time 5,000 policies of the total value of about Rs. 40 lakhs were issued, with every consideration given to the customer by way of keeping formalities to the minimum. Management costs were deliberately kept as low as possible so that premium rates compared very favourably with those of other insurance companies. The only condition the insurer was obliged to accept was that he should maintain an average daily balance of Rs. 10 in his Home Savings Account, a means by which to foster the thrift habit. At a time when this habit had yet to take root and when women were inhibited in many ways by all the force of various traditions it was characteristic of Sorabji's wide ranging mind that he hit on the idea of opening a ladies' department. This was done in 1924 both to encourage lady constituents to avail themselves of the Bank's services by shedding their own reservations and those of their families and to attract resources which would otherwise lie idle in the form of jewellery or other frozen assets. Shortly after the department—the only one of its kind—was set up, it was serving as many as 1,000 customers a month.

In line with its policy of fostering banking that was as "open" as was consistent with its obligations to its customers and its own interests the Bank began issuing fortnightly statements to convince its customers and the public that its affairs were in order. They were similar to the weekly statement issued by the then Imperial Bank and were regarded as a wholesome practice designed to dissipate the pall of suspicion from which Indian banks had suffered so much. This regular disclosure of assets and liabilities were a lead

which other Indian joint-stock banks were quick to follow, the Central once again initiating a practice that has since become an integral feature of the banking scene. In 1925, bearing in mind the interests of agriculturists and other persons of small means, the Bank inaugurated a system of selling gold bars of convenient sizes weighing five and ten tolas. They were guaranteed pure by the Mint's seal and were welcomed as a boon to middle class people. In 1931 the Central was the first Indian Bank to issue Three Year Cash Certificates on the lines of the Postal Cash Certificates, carrying attractive rates of interest, and it was left to the Central fully to appreciate the utility of such a scheme. The Central was the first Indian managed bank to convince the Government of its stability, to the point of persuading it, as a demonstration of its faith, to approve the deposit at the Central of the funds of Municipalities, Port Trusts, Universities and other public bodies.

Sorabji's initiatives and forays into hitherto uncharted areas were so many and all equally bold that it is not possible to single one out as being more exceptional than the others. Yet it was perhaps his concern for his staff that marked him as a manager of unusual qualities. He realized from the earliest days of the Central, that a bank of the kind he had founded would lean heavily on a staff consisting of people who were not simply doing a job but shared the ideals of an entire institution; and who accordingly were prepared to take the utmost advantage of the facilities Sorabji provided for self-advancement in their careers. What he sought was as close an identification as possible between the management and the staff. For the latter, as has been seen, seminars were held, a library was established, and following the example of the leading banks in Europe a monthly magazine was published for those who wished to keep abreast of the latest developments in banking and of the Central's own expansion. This attention to the staff some members of which would have direct dealings with the public, was something that had no place in the management techniques of the India of the early twentieth century. There was at best an old-fashioned paternalism entirely remote from the purposeful system of training and encouragement which Sorabji introduced, so that the staff would grow in ability and dedication in proportion to the demands made on it by a burgeoning institution. Something of what Sorabji had in mind can be culled from the following passage from one of the many speeches Sorabji delivered in the cause of enlightened

banking: "Every member of our staff is under an obligation to be courteous and to render all possible help to our constituents. It has always been my exhortation to the officers and other members of my staff to extend all consideration to the customers consistent with the safety and progress of the Bank and to treat their business dealings as strictly confidential. Above all we are every one of us imbued with an almost missionary zeal to develop Indian Banking along the right lines so that the country may have a sound banking organisation of its own."

Any assessment of Sorabji's innovations must therefore take account of his remarkable ability to impart his own zeal to all those who worked with him; and to carry them with him in a venture the successes and failures of which would be personal to each of them. In a memorandum on what he expected from young people whose aspirations led them to take an interest in the new field of banking as a career he advised: "The first thing I would like you to take note of as regards your appearance and manner. Please remember that not only in the banking world but also in the world at large, other things being equal, a man of agreeable presence and address has a better chance of getting on than one who is lacking in these respects. The next point is what I call an accommodating disposition by which I mean a person who is willing to work smoothly and agreeably with his colleagues and superiors. The third is mental awareness, that is, a certain awareness and adaptability. Supposing you are asked an awkward question by your chief, do not give an offhand answer, but look self-possessed even if you do not feel it, and say at once that you will look into it. The fourth is orderliness and method in work. I mean by this neatness, orderliness and method. Of all professions banking stands first in this respect especially in neatness of handwriting and legibility of your figures. The fifth is that while your work should be neat and tidy you should not forget speed and accuracy. Another virtue you should cultivate is tact. While you should not fail to exercise your judgement you should always know when to be firm. Please remember that in your career you will be constantly called upon to make important decisions and what is more persuade others to your point of view. This should be done tactfully but while you should be adaptable too much adaptability will fail to achieve the purpose in view. In conclusion I may say that although a banking career involves heavy routine work, nevertheless there are few careers

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Sorabji's initiatives and forays into hitherto uncharted areas were so many and all equally bold that it is not possible to single one out as being more exceptional than the others. Yet it was perhaps his concern for his staff that marked him as a manager of unusual qualities. He realized from the earliest days of the Central, that a bank of the kind he had founded would lean heavily on a staff consisting of people who were not simply doing a job but shared the ideals of an entire institution; and who accordingly were prepared to take the utmost advantage of the facilities Sorabji provided for self-advancement in their careers. What he sought was as close an identification as possible between the management and the staff. For the latter, as has been seen, seminars were held, a library was established, and following the example of the leading banks in Europe a monthly magazine was published for those who wished to keep abreast of the latest developments in banking and of the Central's own expansion. This attention to the staff some members of which would have direct dealings with the public, was something that had no place in the management techniques of the India of the early twentieth century. There was at best an old-fashioned paternalism entirely remote from the purposeful system of training and encouragement which Sorabji introduced, so that the staff would grow in ability and dedication in proportion to the demands made on it by a burgeoning institution. Something of what Sorabji had in mind can be culled from the following passage from one of the many speeches Sorabji delivered in the cause of enlightened

banking: “Every member of our staff is under an obligation to be courteous and to render all possible help to our constituents. It has always been my exhortation to the officers and other members of my staff to extend all consideration to the customers consistent with the safety and progress of the Bank and to treat their business dealings as strictly confidential. Above all we are every one of us imbued with an almost missionary zeal to develop Indian Banking along the right lines so that the country may have a sound banking organisation of its own.”

Any assessment of Sorabji’s innovations must therefore take account of his remarkable ability to impart his own zeal to all those who worked with him; and to carry them with him in a venture the successes and failures of which would be personal to each of them. In a memorandum on what he expected from young people whose aspirations led them to take an interest in the new field of banking as a career he advised: “The first thing I would like you to take note of as regards your appearance and manner. Please remember that not only in the banking world but also in the world at large, other things being equal, a man of agreeable presence and address has a better chance of getting on than one who is lacking in these respects. The next point is what I call an accommodating disposition by which I mean a person who is willing to work smoothly and agreeably with his colleagues and superiors. The third is mental awareness, that is, a certain awareness and adaptability. Supposing you are asked an awkward question by your chief, do not give an offhand answer, but look self-possessed even if you do not feel it, and say at once that you will look into it. The fourth is orderliness and method in work. I mean by this neatness, orderliness and method. Of all professions banking stands first in this respect especially in neatness of handwriting and legibility of your figures. The fifth is that while your work should be neat and tidy you should not forget speed and accuracy. Another virtue you should cultivate is tact. While you should not fail to exercise your judgement you should always know when to be firm. Please remember that in your career you will be constantly called upon to make important decisions and what is more persuade others to your point of view. This should be done tactfully but while you should be adaptable too much adaptability will fail to achieve the purpose in view. In conclusion I may say that although a banking career involves heavy routine work, nevertheless there are few careers

which are as exacting as this. Nowhere are you called upon for as high a sense of responsibility, loyalty to your institution and to your community, as in the banking profession. There is hardly any other profession which builds up your character as much as banking does." Altogether this is a remarkable compendium of advice owing little to theory and a great deal to Sorabji's own experience over many years. Expansion and achievement had not caused Sorabji to lose sight of the fact that although system and organisation counted for much it was finally the individual's quality that sets the tone of the institution for which he works. Thus the stress in the memorandum is on the personal characteristics which he valued above all else: agreeable presence, accommodating disposition, mental alertness, orderliness, tact, determination, independent judgement and character. Collectively this is what one would expect of a pioneer, a manager who not only manages and keeps the wheels moving but is constantly in search for more and more wheels; and in whose vision the Central Bank's success was only one factor among many others in the development of the Indian banking industry. Thus what occupied his thoughts after the initial years of the struggle for survival was not the Central alone but the Central in the context in which it operated and in the enrichment of which the Central played a decisive part.

A supposedly complete catalogue of the Central's "firsts" would always be open to criticism on the grounds of one commission or another since in nearly everything it did, either on its own initiative or by the pressure of circumstances, it was treading new ground. Indeed the Central had no alternative. As the first Swadeshi Bank that took off and ultimately became a colossus in Indian banking its very presence, not to speak of its activities, was novel and unprecedented. It was the first Indian bank to be admitted as a member of the Calcutta Bankers' Clearing Houses which had been the exclusive monopoly of the foreign banks. When underwriting was uncommon the Central facilitated industrial floatations through underwriting as early as in 1923. When the Union Bank was placed, in line with Sorabji's scheme, under the managing agency of the Central with half the Union's capital held by the Central it made banking history. The merger of the Tata Industrial Bank was another milestone, memorable in that so bold and successful a move had never been accomplished or thought of in the past. The Central was the first to be appointed bankers to a number

of States, managing their treasury work and floating public loans. How familiar the cheque book is to most of us today but time was when the cheque book system for withdrawals from savings accounts was not known until the Central introduced it. In the matter of deposits it remained well ahead among those in the first rank. Between 1932 and 1934 the Central opened a number of *Mandi* Pay Offices throughout the Punjab, thus bringing partially to fruition what Sorabji had pondered over many years: the importance of injecting a rural and agricultural bias into the Central's policies. This was a demonstration of how the Bank's presence could be made to be felt at or near the threshing floor of the cultivator. The *Mandi* officers were situated in villages where the cultivators could store the harvested produce and take advantage of advances until prices stabilised.

Something of this "Bank of the people and to the people" was evident in the Local Advisory Committees which the Central was the first to set up to ensure local expertise and cultivate a sense of regional belonging. Again, rupee travellers' cheques are a familiar facility available today for the asking, but it called for some original thinking by the Central to devise this convenience for its customers. Such thinking ranged far and wide and one of its fruitful results was the Central Fixed and Flexible Trust Company, a precursor of the Unit Trust of India. The Central was the first bank to establish a subsidiary bank in England for the transaction of foreign exchange business; and it was the first to arrange for the foreign training of young Indian bankers. Much has been heard about regional and rural banks but it was almost half a century ago that Sorabji explored the implications of District Joint Stock Banks on which he prepared a report for the Central's Board of Directors. One must add to this list of novel projects the formation, as befits a flourishing institution serving a flourishing community, of an Income Tax Consultancy Department. Yet after all the variety of the Central's innovative activities have been digested one can only conclude that Sorabji's most enduring innovation, the novelty of which one would like to think can never wear off, was and is the Central itself, the "huge joke" of Stringfellow's misplaced fancy which Sorabji so sedulously nurtured into a living reality. A bank is not usually something which provokes laughter; and the determination with which Sorabji pursued his goals is not primarily amusing. But viewed as a whole the story of the Central as it

revolved round its principal actor and exponent was one of ebullience, not too distant from the defiant laughter of the pioneer. If Stringfellow was amused Sorabji in a sense laughed all the way to success and recognition.

Starting as a pioneer through a Bank that was a prototype, Sorabji soon graduated into a sort of one-man think tank for the banking industry as a whole. This was a logical extension of his concept of the Central as a source of fruitful germination for the banking industry in the larger movement of Swadeshi and Indian nationalism. His ideas, restricted in the beginning to experimental application on behalf of the Central, subsequently took on a broader character defining, as he saw it, the guidelines by which Indian banks could set their course. In speeches and notes and articles he indefatigably propagated his views and sparked off ideas that bear witness to the fertility of his mind, the relevance of which is now confirmed. These could not be more forcefully expressed than in his own words: "I need hardly tell you that the progress and growth of indigenous banking institutions is the object nearest to my heart and I shall consider my labours and endeavours amply recompensed if Indian banking is restored to the pinnacle of glory which it occupied in the distant past. It is indeed an irony of fate that in our country wherein banking practices and methods had reached a high standard of efficiency long before the western countries knew even the rudiments of banking is today (1936) woefully backward. In saying this I am not for a moment overlooking the services which have for ages past been and still are being rendered by our shroffs and indigenous bankers who in my opinion have often been unjustly maligned and stigmatised. This paucity in our country of adequate modern banking facilities has become notorious. Whatever the reasons the bitter fact is there and every one of us should devise ways and means to regain for India her pristine greatness in the banking sphere and also to enable her to keep pace with the banking developments of modern times; for true patriotism in my opinion consists not only in striving for political power, but also in the more difficult art of resuscitating Swadeshi enterprises and recovering the lost ground in the financial and economic fields. . . . I have always held the view that the setting up of what might be termed 'regional' banks is a necessary phase in Indian banking development; for I believe that it is banks of this nature that can more successfully spread the banking habit amongst

the masses and thus bridge the wide gulf of disparity between our country and others. It is no doubt true that compared with conditions as they obtained some years ago Indian banking has recently progressed fairly speedily, but it is unfortunate that the development has not always been conceived on proper lines. Indeed it is truer to say that the development has been lopsided in the sense that banks for the most part have confined their activities to the urban areas without sparing a thought for the rural population who are certainly in greater need of banking amenities. . . . We are accustomed to hear so much in these days high sounding phrases like 'rural reconstruction' but it is pity and a surprise that as much attention as is necessary has not been bestowed so far on the need for inculcating the habits of thrift and banking amongst the masses in the country-side. . . . There is thus an almost unlimited scope for service in the villages by commercial joint stock banks. The banking habit being a national asset of incalculable value, it is essential that constant and more strenuous endeavours should be made to instil that habit among the rural folk who form the vast majority of the population and who are the backbone of the country's economic structure. . . . It would be a great and glorious day indeed when every one of the thousands of Indian villages can boast of a small banking office of its own so designed and constituted as to meet the special or peculiar needs of the inhabitants. But I realise that it must remain merely a dream for a long time to come and that it is idle to expect such revolutionary change to come to pass all at once. But this at least ought to be within the range of practical proposition, namely, that if not every village, every fair sized taluka town should possess a bank of its own. . . . To do this effectively and to cater to the financial requirements of the agriculturists and village artisans it is necessary that such banks should be directed and controlled by persons who themselves belong to the particular area and who can lay claim to an intimate and sympathetic knowledge of the special needs and difficulties of the people. . . .

"I therefore hold the view that the future progress of banking in India should properly lie in the direction of what I might perhaps call 'intensive' development as distinguished from 'extensive' development. The need at the present day is not for more and more banks or branches of banks in cities but rather for the setting up of a larger number of banks in the rural areas with the object of

infusing the saving habit and encouraging home industries among agriculturists. . . . It has almost become a fashion nowadays for banks to open branches in all the big towns, more as a matter of prestige without pausing to consider whether or not the banking needs of the town are already adequately met by the existing branches of other banks. And, what happens? Unhealthy rivalry, unseemly competition and a ruthless rate war inevitably ensue, with the result that the banks themselves find it impossible to scrape up even a legitimate margin of profit. This reduplication of branches recoils on the banks themselves and leads to economic waste. . . . The great need therefore is for banks to turn their attention towards the interior, to penetrate into the country-side, to mobilise the savings of the rural folk and to cater to the diverse financial needs of the latter who, though standing in the greatest need for help, have all along been treated in a step-motherly fashion. . . . Only the urban areas have been served by banks, the vast and scattered rural population still remaining untouched. The scope therefore for the extension of the benefit of modern banking methods is very vast. With the encouragement and active assistance of the Reserve Bank and the Imperial Bank, the Indian Joint Stock Banks could extend their spheres of usefulness and help in the mobilisation of the country's financial resources by releasing the money that lies dormant in endless small hoards in India. . . . The prosperity of a country depends upon its economic activities. It is agriculture, commerce and industry that provide a country's wealth, but without adequate banking facilities these three cannot flourish. For a vigorous economic life a fully developed banking system is essential, and strong nationalised banking alone can provide the necessary leverage for the economic uplift of the country."

Speaking of the Central, Sorabji said: "Our bank is imbued with the spirit of continual alertness which seeks to manifest itself in the inauguration of fresh schemes of national service. The signal success that has attended the Bank's labours is due in no small measure to the fact that instead of continuing to jog along the same old path we have been moving with the times and have been on the lookout for widening our sphere of usefulness to the community. Till a few years ago the banker's conception of his duty to the public was restricted to very narrow limits, and they were satisfied if they did the ordinary banking business of receiving deposits and cashing cheques. Latterly however things have changed and the

banker is looked upon as a friend, philosopher and guide in matters financial. He is today expected to discharge many functions which, according to the strictly orthodox school would be outside the range of banking proper, and I think I can assert that our Bank was amongst the earliest in this country to realise the inevitability of this tendency."

From the above, in the voice of Sorabji himself, we can gather some inkling of how many of his precepts have become the received wisdom of the day; of the vision by which he was driven and of the extent to which he graduated from being the initiator of a bank to the status of a robust advocate of banking as a means of economic rejuvenation for the country, and the betterment of the humblest citizen. It is not uncommon for the successful in business and industry all too glibly to identify their success with the national interest. But in Sorabji's case his career and that of the Central were a contemporary endorsement of his own precepts; and since his death every stage of the development of Indian banking has validated the convictions that sustained him to the last.

Man and Manager

SORABJI WAS not one of those who, intoxicated by authority, was reluctant—as many successful men who rise from the lowest rungs usually are—to delegate responsibility wherever this was possible or deemed essential. Yet he was a stickler for detail, not in the niggling way of those who are over-concerned or have little confidence in their associates, but solely to keep himself informed of what was going on in an organisation that called for sustained overall supervision. The larger picture, as he realised, was as fine as the details of which it was composed. Nothing was so trivial as to escape his attention or to dissuade him from drawing the attention of his staff to matters which they might otherwise overlook. It is said that both at headquarters and at the Central's branches he would suddenly appear, making his rounds in rubber heeled shoes. It was far from the character of this robust and open personality to spy on his staff, and this indeed was not what he was doing. Sorabji's personality, apart from his standing in the Bank and the powers he held, though amiable was something which the general run of staff regarded with awe. This was understandable, given the reputation that had deservedly been thrust on him. He could not go about incognito and was immediately recognisable. But what he wanted above all was the freedom to go about the various offices and departments without the fuss that usually attends a Managing Director, and to be able to observe what was happening without reducing the staff to self-consciousness. He would not sit in the comfort of his chambers and rely simply on reports. He preferred to see his staff actually at work without distracting them and arrive at his own conclusions.

One story that illustrates this tells of what was possibly the only occasion where he was not in fact "recognised" in circumstances that reflected remarkably on the calibre of a man who acted on his very private ideas of management. On a surprise visit to Calcutta he decided to inspect some jute godowns situated in the suburbs approximately twenty-five miles from the branch office. These were pledged godowns and it was typical of Sorabji that he decided to have a look at them solely to satisfy himself from the point of view of business and partly, one suspects, as a release for his abundant

energy. On arrival he identified himself and explained his purpose, i.e. to inspect the godowns on behalf of the Bank. He was taken aback when the godown keeper flatly refused him entry on the grounds that his instructions were not to allow anyone to set foot on the premises without a letter from the Agent to whom he was directly responsible. One can almost visualise the conflicting thoughts that invaded Sorabji's mind. One surmises that being human he must have been momentarily overcome by anger, but soon reason and curiosity impelled him to persist in his request for entry to discover the extent of the keeper's determination to keep out unauthorised persons. Finally Sorabji was defeated, not without some satisfaction; and when he returned to the office the Agent was asked to summon the keeper. It was only then that the keeper realised what he had done and of the impertinence of which he had been unwittingly guilty. He expected a reprimand, downgrading or even dismissal but to his astonishment he was upgraded and commended for his devotion to duty. In the entire complex of banking operations which the Central was conducting this was a minor incident, and some time had been devoted to it by a busy Managing Director and the Agent of an important branch. But a humble employee who had the psychological brawn to defy someone who claimed to be the Managing Director was a man after Sorabji's heart. Thus one ingredient in Sorabji's response to the affair was genuine admiration. Another was that he realised that the implication of what had happened would become known to the staff and give them the sense of a management attached to fair play and capable of rewarding loyalty, and composed of senior people who did not stand on their dignity or equate authority with an indiscriminate use of power.

Sorabji was not the first executive head of an institution who was concerned for the welfare of his staff and with a sense of justice. But his was a day when the successful and mighty did not usually take kindly to the errors of their juniors or see them as human beings or as objects of kindly concern other than as the recipients of charity dispensed impersonally. Sorabji's relations with the staff were personal though strictly unsentimental and directly related to what he conceived to be the higher policy interests of the Bank. Thus he appreciated that helping an individual in trouble was one thing. Quite another was an obligation to the staff and to the Bank to create conditions in which ambition and devotion would be

actively promoted. With the Tata Bank amalgamation and the establishment of a network of branches there was an obvious need for trained personnel. The demands on the Central were such that unless there was a reliable source of trained staff standards would almost certainly suffer. Hard work, tenacity of purpose, sagacity and teamwork were qualities that had been and were being slowly instilled, but these were insufficient without a basis of seasoned expertise. Mindful also of what he himself had undergone in his efforts to grasp the fundamentals of banking Sorabji threw himself into the task of organising training courses for the staff after banking hours, from 8 p.m. to 9 p.m. That an appropriate climate had already been created in the Bank can be gathered from the enthusiastic response that received from the staff. Commonplace as it is now, when placed in the context of those times, the idea of a systematic course of training sponsored by a Bank for its staff broke new ground and could have been conceived only by one who saw ahead not only for the Central but for the banking system as a whole. Every member of the Central staff was encouraged to join, books were provided free, and those who promised well were advised to appear for the examination of the British Institute of Bankers, the Institute of Indian Bankers not having as yet been formed. Almost every month seminars were held on banking and finance, currency and exchange under the guidance of eminent financial and currency experts and bullion merchants such as B. F. Madan, then an outstanding financial specialist in Bombay and J. A. Wadia, an authority on currency and bullion. A reference library was built up and everything was done to create a sense of career among the staff members some of whom were to hold senior positions not only in the Central but in the leading Indian banks of the future. When the Central started its Staff was not more than thirty. In 1935 it had grown to twelve hundred, an index to the growth that had taken place.

In Sorabji's day, rather more than it is prevalent today, recommendations that took little account of a person's ability or were inspired solely by favours done or to be received or by nepotism tended to make nonsense of an organised system of recruitment. Sorabji laid down and scrupulously followed the principle that efficiency alone would be the decisive factor. This excluded factors of community or undue influence or any calculation other than merit alone.

A former employee of the Central who retired as Assistant General Manager at the head office after forty years of service writes as follows of his experience: "During 1928-30 I did research work in the Indian Commercial Banking for my M.A. examination at the Bombay University. Three judges unanimously awarded me a first class in M.A. for my thesis. While I was working on it I wrote to Sir Sorabji for guidance and for recommendations on what I should read. To this he readily responded. In September, 1930, I arrived in Bombay for the University Convocation; and armed with my degree and thesis went the rounds of the foreign managers of some leading Indian banks to try and find a job. My experience was humiliating. One manager refused to look at my thesis and said that I knew nothing about banking. Another said that I should not have ventured to write on the subject. Yet another threw the thesis on my face and complained that I had wasted his time.

"Sir Sorabji was away in Kashmir at the time in connection with starting the Jammu and Kashmir State Bank. When he returned, I met him and without any chit or recommendation, placed my thesis before him and thanked him for the guidance he had earlier given me. He read a few pages of the thesis and then said: 'Why cannot young men like you join our Bank? Our practical banking is different from what you have studied but with your educational background you will be able to pick it up better than others. What we will give you in the beginning will be in the nature of a scholarship and not salary, but in course of time you will have good prospects in an Indian bank like ours'."

Eventually as Sorabji foresaw, a constantly expanding pool of talent was provided to staff the Central in the years ahead and many other banks as well. Since the branches were staffed by local talent with the exception of the senior posts where specialised technical knowledge was required, the Central's administration soon acquired an all-India character consistent with objectives that were national and indigenous. This meant that often in the Central's career it maintained a staff under training which was far greater than was required for the Bank's needs immediately or in the near future. This was a burden on the Bank's resources which was partly reflected in the lower dividends declared to shareholders and was the subject of many complaints. That Sorabji was able to convince his critics that his training programme was to the advantage of the banking system and to the credit of the Central and was the kind

of active patriotism in which he believed, says much for his powers of persuasion. It could be said that his self-confidence was infectious, and particularly so because any course he recommended had the full weight of his record behind him. Effective leadership is among other things psychological and the many examples of his courage and imperturbability in the most serious of crises left their impress on the staff and brought about a management-staff relationship that was unique in Sorabji's time.

An illustration of this was the bullion crisis of 1934. A bogus cable, supposedly from the Finance Department of the Government of India was received by the National Bank of India who were the agents of the principal bullion operations in London. The market in India crashed and there was widespread consternation, not excepting the directors of the Central. Bullion merchants fearing total bankruptcy approached Sorabji who, realising that all was not as it seemed on the surface, consoled them and advised calm and patience. Within a few hours after the bullion market in London opened the hoax was exposed and those who were much relieved by this noted that throughout the apparent crisis it was Sorabji who remained unruffled. His intuitive insight into and knowledge of the workings of the silver market had enabled him to judge the situation correctly without surrendering to the general panic. There was a constant interaction between Sorabji as a private person and as a banker, and for this reason it is difficult to write of his private life as though it was an identifiable segment distinguishable from his career in the Central. Both were intertwined and the motives that governed him in the one sector were also valid in the other. Though a pioneer in public relations where the Central was concerned, he himself shunned publicity and preferred to remain as unobtrusive as he could. If a reputation was to be gained it was the Bank that should properly benefit and not an individual; and though his methods and personality touched every branch of the Central's activities he did not, as many in his position might have done, fall victim to a personality cult. Such expressions of his ego as his human condition required were fully satisfied solely through the Central. Public and private social functions at which people of Sorabji's status customarily appeared seldom saw him. Whatever time he had to spare, despite the many objectives he had already achieved, was devoted to the study of business possibilities and of the further refinements he could

introduce into banking procedure. He belonged to that rare breed of men dominated to an unusual degree by a singularity of purpose from which nothing could tempt him. Life was too short for all that he intended to do for Indian banking and anything that was not related to this mission was *ipso facto* an irrelevance on which he refused to waste his time and energy. His reading was confined to banking, finance and economics to the exclusion of light literature or fiction; and, what is perhaps most pertinent to note today, he avoided the pitfalls of an involvement in politics. Not that he was not interested in politics but that, in his view, politics was a business for others and the establishment of national integrity demanded more than politics though it could not be dispensed with. In a sense what Indian political agitation claimed as India's right, he demonstrated in active terms as justified, feasible and legitimate. Politics alone was an empty gesture unless given economic muscle and on this he concentrated his energies without the fanfare that accompanies political struggle.

Throughout his life he so rarely took leave that when he did sometimes take time off it was noted as an event. One such occasion was a visit on Sunday to the Pagodas in Rangoon and its outskirts, arranged probably without Sorabji's prior knowledge. Sakerbai, always concerned for his health, asked the then Rangoon manager N. A. Karanjia to persuade her husband to go on this outing. This he successfully did. Sorabji's official tours to branches in many towns took him to regions of great natural beauty or of historical interest. But he was much too engrossed in the business on hand to seek relaxation of this kind and had to be cajoled not always successfully into taking his mind off his work. Yet it would be misleading to see him as a species of human dynamo. In the early days of his tribulations which were nevertheless exhilarating for a man of his calibre he found solace in music, an interest which he was not able to indulge as the Central's demands on his time increased. Similarly though fond of sports he could do no more than take a morning swim, mainly for health reasons. His only hobby if it could be so called that was remote from the world of banking was his love of the Indian stage the affairs of which he followed with sustained interest. He turned his hand to writing plays on train or steamer journeys, his first play being entitled *Nasib-Na-Nakhran* which remained unstaged. But banking and business was not too distant even from this preoccupation; and

unhappily they combined when Madan Theatres was afflicted by financial problems and was on the verge of closure. Sorabji's talents as a financial resuscitator as well as those of a dramatist were called into play.

Inspired by his reading of the *Shahnama* he wrote *Khushro Shirin* and *Yezdezard Sheriar*, the latter an effort in a non-financial way to restore the Madan Theatres' fortunes. The former was produced in 1927 with great success by the Madan Theatres with the author partially shielding his identity behind the initials S.N.P. The affairs of the Madan Theatres had deteriorated to danger point when Sorabji offered them *Yezdezard Sheriar* which was produced by the Parsi Elphinstone Theatrical Company under the direction of Madan Theatres; and on this occasion his desire for anonymity was far greater, but since *Yezdezard Sheriar* was described as a sequel to *Khushro Shirin*, Sorabji's authorship became immediately known. His play was in several senses to make theatrical history in Bombay and was a dramatic version of the tragic events between the years A.D. 591 and 790 as recorded in Iranian history. It was intended to inspire among the Parsis a regard for their tumultuous past as depicted in the story of the last of the Iranian kings, Yezdezard. For one of Sorabji's nature it would have been quite uncharacteristic not to have plunged into the details of the production with all the zeal he could muster. He conducted dress rehearsals, personally attended to every detail, arranged the screens, songs, and so on to the point where Sakerbai feared that the strain would affect his health. It was she who finally persuaded Sorabji to give up play writing after *Yezdezard Sheriar* was staged. It says much for the stamina of those days in both playwright and audience that this play lasted five hours with the audience seemingly spell-bound by the story of a small band of refugees who, braving the perils of a hazardous journey over uncharted seas, were finally welcomed by the hospitable King Jadar of Sanjan about the year A.D. 785. Sorabji's motive, apart from the Madan Theatres' financial straits and his love of the theatre, was to instil in the Parsis of Bombay an appreciation of their origins, not in the sense of distinguishing themselves from their fellow compatriots but of enriching their contribution to the country which had welcomed them. This explains why at suitable moments in the play's production portraits of Mahatma Gandhi and Dadabhoy Naoroji were thrown on the stage. The theme could be interpreted as the proposition that a

Parsi, conscious of being a Parsi and of all that this implied, was best qualified to participate in the national stream. One fancies also that Sorabji saw in the small group of venturesome Parsis who landed at Sanjan the embodiment of the pioneering spirit of which he himself was a latter day example.

From the theatrical point of view a feature of the production that captivated the Bombay of 1927 and to which one can now look back with amusement was the presence on the stage of "a bevy of British beauties" to whom the women's roles were allotted. Noni Shield, nominated Miss England in 1927, played the role of the Queen of Persia, in the company of eighteen other European women, all of whom spoke their lines in Gujarati. As the *Bombay Chronicle* commented "it is a compliment to India especially in these days of strained British and Indian feelings that English artistes should give so much study to learn their Gujarati parts and speak them with so true if slightly English accent. . . ."

Like many of the rugged personalities of his generation and community Sorabji was uninhibitedly a Parsi, pragmatic, down to earth, an extrovert with a highly developed capacity for intuitive judgement, endowed with a sort of primordial vigour, and also with an innocence so often associated with men who are able to remain so thoroughly themselves. An amiable weakness of which he was by no means ashamed was his fondness for and interest in good food, possibly a carry over from the day when one of his responsibilities to the family was to fetch fish and fruit from the bazaar. It is inconceivable that being what he was Sorabji failed to develop an absorbing interest in vegetables, fish and meat, the subtle difference of each variety, and the many excellent ways in which they could be prepared in the several cuisines with which he was familiar. On one of his trips to Rangoon he was persuaded to go on an excursion to a place of great scenic beauty outside the city, involving an overnight journey by train. His local manager who accompanied him got up early in the morning at a wayside station to arrange for a cup of tea for the Managing Director. To his astonishment he found Sorabji happily tucking into a substantial meal consisting of Burmese delicacies peculiar to the region through which they were travelling. Sorabji was a man who did things with gusto and made no bones about enjoying what he did. There is to such men a soft and generous side not untouched by sentiment and sentimentality. Sorabji was a man who felt deeply and intensely in

matters relating to his role as a banker and in his private activities including the welfare of his family and friends. To this quality can perhaps be traced his love of music and his search for solace and comfort in the violin. In its light also can be explained his fondness for poetry and writing poetry. His was a mission that obliged him most of the time to keep a tight rein on his emotions. He could not give way to the feelings of the moment, and he was under the constant pressure of the pioneering and competitive role he had allotted himself in banking. It was necessary for him, as an escape from this often relentless world, to allow his feelings to take over. Such was the orthodoxy of the days in which Sorabji was born that it was not easy to pay court to a lady without offence to prescribed procedure and custom. One can understand that to a man of Sorabji's temperament the given rules of conduct were irksome, not that he did not recognise the inherent validity of such rules, but that the exuberance of his feelings simply could not be contained within the framework of established etiquette. Typically, Sorabji devised a way wholly his own and acceptable to orthodoxy to convey to Sakerbai his affection and love. He wrote poems addressed to her in the local paper. And whenever he felt the need to express himself feelingly he did so in verse: his contempt for politicians and talkers whose many words were not matched by deeds, his attachment to human liberty, his respect for the individual's rights, his concern for human-kind, his love of animals and children, his responses to nature, his inability to accept injustice, his fervent nationalism, his devotion to friendship, and his instinctive leanings towards simplicity.

Sorabji, though very much a man of the world, had the simplicity of the man of action, and perhaps tended—as such men do—to assume mistakenly that his ideals and motives were widely shared. So much so that in his time many of his associates were inclined to dismiss him as “childlike” which in some measure he was, and “an honest fool” which he most certainly was not if the phrase implied a blundering dogooder. His personal philosophy was summed up in the saying he often quoted

“Tari roji tunjko dhunde, tun baith bhaj ker rah
 (Your future will seek you, while you can be at ease),
 dane dane per likha hua hai, khane vale ke nam,
 (On each grain has been written the name of the person who
 shall eat it.”)

There is in this more than a touch of fatalism but it is the calm acceptance of one who having done what was in him to do to shape affairs according to his lights resigns himself to what fate ordains. Outside the immediate context of his banking activities Sorabji was essentially and by preference a family man. There was deeply imbedded in him the conviction that though he was often obliged to defy his family in matters affecting his career he was finally indebted to it for the encouragement he received in the many crises he had faced. Above all to Sakerbai and to his mother, Goolbai, there was in his attitude—quite apart from the love normal to such relationship—a gratefulness one usually sets aside for those who readily provide their support from instinctive trust and affection. Goolbai, it is said, held the family together through all the tribulations which circumstances and his own forward-looking nature invited. Without ever raising her voice Goolbai retained an easy hold on the family by reason of the regard in which she was held by all its members. Her seemingly inexhaustible reservoir of understanding and her consideration for her children enabled her unobtrusively to maintain the family's unity, despite many scenes. Whereas Sakerbai was a source of strength to Sorabji personally, Goolbai's was the tact, sympathy and understanding that restored family harmony and helped to preserve relations between the two brothers when Sorabji decided to leave the Chartered Bank. It was a family that did not make a fetish of unity, resulting in an unhealthy repression of personal opinions. All the evidence suggests that every time a decisive stage was reached in Sorabji's career the family was convulsed by conflicting views vigorously expressed. It was a large family of individualists, brothers, sisters and their children; and for Sorabji it must have been a useful forum for debating what he proposed to do, sometimes insistently without compromise and sometimes making allowance for views other than his own.

Sorabji clearly was a man accustomed to making up his own mind but such was the boldness of what he proposed to achieve that even he, at times, came to question his own judgement. As has been seen his seemingly impromptu decisions were nevertheless the outcome of both rational and intuitive calculations, of a careful weighing of every relevant factor. Yet beyond this he needed the psychological reassurance which his family could provide, accompanied though it often was with much dissension. There was in him

the determination but not the arrogance of one who believes himself to be the best qualified to decide. There was also in him an ability to disarm his family when he faced them on matters about which they felt strongly and even bitterly. One such issue concerned the case of a widow to whom the Bank had advanced a loan against the mortgage of her house, and who would neither repay the loan nor agree to the property being sold. A further complication was that she contrived to get a boy in her family engaged to a girl in Sorabji's family, doubtless hoping that by this stratagem she could avoid selling her house to the Bank. As was to be expected the family did not take an objective view of the case as the Bank was obliged to do; and its attitude was coloured by the feeling that the proposed match was not entirely unwelcome. Such intrusions of the human factor into an area governed by the rules of propriety that apply to banks were not uncommon and Sorabji was human enough sometimes to be able to reconcile the demands of both without offence to either. Yet in this instance he could not satisfy his family without damage to his conscience as a banker and to his obligations to the Bank the reputation of which was in his hands. He, therefore, insisted that the house, mortgaged to the Bank, was the Bank's and not his personal property, and that there was no alternative but to sell the house to enable the Bank to recover the loan it had advanced. The family was incensed but one can suppose that the greater part of Sorabji's close ties with them was due to his awareness that by standing firm in the Bank's interests he gained the family's respect and ultimate consent.

The End

By 1935–1936 any appraisal of Sorabji's career and of the Central's story would have concluded that most, if not all, his objectives had been achieved. What had been lightly dismissed as a "huge joke" had ceased to be a source of merriment. The Central was now a nationally recognised Swadeshi institution that had destroyed the myth of an inherent Indian incapacity for banking. By performance more than by precept the Bank and its guiding spirit had extracted from their critics and opponents an acknowledgment, if as yet rather grudging, that the Central was a reality. This reality was not simply that of conceding the existence and survival of a single bank. It involved the recognition that the foundations of modern Indian banking had been successfully laid, with the Central playing the role of a clearing house for new banking ideas and techniques and of a source of talent and inspiration for the banking system.

It had become the largest joint stock Bank registered in the country, and deposits totalling Rs. 25 crores were the equivalent of approximately one-third of the total deposits in all the eighty-four joint stock banks. The keynote of 1935–36 was one of absolute vindication. The combined problems of starting a bank in the most discouraging conditions and keeping hostile intriguers at bay had been left behind. So had the major runs. The internal complications of a burgeoning institution had been sorted out. Those features that had identified the Central as a venture had been gradually replaced by the hallmarks of an established organisation.

Yet, despite this, there is little to show that Sorabji was overwhelmed or even touched by a sense of accomplishment. Nothing was more alien to his nature than a surrender to feelings of fulfilment; and this was clearly to be seen in the Silver Jubilee celebrations in 1936. Throughout the country at functions and meetings appreciative tributes were paid to the Bank and its founder; and it would not have been inappropriate if at this stage in the Central's story there had been evidence of a policy shift towards consolidation and a corresponding decline in the thrust for expansion and innovation. But, as many of the more perceptive comments of the

time noted, the balance between conservatism and progressiveness continued to be scrupulously maintained, producing an amalgam of seeming opposites that confounded many of Sorabji's friends and rivals.

The picture of a bold if reckless entrepreneur sometimes inviting criticism and suspicion alternated with the picture of cautious integrity. Often, it would seem, Sorabji's associates, sympathetic or otherwise, were unable to decide what exactly he was, and he remained for them till the end something of an enigma. What is certain is that he saw no contradiction between enterprise and caution and in this also he was an innovator since in his day the contradiction was very real. Enterprise at the time was equated with irresponsible speculation and a cutting of corners; and caution was regarded as indistinguishable from a slavish adherence to established procedures. So it was that amidst the Silver Jubilee celebrations and at a time when accomplishment and vindication were the dominant themes the fertility of Sorabji's inventive mind was as undiminished as ever. He had made what turned out to be his last tour of South India and he was much concerned with getting across the point that the fruits of national banking consisted not solely of business successfully undertaken but of the degree in which commerce and industry were increasingly vitalised.

It was against this background that there came to birth the first Indian exchange bank in London. This was a "first" not for the Central alone but for Indian banking as a whole, an industry that had long suffered from the disadvantage of not having the services of an indigenous institution dealing in the foreign exchange business. This, again, was a field in which the foreign banks had a monopoly and it was to be expected that at one time or another this entrenched position of the non-indigenous bankers would be a target of Sorabji's attack. And so the Central Exchange Bank of India Ltd. was formed in London in 1936 as a subsidiary, and if it closed down in 1943 this was no more than an illustration of how some innovations are introduced before their time. This one, launched under the pressure of a recognised need, and temporarily suspended in 1943, was revived in 1953 as a regular branch of the Central.

One should perhaps note, not without some amusement, that the Board tended to become agitated when confronted by a Sorabji initiative and was inclined more to stressing the reasons for not doing

a thing rather than for doing it. This institutionalised habit was one with which Sorabji had often to contend, and insofar as the records cast any light on this point he was human enough sometimes to fall into the error of over-stressing the reasons for going ahead in his reaction to the Board's less positive outlook. In a letter from London Sorabji assures Phiroze Sethna that he "need not worry about the London Bank" and "I am taking all necessary precautions." C. F. Cockell, the Bank's London agent, apparently shared some of the Board's misgivings, as can be seen in his letter to Phiroze Sethna in which he says, "I am sorry to learn that my recent letter has caused you so much disturbance. Ever since Pochkhanawala arrived in London I have been with him daily for hours on end. . . . I think the effort well worth contemplation, especially in the long run. In the meantime you may rest assured that I shall not hesitate to give a candid view should I find it necessary to do so. I am however coming to the conclusion that all is well. I am glad that P came over."

No sustained scrutiny of these words is required to gather that the Board was anxious to receive an independent opinion from Cockell to offset Sorabji's enthusiasm, that Cockell himself, earlier sceptical, had been converted more or less to Sorabji's point of view and that Sorabji's presence alone had the effect of infecting all around him with a forward-looking and constructive attitude. The Board very properly saw the London Bank almost exclusively in terms of the business interests of the Central. Sorabji's calculations and motives are reflected in his comment that the Indian banking community could no longer make the absence of an Indian exchange bank in London an excuse for inefficient service.

The following comment in his speech delivered at the opening of the Exchange Bank provided more than a hint of the positions he and the Board had taken of this venture: "Our attention has been drawn to the trade depression and the international political situation, and it was suggested that the opening of this Bank be postponed until trade recovery. As for trade depression there is no official date of birth. It commenced at different times in different parts of the world, and will expire similarly without fixing an official date of death. You will all agree that the present easiness in the money market and the depression in trade and business conditions are not going to last indefinitely, and that the present is the best time to acquire experience and get ourselves prepared to take

the benefit of a recovery in trade when it does take place. As to the political situation I do not think we should bother about it, as we are sailing in the same boat as all other banks in the world." These are the words of a pioneer and not of one concerned only with managing and keeping the wheels moving and illustrate admirably the kind of divergence of opinion that apparently occurred between him and the Board.

All however was not plain sailing. Even at this stage and for some time before it, foreign and British bankers were unhappy over what Sorabji proposed to do, and in the words of one observer of the day "they practically did everything to destroy the chances of the Central ever developing into an Exchange Bank. The steps therefore which he (Sorabji) now took in establishing a separate joint stock company in London to do exchange banking was a shrewd move taken after an amount of calculation with a view to see that this experiment even if it were unsuccessful should not entail a great loss to the Central." This was the opinion of one who was close to Sorabji and it can be deduced that Sorabji considered it necessary to break new ground in this segment of banking even if immediate success was not assured and as an assertion of Indian banking rights and capacity. Also, his concern that this should be attempted with the least possible damaging consequences for the Central brought him in line with his fellow directors though the Board itself was arguably unaware of this.

Apart from Sorabji's compulsive desire that the Central should be constantly on the move, that it should avoid becoming a victim of a preconceived formula, and that above all it should escape the then prevailing respectability of "stagnating in the back waters" what was the state of Sorabji's mind? There is possibly a clue in relating two factors otherwise unrelated to each other and each separated from the other by a number of years. One was the Masani affair and the other Sorabji's Knighthood announced on 3 June 1934. One must suppose that the repercussions in his mind of the Masani episode had not completely died away. Though not one for introspection, his innovative spirit, with a mind that travelled constantly from the present to the future, could hardly fail to take into account the problem of a successor at the Central. Friends and relatives apparently pressed him to make some sort of provision to ensure that the Central's affairs would fall to the lot of someone imbued in some degree with the spirit which Sorabji himself had

bequeathed to the organisation. Clearly the idea that his successor would be found through the institutionalised procedures of an established organisation was repugnant to him.

The second factor, his Knighthood, which seemed to formalise the end of a stage and the beginning of another in his career reinforced the direction of his thoughts towards the future; and although his primary concern with the Bank's affairs remained undiminished it was to his family that his attention increasingly turned. He had not had the slightest indication that a Knighthood was to be conferred on him and it was only when, in Colombo, the morning papers carried the news with his photograph that he learned of the honour. As the congratulatory telegrams poured in he asked his wife "Well, Lady Sakerbai, how do you feel about this?" The tone was that of a man who though gratified by what was indisputably a recognition of his services to the nation and the banking profession was temperamentally far removed from any sense of self-importance. The guests he had invited to lunch on that day assumed that Sorabji had known of the Knighthood and that the meal was a celebration; and it was with some difficulty that he persuaded them that it was as much a surprise to him as it was to them.

A diary entry made by Sakerbai notes that Sorabji had celebrated his birthday in 1935 in Colombo and in 1936 in London and that he was keen to spend his next birthday (1937) with his family in Bombay. For the greater part of his life he had had few moments of complete relaxation and for him no relaxation was conceivable except in the company of his family. Physically Sorabji seems to have been robust and active. Yet the many crises and tribulations he had undergone could not have left his physique untouched; and though he was not one to allow any mood to sit heavily on him, the Central, even in times that could be described as "normal", was not a haven in which refuge could be taken from a constant pressure on the nerves. This, together with his zestful enjoyment of food, had no doubt undermined a physique that had little opportunity to recuperate.

On 27 May, Sakerbai and her daughters were to leave for London by ship. Meanwhile Sorabji on a visit to Calcutta returned to Bombay on 21 May suffering from a small boil which was to prove fatal. He was so clearly unwell that a doctor was summoned. The boil was diagnosed as a carbuncle which would take about two

months to heal. Despite Sorabji's insistence that the proposed visit to London should take place Sakerbai decided to stay on in Bombay. Sorabji's two sons in London were informed that the family would be unable to come until about June or July after their father regained his health. Most of those who have never suffered a major illness are bad patients and Sorabji was no exception. He was not a man accustomed to restraints of any kind and after twenty-seven years of hard and sustained work for the Central could not reconcile himself to the doctor's firm ruling that he was not fit to go to the Bank. That such an injunction was necessary suggests that Sorabji refused to take his illness seriously and that he was, as in the past, preoccupied with the Bank's affairs. The Exchange Bank in London had been established and Sorabji was already giving shape in his mind to similar branches elsewhere abroad including Japan; and also to a scheme to give Bengal a provincial Bank under the aegis of the Central. Additionally, an increasing part of his thoughts was devoted to Noshir, his elder son for whom he was anxious to ensure a thorough training in banking and whom he saw as a potential successor. Under the impulsion of these thoughts, he escaped the nurse's vigilance, got out of bed, and tried to persuade Sakerbai to leave for London with their daughters. Any other course would be a great disappointment for the children and all the plans the family had made for a happy union abroad would come to nothing.

A team of five doctors held consultations, various treatments, some of them extremely painful, were tried but it was Sorabji himself who finally called for an operation. One can easily suppose that he was impatient with what he would regard as fussing with preliminaries when an operation would resolve the matter. The operation was performed, Sorabji's temperature remained high, his mood fluctuated between depression and cheerfulness. Sakerbai was indisposed and the two boys in London were asked to return as it was clear their father was longing to see them. His fever, the nature of which was not determined, began to rage and in his delirium Sorabji spoke of his Bank's staff, of the poor and the sick, and constantly asked to meet his sons. Prayers were held for his recovery. When his sons arrived he saw them and when they left the room called them back to convince himself that they were really there. Thereafter he slept peacefully but his condition steadily deteriorated. The Bank's directors were in attendance and, at this

moment, nothing became Sorabji more handsomely, than his request that Shamsadani should be sent for as he wanted to make his peace with him. Sakerbai herself was bed ridden and under the spell of his fever Sorabji imagined that his mother and brother were at his bedside. When Phiroze Sethna visited him the day before his death Sorabji tried to speak but could not, he asked for paper and pencil but could not write, and the message he obviously wanted to convey remained unsaid and unwritten. To both Phiroze and Sorabji each represented to the other as nobody else could, the sum total of all that they had together experienced in nurturing to success an institution whose survival and fame were now assured. In towns and cities throughout the land various religious ceremonies were held, praying for his recovery. Those of the Sindhis lasted for some days, as also those of the Parsi community, but Sorabji's death after about twenty hours of near unconsciousness brought, as Sorabji himself would probably have wished, these sorrowful proceedings to an end.

As the news spread, thousands flocked to Buena Vista at Worli to pay their last respects: Hindus, Muslims, Sikhs, Parsis and Europeans, a gathering of a kind and magnitude never before seen in the city. Among them were such heavyweights as Sir Phiroze Sethna, Chairman of the Central; Sir William Lamond, Managing Director of the Imperial Bank; A. G. Gray, Manager of the Bank of India; Laidlaw, Agent of the Chartered Bank of India, Australia and China; K. F. Nariman; B. G. Horniman; Sir Hormusjee Adenwalla; Sir S. B. Billimoria; Sir H. B. Dastur; Sir Byramjee Jeejeebhoy; Sir J. B. Boman Behram; Justice B. J. Wadia; Hoosainbhoy A. Laljee; Noor Mohamed Chinoy; J. H. Hardie, senior partner of Messrs. A. F. Fergusson & Co.; S. D. Saklatwalla; T. R. N. Cama and Manchershah Cama. Yet it was the unidentified and anonymous person in the long procession wending its way to the Towers of Silence and which stopped the traffic at the junction of Pedder Road and Warden Road whose homage to the founder of modern banking in India would have directly given Sorabji, had he been there to receive it, a satisfying sense of achievement.

In England on 14 July 1937 Indian residents gathered to pay a tribute to Sorabji at Zoroastrian House. Sir Homi Mody, former President of the Millowners' Association and a Director of the Central, presided, and in his address spoke of Sorabji as a great citizen of Bombay and India, a man of tenacity and resourcefulness,

a born banker, one who had, as an exponent of Swadeshi, broken through into a field which had been a close preserve of the British, one who started as an unknown clerk, and one who had been the first to conceive of a really Indian bank. Sir Ramaswami Mudaliar added: "Though Sir Sorabji belonged to the Parsi community, men like him do not belong to one particular community or province. He was a forceful and magnetic personality, a homely individual with whom one could talk freely as a fellow man. The Parsis might have a right to be proud of him but all of us as Indians are proud of him. . . ." In more formal terms which nevertheless captured the essence of the Sorabji story a resolution of the Central Bank said: "The Central Bank of India and Sir Sorabji Pochkhanawala were synonymous terms and the Silver Jubilee of the Bank which was celebrated last year was rightly regarded as his own jubilee." Here was an acknowledgment never so unconditionally given when Sorabji was alive, of the identification between man and institution which was the source of his vitality and from which the Central derived its momentum.

It would be tedious and unnecessary to reproduce even a part of all that has been said about Sorabji during his life and after his death but the following letter sent to him some time before his illness contains a revealing combination of sincerity and formal expression in which Sorabji's admirers tried to convey something of their respect and feelings: "We, the clients and well-wishers of the commercial community of Surat have great pleasure in welcoming you after the conferment on you of Knighthood by His Majesty the King Emperor. In recognising your rich and meritorious service in the cause of Indian banking the Government have only confirmed the esteem and admiration in which all sections of the population have always held you. The story of your life as well as the history of the great national institution which you have tended with paternal care ever since its birth read like fairy tales.

"Starting from the humblest beginning in life, you have by dint of unflinching courage, prodigious industry, extraordinary perseverance and concentrated devotion to the cause of banking progress, risen to an exalted position. Every Indian has cause to be proud of you and in the history of modern India your name will assuredly find a very honourable place. The services rendered by the Central Bank of India in the economic regeneration of the country are too wellknown to need repetition. During the past

twenty-five years of its career it has had to face many a critical situation, but thanks to your vast resourcefulness and unquestioned ability it has surmounted all difficulties and stands today in a class by itself.

“Among the numerous directions in which you have ventured forth as a pioneer, the most recent and to our mind the most notable is the establishment of a subsidiary Exchange Bank in London. In this as in most of your other enterprises you have exhibited great vision and foresight and you have given yet another indication of your eagerness to remove all obstacles from the path of progress and to strengthen the banking structure of our country. We have no doubt that in the future, as in the past, you with your versatile genius will continue to devise newer and better schemes of service for the benefit of the industrial and commercial community.

“It is our earnest prayer that your noble self and the Central Bank of India—which in truth is the People’s Own Bank—may have a long and prosperous life of national service. We remain, the clients and well-wishers of the Central Bank of India and members of the commercial community of Surat.”

On the morning of 5 July 1937 various newspapers carried the following headlines:

India’s Greatest Banker Passes Away
A Genius Who Worked a Modern Marvel
Bank Clerk Who Became Mighty Chief
Central Bank—Its Father
Sir Sorabji Pochkhanawala Dead

On that day and on the days that followed tributes poured in that were eloquent and fulsome and yet seemed to be inadequate in relation to all which needed to be said and recorded. None touched more surely on the essential Sorabji than the following entry in Sakerbai’s diary:

“He had done his duty to his wife, sisters, brothers, cousins, uncles, aunts and friends and made the best use of the life given to him by God. He never hesitated to extend a helping hand to his enemies also and endeared himself to people of all castes and to his own community.” Another comment which at a different level grasped the essence of his character was recorded some years earlier by a columnist in the *Indian Finance*: “In all my experience I have

never come across one to whom love of and service to the institution he is connected with is all that he asked of life. Sorabji is a monomaniac in the best and proudest sense of the term."

It is unlikely that anyone who was at the junction of Warden Road and Pedder Road on 5 July 1937 or who mingled among the five thousand at the funeral ceremonies was aware of the conversation that had taken place approximately a quarter of a century earlier.

Stringfellow to Sorabji: "Stay in the Bank of India and forget about a new bank. Otherwise you will have to go. Let me know in twenty-four hours".

Sorabji to Stringfellow: "Sir, you can have my answer now. I am starting a bank, an Indian one. Good bye."

Appendix

The Times (London) 29 August 1925

'The severe run which has occurred on the Central Bank of India is to be regretted. Indian native banks have been none too successful in the past, and have proved only too liable to "runs". But the Central Bank of India has an excellent record; it has survived banking crises which have brought down numerous native institutions, and it is capably managed. Its latest balance sheet, dated June 30, which has just arrived in London disclosed satisfactory portions of cash and first-class investments to its liabilities. ...'

Englishman (Calcutta) 31 August 1925

'On Tuesday last there occurred in Bombay one of those panicky runs on banks with which India is becoming only too familiar. The Bank selected was once again the Central Bank of India, an institution which so far as is known is in an absolutely sound condition, and which is India's one national bank, national in the sense that it is not a bazaar institution but has branches spread throughout the length and breadth of India and that from the Managing Director downwards all its officers are Indians. Mr. Pochkhanawala who is the head of the bank has the reputation of having been trained in a sound and conservative school of finance, a fact which may have an aggravating effect on his enemies, or the enemies of the bank.

'We have described these events as panics, but there are good grounds for the assertion that deliberate attacks would be a more appropriate description. It is the Central Bank of India which is always affected, just as Tata's Industrial Bank which the Central Bank took over was attacked before it and was the one bank which failed to weather the storm created by the Alliance Bank failure. Mr. Pochkhanawala has, indeed, never hesitated to maintain in the most categorical terms that the Bank

has certain enemies always interested in spreading rumours—lies is perhaps the better word—against the stability of the Bank. It is significant that it is always the same bank which is attacked—the one big Indian bank and not the European banks with their strong overseas affiliations.

‘So far all the attacks have been repulsed. But it is hardly fair that the Central Bank of India should be expected indefinitely to stand up to underhand attacks of this nature. One day the conspirators may be successful when chaos and ruin we may be sure will spread far beyond the confines of one Bank. . . .’

Forward (Calcutta) 29 August 1925

‘The recent run on the Central Bank of India which happily to the chagrin of its enemies fizzled out in the course of 24 hours brings again into prominence the tactics of those to whom all means are fair which will discredit the Bank. . . . There are classes of people to whom the successful management of an Indian Bank purely by Indians is gall and wormwood. Hitherto all Banks have been managed by Europeans and it has come to be regarded as an axiomatic truth that some undefinable characteristic in an European makes him eminently qualified to manage a Bank. Unfortunately for the holders of this comfortable theory the Central Bank of India has not only shattered this myth but has made itself a first-class Bank. All these factors have made the Central Bank a target for direct and indirect misrepresentations on the part of its enemies. . . .’

Statesman (Calcutta) 3 September 1925

‘The Central Bank of India is happy in having weathered the storm of a heavy run in Bombay, due to the false report of its losses . . . judging from the most recent reports of the Central Bank the institution is thoroughly sound and carried more than the usual proportion of its liabilities in liquid securities. . . . It is a peculiar circumstance that these panics have centred around a bank that is exclusively Indian in its directorate and is the one purely Indian bank that is national in its operations. It should be possible to trace the originators of the rumours against the bank and to bring them to some kind of justice.’

The Daily Gazette (Karachi) 3 September 1925

'The Managing Director, Mr. Pochkhanawala, has achieved the reputation of being one of the soundest and most capable financiers that India has ever produced, and the manner in which he dealt with the dangerous and panicky situation that arose during the run of the bank last week in Bombay was a splendid triumph. . . . The Central Bank has emerged from the storm with flying colours.'

Evening News of India (Bombay) 26 August 1925

'We cannot too strongly condemn the latest attempt to ruin the credit of the Central Bank of India, the premier indigenous banking institution in this country. . . . As in the past Mr. Pochkhanawala and his devoted staff rose splendidly to the occasion and satisfied every doubting client as to the stability of the bank. . . . The Central Bank has weathered many a storm in the past and we do not think yesterday's run need disturb the confidence placed in its management by a multitude of clients. . . .'

Times of India (Bombay) 27 August 1925

'This is not the first occasion on which baseless and possibly malicious rumours have led to a panic among the depositors of the Central Bank of India. Such panics and the consequent run on the Bank's resources which they produce are deplorable to the last degree. . . . We hope the depositors may devote a few moments to thought. . . . They may then come to realise that the Central Bank is the leading example of indigenous banking in India, that it is ably managed, that resource and enterprise characterise its business, that it has proved itself to be a great friend to indigenous industries and trade of every description, and that anything that is done to impair its credit must end by being disastrous on a very wide scale.'

The Bombay Chronicle (Bombay) 26 August 1925

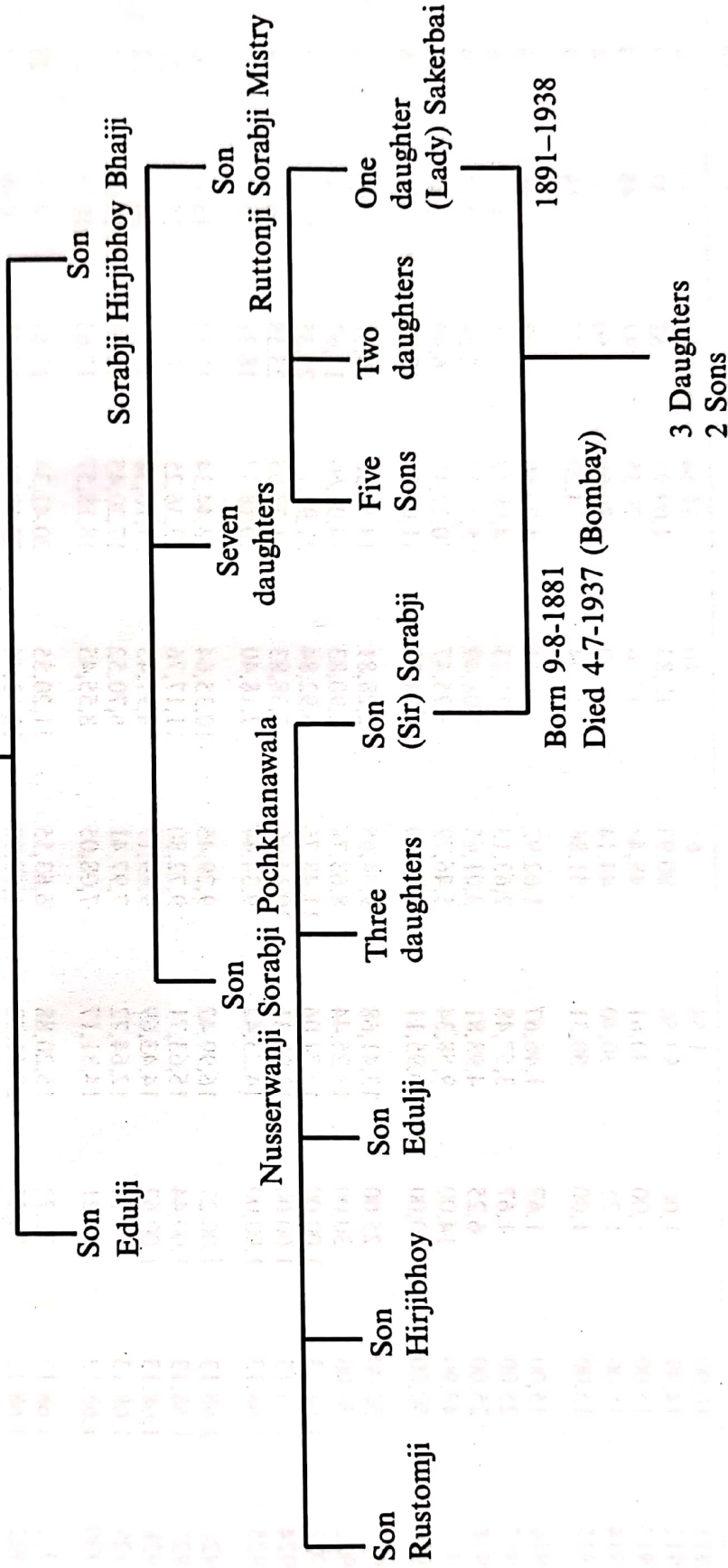
'Thanks to the machinations of interested parties the Central Bank is able occasionally to prove its strength against the run of depositors. One day it is pearls, another day it is bullion, a third it is shares, and a run occurs which in twelve hours subsides in a serene fashion. . . . The stupid panic yesterday did

not disturb Mr. Pochkhanawala who, on realising the nature of the scare, immediately asked the whole staff to roll up their sleeves and weigh out the money. . . .'

The Indian Daily Mail (Bombay) 27 August 1925

'The intrepidity and presence of mind with which the authorities of the Central Bank of India met the sudden rush upon the Bank on Tuesday has produced an excellent impression on the public mind. . . . The Bank has come through the severe ordeal with flying colours, thus proving the thoroughly sound lines on which it is worked.'

Hirjibhoy Chanjibhoy Bhajji



PROGRESS CHART
(Rupees in Thousands)

Years	Paid-up Capital	Reserves	Deposits	Advances & Bills	Investments	Working Funds	Net Profit	Dividends including Bonus	No. of Branches
1	2	3	4	5	6	7	8	9	10
1911	10,00	—	1,54	61	10	11,54	—	—	1
1912	14,99	1,00	87,56	80,93	18,83	1,09,95	62	37	3
1913	15,00	1,00	40,61	48,43	17,26	70,55	97	45	4
1914	15,00	1,25	30,40	44,14	18,50	70,66	60	—	4
1915	15,00	1,00	50,31	51,86	15,54	74,20	77	68	4
1916	15,00	1,67	1,46,67	1,02,92	26,51	1,73,50	1,83	98	6
1917	25,00	1,67	3,57,48	2,63,13	71,83	4,08,42	2,88	1,33	6
1918	25,00	6,25	4,98,81	3,01,65	1,08,49	5,30,35	5,29	2,13	9
1919	49,90	14,00	9,58,34	5,46,79	3,25,47	10,22,45	6,99	3,88	13
1920	50,00	20,00	10,95,11	7,74,90	2,34,28	11,65,75	12,81	7,00	15
1921	50,00	25,00	13,41,68	9,34,65	2,28,81	14,17,32	15,31	7,00	16
1922	50,00	30,00	13,25,44	8,63,74	2,90,83	14,06,66	13,67	7,00	18
1923	1,68,13	1,00,00	15,74,06	11,48,76	6,92,84	21,95,75	21,35	13,59	19
1924	1,68,13	1,00,00	13,92,31	10,14,00	7,38,83	21,72,05	23,58	16,81	19
1925	1,68,13	1,00,00	14,23,42	9,34,44	7,18,40	20,18,39	18,91	16,81	20
1926	1,68,13	1,00,27	16,99,42	9,29,45	10,35,64	23,44,34	19,83	16,81	20
1927	1,68,13	1,00,44	15,63,71	9,72,80	11,17,76	23,36,25	16,18	15,13	21
1928	1,68,13	1,00,62	14,43,69	9,89,17	8,97,43	21,10,38	15,53	10,09	22
1929	1,68,13	93,81	12,64,72	7,97,41	6,70,52	17,20,45	13,48	10,09	22
1930	1,68,13	87,21	14,81,17	7,08,05	8,55,45	18,18,57	17,63	10,09	23
1931	1,68,13	72,73	15,20,88	6,63,55	11,20,55	20,42,34	17,61	10,09	25
1932	1,68,13	74,57	20,11,52	6,10,80	13,11,44	22,59,96	14,32	10,09	29
1933	1,68,13	76,75	22,22,82	6,75,71	12,96,82	24,73,25	14,69	10,09	63
1934	1,68,13	79,49	24,47,25	9,18,07	13,13,67	27,11,29	23,85	10,09	72
1935	1,68,13	82,68	27,73,41	9,52,51	10,98,59	30,37,24	19,84	13,44	79
1936	1,68,13	85,80	31,54,31	12,24,10	14,68,93	34,16,81	22,37	11,77	84
1937	1,68,13	94,20	30,70,90	13,52,24	13,29,77	33,38,78	26,85	13,45	88