



APPENDIX I
[See Note below Treasury Rule 3]

AN AGREEMENT made this Thirtieth day of June 1937 BETWEEN THE GOVERNOR OF THE CENTRAL PROVINCES AND BERAR of one part and the RESERVE BANK OF INDIA (hereinafter called "the bank") of the other part WHEREAS the bank was constituted and incorporated and is regulated by The Reserve Bank of India Act 1934 (being act No. II of 1934) (hereinafter called "the Act") as adopted and modified pursuant to the Authority contained in section 293 of the Government of India Act 1935 by an order of His Majesty in council dated the Eighteenth day of March 1937 cited as the India and Burma (Burma Monetary Arrangements) Order 1937 with and subject to the various powers provisions and restrictions in and by the Act set forth and it was thereby inter alia particularly provided as follows

- (1) By section 20 of the Act that the bank should undertake to accept moneys for account of provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange remittance and other banking operations including the management of the public debt, and
- (2) By section 21 (1) of the Act that Provincial Governments should entrust the bank on such conditions as might be agreed upon with all their money remittance exchange and banking transactions in India and in particular should deposit free of interest all their cash balances with the bank provided that nothing in that subsection should prevent Provincial Governments from carrying on money transaction at places where the bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require, and
- (3) By section 21 (2) of the that Provincial Governments should entrust the bank on such conditions as might be agreed upon with the management of the public debt and with issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows that is to say –

1. This agreement shall be deemed to have come into force on the first day of April 1937.
2. The general banking business of the government of the central provinces and Bearer (hereinafter referred to as "the Government") including the payment receipt collection and remittance of money on behalf of the Government shall be carried on and transacted by the bank in accordance with and subject to the provisions of this agreement and of the act and with and to such orders and directions as may from time to time be given to the bank by the Government through any Government officer or officers authorized by the Government in



that behalf and at any of the offices branches or agencies of the bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of bank and convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the bank or allow the bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the bank shall have an office branch or agency and the bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such moneys as may be or become payable to the Government or on its accounts and the bank shall transact at its offices branches and agencies for the time being existing respectively all such business for the Government regarding the receipt collection payment and remittance of money and other matters as is usually transacted by banker for their customers. The bank shall make the said moneys at the said offices branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the moneys for the time being held by the Bank.
4. The management of the rupee public debt of the Government and issue of the new rupee loans by the Government and the performance for all the duties relating thereto respectively including the collection any payment of interest and principal and the consolidation division conversion cancellation and renewal of securities of the Government and the keeping of all registers books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the bank at its offices in Bombay Calcutta and Madras and at any of its offices branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for time being payable and bank shall also keep and maintain such registers books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as many for time be given to the bank by the Government.
5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the bank from time to time:



Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the bank shall be entitled to make as charge for such remittances at rates not exceeding those which the Bank charges to banks referred to as "scheduled banks" in section 42 of the Act, subject to minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed twice the amount of the minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause, and provided further that the advances outstanding shall be fully paid of at intervals not exceeding three months.
7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for conversions) at the rate of 1/16 per cent in addition to any further charges which the bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.
8. As remuneration to the bank for the management of the public debt as aforesaid the bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts should be excluded from the amount of public debt, viz.—
 - (a) The amounts of loans discharged outstanding after one from the date of a notice of discharge.
 - (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorized in that behalf, provided that such amount exceeds one crore.

And in addition to the charges of Rs. 2,000 per crores annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Government under the powers conferred upon it by the Indian Securities Act, 1920 (X of 1920) as adapted and modified by the Government of India (Adoption of India Laws) Order, 1937, for duplicate securities and for the renewal, consolidation, division or otherwise of all Government securities which the Bank issues:



Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause but shall be matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Central Provinces and Berar as the Government may, the previous sanction of Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and con to provide currency for the transaction of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.
10. The Bank shall not be at liberty to close any of its offices or branches except on Sunday, New year's day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act, 1881 (XXVI of 1881), subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the bank shall be responsible that no one of it s agencies doing Government business for the time being existing shall be closed except on Sunday and on public holidays authorized by the Government within whose jurisdiction such agencies may be respectively situated.
11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank, provided however that it shall not be incumbent on the bank to verify signatures and endorsements on Government securities which prima facie appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases not liability shall incurred by the Bank in respect thereto, PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realizing money and securities for money on account of the Government and paying cheques, orders draft bill and other documents whether negotiable or not in the



Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfer, subject the proviso that if a large transfer has to be effected in connection with the floatation of repayment of a sterling loan or analogous operation and if it is considered by either party to be inappropriate to apply the rate of single day, an average rate based on longer period may be fixed by agreement between the two parties.
13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of the march in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head office of the Bank or addressing the same to him at the Head office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred to such termination.
14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of parties hereto failing to reach and agreement, be referred to the governor-general whose decision shall be final and binding as between the parties hereto.
15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.
16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment there of or as may be approved by the Government.

IN WITNESS WHERE OF, Mr. C.D. Deshmukh , C.I.E., I.C.S., Secretary to the Government of the Central Provinces and Berar in the Finance Department, by the order and direction of the Central Provinces and Berar, has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. C. D. Deshmukh, C.I.E., I.C.S., Secretary to the Government of the Central Provinces and Berar in the Finance Department, for



and on behalf of the Government of the Central Provinces and Berar, in the presence of—

(Sd.) C.D. DESHMUKH,
Secy. To Govt. C.P. and Berar,
Finance Department.

(Sd.)RAHAMAT KHAN

(Sd.)ZAKIR HUSSAIN

(Sd.)I. HUQ

The common seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meharally Chinoy and Devidas Madhawji Thakersey, two of its Directors, Sir James Braid Taylor, Kt., C.I.E., and its Deputy Governor.

(Common Seal of the Reserve Bank of India)
(Sd.) SULTAN CHINYOY,
(Sd.)DAVIDAS MADHAWJI THAKERESY,
Directors.
(Sd.)J.B. TAYLOR,
Deputy Governor.

Subsidiary agreement entered into under Clause 5 of the agreement between the Governor of Central Provinces and Berar and the Reserve Bank of India.

An AGREEMENT made this thirtieth day of June One thousand nine hundred and thirty-seven BETWEEN THE GOVERNOR OF THE CENTRAL PROVINCES AND BERAR of the one part and THE RESERVE BANK OF INDIA (hereinafter called “the Bank”) of the other part supplemental to an agreement (hereinafter referred to as “the principal agreement”) made on the thirtieth day of June 1937 between the parties hereto.

WHEREAS under clause 5 of the principal agreement it, is provided that the Government of the Central Provinces and Berar (hereafter referred to as “the Government”) Shall maintain a daily balance with the Bank not below such minimum as may be agreed upon NOT IT IS DECLARED AS FOLLOWS:-

1. The Bank shall inform the Government by telegram of the Government daily balance with the Bank at the close of each working day.
2. The Government shall take steps by taking a ways and means advance from the Bank or by issuing treasury bills to ensure that the Government balance on each Friday is not less than a credit of Rupees Twenty lakhs .If a reduction in the Government balance is to be anticipated before the following Friday, e.g., owing to beginning of the month disbursements, etc., the



Government shall also take steps to ensure that this balance does not fall below the said minimum by more than Rupees Four lakhs.

3. The Government wills not repay ways and means advances or invest any surplus of the Government balance unless the said balance exceeds a credit of Rupees Twenty-four lakhs.
4. Ways and means advances may be taken and repaid on any day without previous notice by telegraphic or such other intimation to such branch of Bank as the Bank may prescribe, provided that such advances shall be for a minimum period of seven dates and provided further that such advances shall be in minimum amounts of Rupees Four lakhs.

In witness where of Mr. C.D. Deshmukh, I.C.S., Secretary to the Government of the Central Provinces and Berar in the Finance department, by the order and direction of the Governor of the Central Provinces and Berar has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Singed by the said MR. C.D. Deshmukh, C.I.E., I.C.S., Secretary to the Government of the Central provinces and Berar in the Finance Department, for and on behalf of the Governor of the Central Provinces and Berar in the presence of---

(Sd.)C.D. Deshmukh,
Secy. to Government C.P. and
Berar, Finance Department.

(Sd.)RAHAMAT KHAN
(Sd.)ZAKIR HUSSAIN
(Sd.)I. HUQ

The common seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meharally Chinoy and Devidas Madhawji Thaker sey, two of its Directors , and Sir Jams Braid Taylor, Kt., C.I.E., its Deputy Governor.

[Common Seal of the Reserve Bank of India]
(Sd.)SULTAN CHINYOY,
(Sd.) DEVIDAS MADHAWJI THAKERSEY,
Directors,
(Sd.)J.B. TAYLOR,
Deputy Governor.