

A
INDIAN CURRENCY COMMITTEE.

I N D E X

TO THE

REPORT, EVIDENCE, AND PREVIOUSLY UNPUBLISHED PAPERS

L A I D B E F O R E T H E

INDIAN CURRENCY COMMITTEE.

Presented to both Houses of Parliament by Command of Her Majesty.



L O N D O N :
PRINTED FOR HER MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE,
PRINTERS TO THE QUEEN'S MOST EXCELLENT MAJESTY.

And to be purchased, either directly or through any Bookseller, from
EYRE AND SPOTTISWOODE, EAST HARDING STREET, FLEET STREET, E.C., and
32, ABINGDON STREET, WESTMINSTER, S.W.; or
JOHN MENZIES & Co., 12, HANOVER STREET, EDINBURGH, and
90, WEST NILE STREET, GLASGOW; or
HODGES, FIGGIS, & Co., LIMITED, 104, GRAFTON STREET, DUBLIN.

1893.

[C.—7086.] Price 2½d.

A

A

INDEX TO THE REPORT, EVIDENCE, AND PREVIOUSLY UNPUBLISHED PAPERS LAID BEFORE THE INDIAN CURRENCY COMMITTEE.

ACCOUNTS; see FINANCE.

AFGHAN TRADERS: Loss owing to sudden rise in exchange in 1890, attributed by them to Government tampering with the currency, *Thorburn*, 312.

AFRICA, EAST: German rupees circulating in, might be sent to India if coinage of silver were stopped, *West*, 2718. Indian rupees would oust German coins, but for special restrictions, *D'Eremer*, App. 297.

AMERICA, NORTH; see UNITED STATES.

AMERICA, SOUTH:

Effect of a fall in paper money is quite different from that of a fall in silver, *Beith*, 764-9, 912.

ARGENTINE REPUBLIC: Currency is inconvertible paper, but accounts are also kept in gold, on basis of legal tender value, *Beaton*, 2341; much of the gold coin of Brazil is now current in, but only as a commodity, 2267, 2340-2; as to effect of fall in exchange on trade in hides, *Beith*, 763.

BRAZIL:

Currency system; inconvertible currency sustained, though overissued, *Rep.* 92.

Coffee trade increases owing to cheapness of production, *Beith*, 757-8.

COINAGE: Amount of gold and silver coined, 1849-63, *Beaton*, 2267. Gold has nearly all disappeared out of the country, 2267, 2340; and silver, being hoarded, 2236.

CURRENCY SYSTEM: The currency is inconvertible paper; in 1835 Government notes became inconvertible into gold, *Beaton*, 2262-3, 2265-6; their face value is in milreis, 2266. In 1846 the gold valuation was re-adjusted, making the silver milreis 27*d.*, the present par of exchange, 2263-4. In 1850 the Bank of Brazil received the privilege of issue in certain districts; until 1864 its notes were convertible into gold or Government notes, at the Bank's option, 2264-5. In 1864 specie payments were suspended, and the bank notes also became inconvertible, 2266-7.

Paper money is the circulating medium, its amount being regulated by Parliament, *Beaton*, 2267-8; method of determining what addition is required, 2268-73; comparison of the amount issued with the volume of trade in 1864 and 1888, 2273-8; denominations of the notes, 2281-5.

Want of small change; recent issues of small notes, and nickel and bronze coins, *Beaton*, 2286-8.

DEBT: Increase from 1864 to 1888 owing to war and famine, *Beaton*, 2279-80; both foreign and internal loans raised to meet a deficiency, 2272-3.

EXCHANGE: Heavy fall in, *Beith*, 757-60; due to large gold payments; variations between 1864 and 1888, *Beaton*, 2291-2301; compared with increase of paper currency, *Beaton*, 2278-9, 2302-3. Paper rose above gold on three occasions, 2391. Values of exports and imports are based on gold; currency values are largely affected by exchange, 2303, 2319-21. Effect of depreciation on external debt, *Beaton*, 2322; and on railway receipts, 2325-8; customs dues are received in currency, varying with exchange, 2323-4.

PAPER CURRENCY; see above, CURRENCY SYSTEM.

TRADE: Statement of exports, imports, exchange, and paper currency from 1840 to 1888, *Beaton*, 2334-9, 2342*a*. Increase of exports is not directly connected with the depreciation of currency, but low exchange stimulates production of exportable produce, *Beaton*, 2239-90, 2303, 2332-3.

Wages have risen as well as price of necessaries, but not in proportion to fall in exchange, *Beaton*, 2310-8. Payments of producers for wages, &c. are not heavier in proportion, but with free labour more currency is needed, 2304-9.

Prosperity of the country till the Republic was declared, *Beaton*, 2329.

Large creation of banks of issue under the Republic, resulting in an enormous addition to the currency, wild speculation, heavy demand for sterling remittances, fall in exchange, and loss of confidence, *Beaton*, 2329. Efforts of Government to restore confidence by substituting Government notes for those of banks, and reducing the outstanding amount, were thwarted by Parliament, 2330-1.

Political condition in respect to foreign payments differs from India, *Naoroji*, 2348-9.

CHILE: Currency; gold and silver were current up to 1873, after which gold left the country, *Gibbs*, App. 223. In 1878, redundant issues were made of legal tender notes, and silver left the country. Paper currency is forced; case is hardly parallel with India. Contracts in any currency have been declared legal, *ibid.*

CUSTOMS: Export duty on nitrate is paid at a fixed exchange, *Gibbs*, App. 223.

Exchange has between 1878 and 1892 fluctuated from 46 to 16 pence the dollar, *Gibbs*, App. 223. Government means to fix a gold value of 24 pence for the dollar to avoid fluctuations, *ibid.* Effect of fluctuating exchange on industries and on the Government, *ibid.*

TRADE: External, is mainly on a gold basis, *Gibbs*, App. 223. Low exchange has benefited, and high exchange injured, the exporter. Low exchange injures the importer, *ibid.* Scarcity of population in proportion to amount of foreign trade, *ibid.*

Wages are paid in currency, *Gibbs*, App. 223. Fluctuations in exchange did not for some time affect wages, nor do wages now vary to the same extent, but an increase is demanded when exchange falls, *ibid.*

RIVER PLATE: Much of the Brazilian gold coin is now current in, there being a legal value for different foreign coins, *Beaton*, 2267.

URUGUAY: Foreign gold coins form part of the currency, at a fixed legal tender value, *Beaton*, 2342.

ARGENTINE REPUBLIC; see AMERICA, SOUTH.

ARMY EXPENDITURE: Increase was based on requirements before the conquest of Burma, *Hope*, 2246. Large amount of exceptional charges in recent years, *Adam*, 1892-93; need of economy, *Fowler*, 1623, 1651; *Wood*, App. 334.

Reduction out of the question, *Hope*, 2246.

ASSESSED TAXES: Alterations since 1867-8, with estimated amount of increase or remission, App. 271. Increase, 1882-92, App. 263.

INCOME TAX, even if doubled, would only raise 1½ crores; increase would most affect those who already suffer from the fall in exchange, *Rep.* 41. Strong feeling against, *Adam*, 1899; reaches a class who otherwise would pay nothing to the State, 1899-1900; though charged on incomes as low as 500 rupees, the bulk is derived from rich men, 1900. Room for great increase; the land should be charged; improvement might be Rx. 1,000,000. *West*, App. 330. If raised from 2½ to 3½ per cent., the increased receipt might be from 300,000*l.* to 500,000*l.*, *Hope*, 2208-10; if doubled, Rx. 1,500,000, but with great complaints and trouble, *Bernard*, 3227-8.

Cannot be increased; its essential condition being equability, *Hope*, 2205-10, *Baines*, 2973, without causing discontent, *Bliss*, 2915. Amount would be little altered by any change in value of rupee, as it is levied *ad valorem*, *West*, App. 329. Comparison of Mr. Wilson's tax and the present rate, *Bernard*, 3252-5.

AUSTRALIA :

Having a gold standard, would adjust her balance of trade with England in money, *Hardie*, 90; has to impose import duties, and could not maintain a gold standard without them, 96; borrows abroad, and has no surplus of exports for payment of foreign debt, 97.

Effect on her silver-producing Colonies if India adopted a gold standard, *Beith*, 833.

Different political condition from India, in having her people's consent to her foreign debt. *Naoroji*, 2353. Stock of money in 1891-2, App. 211, 273.

AUSTRIA-HUNGARY :

Currency system; history, 1861-93; fall in exchange averted by closure of mints against silver, *Rep.* 90-96.

Gold Standard; new ratio, *Haupt*, App. 275; mode of gradually bringing into force by issue of notes against the old gulden, payable in gold or silver, at a continually decreasing discount, *West*, App. 329; the increase of the burden of taxation caused is recognised by the people as necessary, 329, 330; has produced some effect on the money market, but no great pressure. *Fowler*, 1629; *Giffen*, 2149; will accelerate the fall in silver, App. I. 2; seems to show that a gold standard is found satisfactory, App. I. 6; to be effective should be on Austria's plan, making silver exchangeable for gold, and accumulating sufficient gold to give convertibility to the whole circulation, *Hardie*, 26, 27.

Coinage 1880-91, App. 214; stock of money, 1891-2, *Haupt*, App. 273, 274; App. 212.

BALANCE OF TRADE; see TRADE.

BANKS AND BANKERS :

England: Scheme for using the 5,000,000l. reserve in the silver clause of the Bank Act, to establish a rupee currency on a gold standard, *Lindsay*, App. 308; *Macdonald*, 579-81, 598; *Schmidt*, 1752-3, 1756-8.

France: Notes are legal tender, and convertible into gold or five-franc pieces, App. 229.

Hamburg: System based on silver bullion, without coin, App. 324.

Holland: Can refuse to give gold, *Campbell*, 264; but in practice gives it freely for export, though not for internal use, App. 229, 230, 231.

India: Bengal and Bombay; assets and liabilities, 1880 and 1889 to 1892, App. 257-9; large amount of coined rupees as well as bullion and notes held, *Campbell*, 199-208; large remittances of silver to India in 1890, *Hardie*, 112-122; *Mackay*, 1289; *Coke*, 2615-20; large amount of currency notes held as deposits, *Campbell*, 271-286; *Sowerby*, App. 321. Injury to, from fall in exchange, *Coke*, 2570, 2620; App. I. 36; *Woodhouse*, App. 335; are in favour of a gold standard, App. I. 3, 8; stoppage of mints would compel them to remit gold to India, *Sleigh*, 1823-4, 1833-6; they would with the gold buy rupees, very likely below the fixed rate, *Hardie*, 36; might largely convert their rupees into sterling, *Campbell*, 199-208; their bills on England would be used to remit capital from India, *Campbell*, 191-3; their competition to sell their sterling bills would raise exchange, App. 303; danger of creating a demand for gold by countries like India, which have no effective system of banking, *Gairdner*, 538; are accustomed to buy silver forward, and notice of intention to stop coining should be given, *Thorburn*, 328-331, 338-342; engagements are at a minimum; a month would be sufficient, *Coke*, 2611-4; when they take risk of exchange, some additional payment must be made to them, but it is very small, *Ralli*, 1496-8; natives are familiar with varying currencies, *West*, App. 327; should be allowed to issue notes, *Sowerby*, App. 322; largely contribute to income tax receipts, *Adam*, 1900.

Java: Grants gold in small amounts; but it cannot be claimed, *McNeill*, 1420-1; stock of gold, 1413-6; statement of affairs, *McCull*, 1815, App. 234; may, if necessary, issue notes without bullion backing,

Adam, 1972; notes payable in silver, *McNeill*, 1383.

Norway and Sweden, App. 235.

Spain: System, *Schmidt*, 1731-4; doubt whether they will always be able to pay in gold, 1723.

Absence of banking facilities increases tendency to hoard, *Giffen*, 2080-2.

See also BILLS, FRANCE, UNITED STATES.

BATAVIA; see JAVA.

BELGIUM :

Currency system; same as in France, *Rep.* 84-5; danger if Latin Union were dissolved, 85.

Stock of money in 1891-2, App. 211, 273; gold, silver, and paper money; ratio, limit, legal tender, &c., App. 208, 212, 213; gold is not difficult to obtain; paper currency is abundant, App. 213.

See also FRANCE.

BENGAL UNCOVENANTED SERVICE FAMILY PENSION FUND : Injury to pensioners in England from fall in exchange, App. I. 20.

BILLS ON INDIA :

Balance of trade must be settled somehow; Council Bills are a convenient way, but not intrinsically better than others, *Rep.* 122; must rise in price on closure of mints, being freed from the competition of silver, 123.

Price is determined by same considerations as price of silver, unless there is some special cause, *Hardie*, 49-51, 79-82, 94; their sale forces exchange in favour of India, 45-48, 93; it is checked by a rise in exchange, *Campbell*, 156, 236; as bills and silver are the ultimate means of balancing trade, a surplus of exports creates a demand for them, 232-5.

A minimum rate urged, App. I. 28, 32; or a fixed rate, 29; rate obtainable for bills does not depend on what the rupee is artificially raised to in India, *West*, 2742-56.

Effect of closing the mints to free coinage of silver; would give the Secretary of State command of the market, *Thorburn*, 323; would fix the ratio for the gold standard, through the competition of the banks, 343-7; *Macdonald*, 598-646; *Mackay*, 1200-4; price would be raised, *Mackay*, 1208-12, 1254-5.

An unduly high price cannot be exacted, as the demand would fall, *Hardie*, 93, 100, 108; banks might refuse to take bills, *Campbell*, 193, *Ralli*, 1556-61; would cause much more loss than gain to the country, *West*, App. 331; would not prevent an increase of home charges, if silver fell, *West*, 2742-56.

Extent to which they should be sold, *Thorburn*, 323; surplus over needs of home treasury might be used to obtain gold for remittance to India for coinage, *ibid.*; or silver for the same purpose, *Macdonald*, 605-11, 645-6; *Sleigh*, 1839; as to limiting the Secretary of State's discretion with regard to the amount, *Macdonald*, 609-12, 632-45; rate at which they should be sold, *Macdonald*, 612-40; weak position of the Secretary of State as seller, *Thorburn*, 323, *Wood*, App. 335; alleged system of secret sale, *D'Eremer*, App. 297.

Increase of sales the main cause of the fall in exchange, *Wood*, App. 333; and a check to imports of silver bullion into India, 335.

System of selling when not wanted depresses price, *Coke*, 2603-4; *Wood*, App. 335; might be all sold on January 1st, for different dates during the year, at one rate, and mints closed unless the market rate rises 5 per cent. above that rate, App. 305; advantage of raising the rate of exchange by borrowing in England and suspending sale of bills, *Wood*, App. 335. To be paid in sovereigns at the option of the Indian Government, *Graham*, App. 305.

Statistics of sales, 1870-92, App. 237, 240, 261; discontinuance of sale in London suggested, bills on London being bought in India, *Coke*, 2601-7; *Sowerby*, App. 322; *D'Eremer*, App. 298, 299; it would cause more silver to go direct to India, not through London, and so prevent a fall in exchange, *Coke*, 2601-7; a financial agency or state bank should be instituted in India, to purchase bills on London and silver for coinage, 2603-7, 2623.

See also BANKS, TRADE.

BI-METALLISM, INTERNATIONAL :

Is the course really preferred by the Indian Government, but not put forward, on account of the opposition of the Home Government: gold having appreciated, this course should be at all events taken into consideration, *Courtney*, Note, p. xxxvii.